Eczacıbaşı Investment Holding Co.
2011 Annual Report

Eczacıbaşı

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Board of Directors

F. Bülent Eczacıbaşı

Born in 1949 in Istanbul, Bülent Eczacıbaşı, Chairman of the Eczacıbaşı Group, graduated from the Imperial College of Science and Technology, London, and obtained his master's degree in chemical engineering from the Massachusetts Institute of Technology. After initiating his professional career in 1974 in Eczacıbaşı Holding, Bülent Eczacıbaşı held a variety of management positions in Eczacıbaşı Group companies.

Over the years, Bülent Eczacıbaşı has been involved in a large number of civic associations, including TÜSİAD, the Turkish Industrialists' and Businessmen's Association, where he was Chairman of the Board (1991-1993) and Chairman of the High Advisory Council (1997-2001). He was also founding Chairman of the Turkish Economic and Social Studies Foundation (TESEV) (1993-1997) and Chairman of the Board of the Turkish Pharmaceuticals Manufacturers' Association (2000-2008).

Presently, Bülent Eczacıbaşı continues to serve TÜSİAD as Honorary Chairman, TESEV as a member of the High Advisory Board, and the Turkish Pharmaceuticals Manufacturers' Association as Honorary President. He is also the Chairman of the Board of Trustees of the Istanbul Modern Art Foundation, the Chairman of the Board of Directors of Istanbul Foundation for Culture and Arts (İKSV), member of Akbank International Advisory Board, a leading Turkish bank, and also member of the European Round Table of Industrialists (ERT).

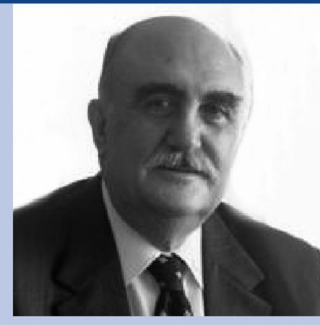
R. Faruk Eczacıbaşı

Born in Istanbul in 1954, Faruk Eczacıbaşı is a graduate of the Istanbul German Lycee and Berlin Technical University's School of Management, where he earned his undergraduate and MBA degrees.

Faruk Eczacıbaşı began his professional career in the Eczacıbaşı Group in 1980. After working in the United States for several years, he served in various positions in the Eczacıbaşı Group. Currently Vice Chairman of Eczacıbaşı Holding, Faruk Eczacıbaşı was instrumental in the Group's e-Transformation as head of Eczacıbaşı's IT company, Eczacıbaşı Information and Communication Technologies.

Faruk Eczacıbaşı is Chairman of the Turkish Informatics Foundation (TBV), which was founded in 1995 to assist Turkey make the transformation to an information society. In this role, he has helped to prepare various research reports and contributed to the shaping of public policy. He served on the e-Transformation Executive Board established by the e-Transformation Turkey Action Plan and was influential in establishing jointly with the Turkish Business and Industry Association (TÜSİAD) Turkey's first and only private sector awards for the public sector, the e-Turkey Awards. He participated in national efforts to align Turkey's legislation with the EU Acquis Communautaire and helped to establish Turkey's first company providing legal and technical infrastructure for secure e-commerce and e-government. He has also led efforts to generate public consensus in favor of EU internet standards in place of internet surveillance. Currently, he is working on a project to create Turkey's first technology map.

Faruk Eczacıbaşı is also President of the Eczacıbaşı Sports Club, a position he has held since 1999.



Sezgin Bayraktar

After graduating from the Economics Faculty of Istanbul University, Sezgin Bayraktar worked at Turizm Bank as Director of Economic Research, Planning and Coordination before joining the Eczacıbaşı Group in 1972.

Bayraktar joined the Eczacıbaşı Group in 1972 as Finance Manager of Eczacıbaşı Holding, later serving as General Manager of Eczacıbaşı Investment Holding, General Manager of Eczacıbaşı Holding, and Executive Vice President in charge of Building Products.

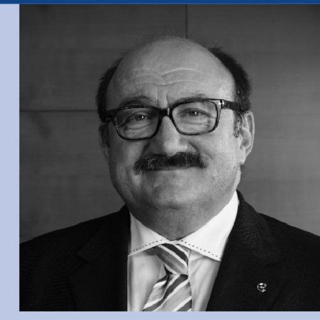
Between 1982 and 1993, Bayraktar was also a member of the Eczacıbaşı Group's Steering Committee. Currently, he is Vice Chairman of the Board of Directors of Eczacıbaşı Holding and sits on the boards of a number of other Group companies.

Dr. Öztin Akgüç

Dr. Öztin Akgüç was born in Istanbul in 1934 and graduated from Ankara University's Political Sciences Faculty in 1955. In 1956, after sitting for his law exams at the Ankara University Law School, he went to the US for graduate studies, receiving an MPIA degree from Pittsburgh University and an MSc in Economics from Wisconsin University. He then completed his PhD in Economics at Ankara University's Political Sciences Faculty.

Akgüç initiated his career as an Account Specialist at the Ministry of Finance. Subsequently, he worked as a project specialist at the State Investment Bank, instructor at the Faculty of Political Sciences, and General Manager of Sümerbank. In 1996, he retired from Istanbul University's Faculty of Business Administration. In addition to his academic career, Akgüç has served as a consultant and board member of various Eczacıbaşı Group companies, including Eczacıbaşı Holding.

Dr. Öztin Akgüç has published research and papers on financial analysis, financial management, finance, accounting, state economic enterprises, and tax issues.



M. Sacit Basmacı

Born in 1952, Basmacı received his undergraduate degree from the Economics-Finance Department of the Faculty of Political Science of Ankara University in 1974.

Sacit Basmacı began his career in the Ministry of Finance as a tax accountant between 1974 and 1981. In 1981, he joined Eczacıbaşı Holding as an auditor, remaining here through 1983. In 1984, he moved to Cankurtaran Holding as Vice President of Financial and Administrative Affairs, later becoming Member of the Management and Executive Board, and Certified Public Accountant and Financial Advisor.

Basmacı returned to the Eczacıbaşı Group in 2003 as Assistant Vice President of Financial Affairs. Since January 2004, Basmacı has served as Executive Vice President, Head Comptroller and Legal Affairs, and General Manager of Eczacıbaşı Holding.

Levent A. Ersalman

Born in 1960, Levent Ersalman completed his undergraduate degree in Mechanical Engineering at Boğaziçi University in 1983 and his graduate degree in Business Administration at University of Akron in 1985.

Ersalman began his professional career in the Marketing Department of Koçbank in 1986, moving to Beksa as Finance Manager in 1988. At the end of that year he returned to Koçbank as Assistant Marketing Manager, later becoming Manager of Correspondent Banking Relations, Manager of Koçbank's main branch in Istanbul, Treasury Group Manager, and Assistant General Manager in charge of Treasury.

In 1998, Ersalman joined the Boyner Group as Assistant General Manager in charge of the Benkar Call Center and Sales, later becoming advisor to the CEO of Boyner Holding, General Manager of Benkar between 1999 and 2002, and General Manager of Beymen in 2002 and 2003.

In 2003 and 2004, Ersalman was an independent member of the board of directors of Yapı Kredi Bank in charge of risk management and internal control, and between 2005 and 2007, he was Coordinator of Marmaris Martı Otel İşletmeleri, an independent member of the board of directors of Alternatifbank, and a member of the board of directors of EST Elektronik Sanal Ticaret Bilişim Hizmetleri.

In January 2008, Ersalman joined the Eczacıbaşı Group as Executive Vice President in charge of Strategic Planning and Finance.

Z. Fehmi Özalp

Born in 1941, Fehmi Özalp graduated from the Economics Faculty of Istanbul University. He was employed by the Turkish Finance Ministry Account Specialization Board in 1964, where he became Account Specialist in 1967 and Chief Account Specialist in 1974. In 1975, he went to Belgium to do a study on "The Common Market and Turkish Fiscal System".

Özalp joined the Eczacıbaşı Group in 1978 as Finance Manager of İntema. In 1979 he moved to Eczacıbaşı Holding, where he served as Finance Manager until 1980, Assistant General Manager from 1985 to 1995, and Finance Coordinator from 1995 to 2003. In 2004, he was appointed advisor to the Chairman of Eczacıbaşı Holding, a position he continues to hold today.

Eczacıbaşı
Investment Holding Co.
1 January 2011-31 December 2011
Board of Directors Report

BOARD OF DIRECTORS REPORT
ISSUED PURSUANT TO THE COMMUNIQUÉ SERIAL: XI NO:29

I. INTRODUCTION

Reporting Period

This report covers the fiscal year of January 1, 2011 – December 31, 2011.

Trade-Name of the Company

Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.

Authorized Boards for the Period

Board of Directors

F. Bülent Eczacıbaşı	Chairman
R. Faruk Eczacıbaşı	Vice Chairman
Sezgin Bayraktar	Member
Dr. Öztin Akgüç	Member
Z. Fehmi Özalp	Member
M. Sacit Basmacı	Member
Levent A. Ersalman	Member

The Board Members were elected for a three-year term of office in the Ordinary General Assembly meeting held on May 04, 2010 and they will be in charge until the Ordinary General Assembly meeting to be held in 2013.

The Board of Directors is authorized to take all business decisions excluding the authorities exclusively granted to the general assembly as regulated by the Turkish Commercial Code and the articles of association.

Board of Auditors

Tayfun İçten	Auditor
Bülent Avcı	Auditor

The Members of the Board of Auditors were elected for one-year term of office in the Ordinary General Assembly meeting held on May 06, 2011; and they are liable to perform the duties specified in the Turkish Commercial Code and the articles of association.

Amendments made to the Articles of Association

In the General Assembly Meeting held on May 06, 2011, the amendment to the article 4 of the company's Articles of Association, titled "Purpose and Scope" was presented to the shareholders for approval purposes and it was unanimously approved based on the letters of authorization no. 3102 dated 21.03.2011 and no. 1753 dated March 23, 2011 issued respectively by the Capital Market Board and the Republic of Turkey, Ministry of Trade and Industry. The new text of the Article 4 of the Articles of Association, titled "Purpose and Scope" is as follows;

Article 4-Purpose and Scope

The Company may perform the following activities in order to accomplish the objectives specified above.

a) The company may participate in any existing businesses providing not to be engaged in intermediation or portfolio management activities.

b) The company may purchase and acquire debentures, profit and loss sharing certificates, and mortgaged bonds and annuity bonds issued by the companies specified in the aforesaid paragraph, any debentures, bonds and treasury bills issued by the Government and the other public legal entities and any other statutory securities in order to make use of idle funds and to fulfil its statutory obligations providing not to be engaged in securities intermediation or portfolio management activities.

c) In case of incorporation, increase of capital or issuance of bonds by the companies directly or indirect participated by the Company, the Company may warrant and provide any guarantee for the consequences thereof and perform any transactions for protection of any values for the exporter companies or purchasers and/or public authorities and institutions and the Company may give guarantees and act as a guarantor against any third persons in relation to its affiliates and any business considered under the scope of its operational purposes providing that it should not be engaged in any kind of intermediation activities specified in the Capital Market Law considered as a capital market activity and it should comply with the rules set by the Capital Market Board.

d) The Company may, if required, sell the securities that it holds by way of cash or forward sale, and/or exchange them with any other securities or pledge them providing not to be engaged in securities intermediation or portfolio management activities.

e) The Company may acquire movable and immovable properties in accordance with the provisions of the Civil Code only to the extent necessary for achieving its operational purpose and scope and for maintaining its activities. It may perform any kind of promissory or real transactions or dispositions related such properties for or against the Company subject to the rules set by the Capital Market Board.

f) The Company may, in relation to its purpose and scope, receive any loans from the banks and the other financial institutions including unsecured loans or loans secured by mortgaged movable and immovable properties, commercial enterprise pledge or other securities.

g) The Company may receive or give any kind of real or personal guarantees in order to secure collection or provision of its rights and receivables and it may request for registration at the land registry, release or cancellation of such guarantees in relation thereof subject to the rules set by the Capital Market Board. The Company may, if required, acquire the movable and immovable properties given to it as security for collection of any of its rights or receivables; and it may also sell such properties if desired.

h) The Company may establish securities, mortgages, and pledges on its behalf and on behalf of third persons in accordance with CMB legislation and by making the necessary announcements.

i) The Company may provide consultancy services in the fields of investment, financing, organization, marketing and management.

j) It may make contributions or donations to the foundations, societies, universities and any similar institutions established for social purposes subject to the rules set by the Capital Market Board.

k) In case of an amendment in the Company's purpose and scope, the required permissions are received from the Ministry of Trade and Industry and the Capital Market Board.

Changes in the Capital

The capital has not been changed in the related period. The Company's registered capital ceiling is 200.000.000,-TL and its issued capital is 70.000.000,-TL.

Number of Shareholders

Our company has nearly 10.500 shareholders.

Share Prices (by the end of months)

January	5,16 TL
February	4,92 TL
March	5,54 TL
April	7,02 TL
May	5,86 TL
September	5,72 TL
July	5,34 TL
August	4,48 TL
September	4,73 TL
October	4,87 TL
November	4,50 TL
December	4,07 TL

Dividend Distributed and Ratio

Gross 7,25 % and net 6,16 % of the profit for 2008 was distributed as dividend.

Gross 5 % and net 4,25 % of the profit for 2009 was distributed as dividend.

Gross 7 % and net 5,95 % of the profit for 2010 was distributed as dividend on May 25, 2011.

Shareholders holding more than 10 percent of the Share Capital

Shareholder's Name/Trade-Name	Share Amount (TL)	Share Ratio (%)
Eczacıbaşı Holding A.Ş.	43.612.959,00	62,30

The Sector that the Company operates in and its Position in this Sector

In the year 2011 that started positively, deepening of the European debt crisis once again adversely affected the financial markets particularly in the second half of the year. Along with the outlook that was impaired by the concerns that the crisis might expand to the other Euro Zone countries, including especially Italy and Spain and that Greece might go into uncontrolled default, economic recession scenario became a current issue under the shadow of the stricter actions taken. While the liquidity measures taken by the European Central Bank by the end of the year led to the perception that a crisis was prevented in the banking system, it will be impossible to talk about growth in Europe especially in the first half of 2012.

The prolonged increase in the current deficit that has been emphasized as the soft belly of Turkey for a while within the country has created a negative impact on the value of TL under the influence of the impaired general global outlook. However, the CBT (Central Bank of Turkey) focusing on possible slowdown in the growth and reduction of the current deficit in the first half of the year started its active interventions in TL upon the impairment in the inflation outlook caused by the impacts of the depreciation in TL in the last quarter of 2011. Despite the global negative conditions, Turkey maintained its strong growth and succeeded in growing by more than 8 percent in 2011. Although a short-term loss of momentum is expected in the next period, it is anticipated that the trend of strong growth will continue. While the inflation closed the year over 10 percent under the impacts of the high energy prices and the depreciation in TL by the end of the year, it became a current issue for the CBT in the short run.

By December 31, 2011, nearly all the cash on hand pertaining to Eczacıbaşı Yatırım Holding is held in time deposits; and it has 62,2% of its total cash in TRL, 15,4 % in Euro and 18,4% in US Dollars, respectively. .

II. ACTIVITIES

Developments in Investments

There has been no change in our participations portfolio within the period.

Investment Portfolio

Eczacıbaşı Yatırım Holding Ortaklığı has 16 affiliates under the structure of Eczacıbaşı Group.

Brief Information on our Participations in which we hold a Capital Shareholding over 10 Percent:

Eczacıbaşı Menkul Değerler A.Ş. (Eczacıbaşı Securities Co. Inc.)

Established in 1982, Eczacıbaşı Menkul Değerler provides services in its head office located in Istanbul and in its branches located in Ankara, İzmir, Istanbul-Kadıköy, Afyon, Bursa, Antalya, and Adana.

The company operates in any and all fields allowed by the Capital Market Board; and it offers to the individual investors the services such as intermediation in trading of any securities including stocks, government bonds, eurobond, repo, DCR, etc., investment consulting, trading of mutual funds, intermediation for corporate and international investors, intermediation in trading of derivatives, consultancy services, and portfolio management services. In addition, it offers consultancy and intermediation services for initial public offerings of the companies.

Thanks to its Tele-Investment 24, Net Investment 24, Net Analyst and Net Messaging systems equipped with highly-advanced technologies, both intermediation in trading of securities services and the analyses and comments related to capital markets are provided in a faster, more cost-effective and problem-free manner.

The paid-in capital of the company is 11.000.000,- TL as of December 31, 2011.

E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş (E-Kart Electronic Card Systems Industry and Trade Co. Inc.)

E-Kart Elektronik Kart Sistemleri was established in 1999 for the purpose of developing and producing smart card solutions in order to meet the expectations that may arise in near future in relation to high security, authorization and identification, cheap data storage and management issues in the "e-commerce" and "e-business" fields defined as the current business lifestyle. 50-percent shares of E-Kart Electronic Card Systems were sold to Giesecke & Devrient GmbH, the second largest global corporation in its field in 2001.

Having started its productions in 2001 and possessing the first Visa/Europay-approved credit card/smart credit card manufacturing and personalization facility of Turkey, E-Kart also has also assumed the title of the first SIM card manufacturing facility of Turkey. The annual card production capacity of E-Kart is 54 million. Thanks to its fast, high-quality and secure service understanding along with its smart card production, E-Kart also maintains daily card personalization operations of various banks under its own structure.

It has proper infrastructure for card manufacturing, software and personalization based on its E-Card, Visa/Europay, SAS and the other international security certifications. The Company has been "the first" to receive ISO-IEC 27001-2005 certificate given as a result of its studies in the fields of security policies and risk management and in addition to its ISO 9001 certificate certifying its quality management system, it has also received ISO 14001 Environmental Management System and OHSAS 18001 Occupational Safety and Health certificates in 2011. E-Kart has been the first company certified with "Reasonable Assurance" for "Scope 1-2", and "Limited Assurance" for "Scope 3" under the framework of ISO 14064 standard after completion of its carbon footprint calculations and certified after inclusion of the Scope 3 in its related calculations in Turkey.

Maintaining its leadership in both banking and GSM cards markets, E-Kart has taken the position of a large seller in Moldova, Ukraine, Azerbaijan, Georgia, and Kazakhstan as a result of its marketing and sales activities conducted toward its geographical expansion target. In addition to such countries, E-Kart also targets to enter into and grow in the markets of Belarus, Uzbekistan, Tajikistan, Kyrgyzstan, and Nepal.

The paid-in capital of the company is 10.839.500,- TL as of December 31, 2011.

EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş. (EİS Eczacıbaşı Pharmaceutical, Industrial and Financial Investments Industry and Trade Co. Inc.)

Eczacıbaşı Pharmaceutical, Industrial and Financial Investment is not actively engaged in manufacturing activities; it operates under a holding structure with its current Affiliates, Group Companies and Subsidiaries. Under this structure, it directly conducts real estate development activities; and it operates in the healthcare, cosmetics and personal care products industries by means of its participations.

The Board of Directors of Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar has decided on 31 December 2009 to file an application with Banking Regulation and Supervision Agency in order to establish an Investment Bank and to acquire 40% of such bank if the establishment of the bank is duly authorized.

Board of Directors with this company held a meeting on 9 December 2011 with regard to the application filed by Eczacıbaşı Holding A.Ş. for Eczacıbaşı Group with the Banking Regulation and Supervision Agency on 31 December 2009 for an investment banker license, assessed the next fiscal period in detail, and resolved that our above mentioned investment banker project be postponed because of the facts that global risks are increasing, that the capital required by BRSA for the said project is much higher than the capital we suggested in our above mentioned application and is infeasible in terms of the investment yield we aim in our relevant business plan, and that we should not keep the investors of our relevant subsidiaries in such a state of uncertainty for a long time.

The Board of Directors of Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar has decided on 28 September 2010 that the project involving the property development (residential and commercial units) be implemented under the name "ORMANADA" with the participation of Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar by 50% and Eczacıbaşı Holding by 50% in Zekeriyaköy District, Sariyer, Istanbul, that the property (residential units) to be built at the “Ormanada” project be developed in two phases to be completed by the end of 2013 by the Company’s subsidiary Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş., which, within the context and control of the signed contract, would choose a contractor or sub-contractors by bidding on the basis of taking offers on unit prices, bargaining or contracting at a lump sum price, and that the required works be completed so that the property (residential units) to be built on the lots for which the legal process has been completed could be launched for sale in October 2010. In the press meeting held on 18 October 2010 with respect to the promotion of Ormanada and in the special public disclosure made on the same date, it has been stated that the project will require an investment of USD 300 million. The residential units will vary from 170 to 700 square meters in size and would be priced in the range of USD 500 thousand to USD 2,2 million per unit. Ormanada has been created with the cooperation of Torti Gallas and Partners, Kreatif Mimarlık ve Rainer Schmidt Landscape Architects, all having a global experience and expertise. The revision studies on the project, which has a green area of 35 acres, to include a total of 259 residential units, 188 of which were villas and 71 were townhouses; suggest the number of residential units could be increased to 269. The project will be completed in two phases and there would be 150 residential units in the first phase, and it is projected that the second phase, which is still at the construction license issue stage, would include 119 residential units as of the date of the attached report. Sales deals have been made and sales contracts signed for 46 residential units in the first phase and 23 units in the second phase. Furthermore, the infrastructure (construction other than the buildings: roads, electricity, water, sewage, natural gas, telephone lines etc.) and superstructure (building construction) works of the Ormanada project continue as planned.

The registered share capital upper limit and issued share capital of Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar are 200.000.000 TL and 548.208.000 TL, respectively, as of 30 December 2011.

İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. (İntema Building and Installation Materials Investment and Marketing Co. Inc.)

Intema was established in 1978 by Eczacıbaşı Group and VitrA authorized dealers and listed on ISE in 1990.

Since its foundation, it provides promotion, exhibition, consultancy, sales and after-sales services for the products and services used in bathrooms and kitchens starting from the project and design stages and it adopts a “customer-focused” service understanding.

With the cooperation initiated in 2007 by Eczacıbaşı Group with Villeroy & Boch, the oldest and the most famous tile brand of the world, an important step was taken in the retail segment and the sales and distribution of Villeroy & Boch tableware in Turkey were undertaken by Intema.

The company maintains its “customized solution” approach, and continues to provide services through an integrated process from design to application stages; and it has 24 stores in total all around Turkey including outlet stores.

It continues to provide services in order to maintain the growth in the retail sector by means of its 6 units of Large Stores in Turkey, 4 units of Villeroy Boch Tile Ceramic and Bathroom products stores, 2 units of Villeroy Boch Tableware stores, 2 units of Intema kitchen stores, 7 units of small stores and 3 units of Outlet stores.

Intema’s registered capital ceiling is 10.000.000,-TL and its issued capital is 4.860.000,-TL as of December 31, 2011.

Kaynak Tekniği Sanayi ve Ticaret A.Ş. (Welding Technique Industry and Trade Co. Inc.)

Having started its activities for manufacturing welding electrodes on March 1, 1974, Kaynak Tekniği signed an agreement for distributorship in Turkey with "The Lincoln Electric Company" headquartered in the United States of America in the beginning of 1992; and it converted this agreement into an equal-share joint venture on May 5, 1998 and took a giant step for expanding in the European, Turkic Republics, Russian and Middle East markets and increasing the exports to these regions.

Having an annual production capacity of 36.000 tons of coated electrodes, 25.000 tons of gas metal arc welding wires and 3.500 tons of submerged welding wires, ASKAYNAK conducts its production activities in accordance with the national and international welding standards.

With its headquarters and factory building located within the boundaries of Kocaeli Çayırova Municipality, Askaynak is established over a total area of 40.000 m^2, including 22.000 m^2 of indoor area.

Askaynak has been providing services in the sector through its network comprising 4 sales offices in total located in Istanbul, Ankara, Izmir and Adana, 17 main distributors and nearly 600 sub-dealers all around the country; and it has nearly 300 personnel.

The paid-in capital of the company is 4.835.000,- TL as of December 31, 2011.

Eczacıbaşı Holding A.Ş.

Established by the end of 1969, Eczacıbaşı Holding performs and provides guidance for strategic planning, economic and financial management, audit and new project assessments of the entire Eczacıbaşı Group as well as general investment activities. In addition, it performs the consultancy function in the activities related with organization and human resources, information technologies and communication systems of the companies under the Group structure and it also conducts the corporate communications activities of the Group.

As per its statutory financial balance sheet dated December 31, 2011, its size of assets is 1.4 Billion TL and the total of the shareholders' equity is 1.3 Billion TL; in addition to its current activities, Eczacıbaşı Holding intends to be engaged in real estate development activities related with its real properties in the next years.

Improving further the integration in production and labour fields of Eczacıbaşı Group in 2000s and aiming new investments and international partnerships completely open to the globalizing world, Eczacıbaşı Holding has a paid-in capital of 213.000.000,-TL as of December 31, 2011.

Eczacıbaşı Yatırım Ortaklığı A.Ş. (Eczacıbaşı Investment Partnership Co.)

Eczacıbaşı Investment Partnership was established in September/1998 and 80% of its shares were offered to the public in January/1999.

The Company's main field of activity is to operate portfolios of capital market instruments and gold and other precious metals traded in national and international stock exchanges or over-the-counter organized markets providing not to have any capital shareholding in or control over the companies, the securities of which are purchased as per the Capital Market Law and the related legislations.

While the net asset value of 32 Type A and B securities investment funds operating in the market was 750,6 million TL in total in the year 2010, their numbers dropped to 27 and the related net asset value decreased to 692,1 million TL in total by the end of 2011.

While the net asset value of Eczacıbaşı Investment Partnership was 38.713.996 -TL in the beginning of 2011, it was 34.067.560- TL by the end of 2011. The total market value which was 21,4 million TL in the beginning of 2011 fell to 19,7 million TL by the end of 2011.

The capital of the company was increased from 14.000.000-TL to 21.000.000-TL as of May 27, 2011. The registered share capital upper limit is 25.000.000 TL.

III. PROFIT DISTRIBUTION PROPOSAL

Our Board of Directors;

has determined that the net distributable period profit amounts to 18.822.317 TL according to the consolidated financial statements drawn up and independently audited in accordance with the Capital Market Board (CMB) legislation and to 16.172.787 TL according to the financial statements drawn up in accordance with the statutory records. As per the CMB's resolution no. 2/51 dated January 27, 2010, the net distributable period profit computed according to the consolidated financial statements drawn up and publicly disclosed in accordance with the CMB's Communiqué Serial XI, No: 29 titled as the Communiqué on Principles regarding Financial Reporting in Capital Market constituted the basis for distribution of profits in the year 2011.

Accordingly;

the Board resolved to propose the following issues to our shareholders in the Ordinary General Assembly Meeting to be held for 2011:

1) Distribution of dividends at the amount of 10.500.000 TL corresponding to 15% of the issued capital of our Company;

2) Payment of gross 15% cash dividend per each share certificate with a nominal value of 1 TL and net payment of dividends to our full-taxpayer real-person shareholders and limited-taxpayer real and legal person shareholders calculated after deduction of the applicable withholding rates specified in the tax laws;

3) Transfer to the Extraordinary Reserves the remaining profit amount after deduction of the statutory obligations and the amounts of dividends decided to be paid from the period profit of 19.032.446 TL computed according to the statutory records;

4) Start of profit distribution on June 19, 2012.

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.
PROFIT DISTRIBUTION TABLE FOR 2011 (TL)

1.	Paid-in/Issued Capital		70.000.000
2.	Total Legal Reserves (According to Legal Records)		15.596.101
	Information on privileges, if granted for profit distribution in the articles of association		No privileged shareholder
		Acc. to CMB	**Acc. to Legal Records (LR)**
3.	Period Profit	20.833.880	19.032.446
4.	Taxes Payable (-)	-1.160.364	-2.008.460
5.	Net Period Profit (=)	19.673.516	17.023.986
6.	Losses in Previous Years (-)	0	0
7.	First Legal Reserves (-)	-851.199	-851.199
8.	NET DISTRIBUTABLE PERIOD PROFIT (=)	18.822.317	16.172.787
9.	Donations during the fiscal year (+)	0	
10.	Net distributable period profit incl. donations based on which first dividend will be computed	18.822.317	
11.	First Dividend to Shareholders		
	- Cash	10.500.000	
	- Bonus Shares	0	
	- Total	**10.500.000**	
12.	Dividends distributed to the Owners of Privileged Shares	0	
13.	Dividends distributed to the Board Members, Employees, etc.	0	
14.	Dividends distributed to Redeemed Share Owners	0	
15.	Second Dividend to Shareholders		
16.	Second Legal Reserves	0	
17.	Statutory Reserves	0	0
18.	Special Reserves	0	0
19.	EXTRAORDINARY RESERVES	8.322.317	5.672.787
20.	Other Resources to be distributed	**0**	**0**
	- Previous Year Profit	0	0
	- Extraordinary Reserves	0	0
	- Other Distributable Reserves as per the Law and the Articles of Association	0	0

BOARD OF DIRECTORS REPORT
ISSUED PURSUANT TO THE COMMUNIQUÉ SERIAL: XI NO:29

INFORMATION ON DISTRIBUTED DIVIDEND RATIO				
DIVIDEND PER SHARE				
			DIVIDEND CORRESPONDING TO SHARE WITH A NOMINAL VALUE OF 1 TL	
		TOTAL DIVIDEND AMOUNT (TL)	**AMOUNT (TL)**	**RATIO (%)**
GROSS	To ordinary shareholders	10.500.000	0,15000	15,00
	TOTAL	**10.500.000**		
NET (*)	To ordinary shareholders	8.925.000	0,12750	12,75
	TOTAL	**8.925.000**		

(*) *Income Tax withholding rate was taken as 15% in the computation of Net dividend amount.*

RATIO OF DISTRIBUTED DIVIDENDS TO NET DISTRIBUTABLE PERIOD PROFIT INCLUDING DONATIONS	
AMOUNT OF DIVIDENDS DISTRIB. TO SHAREHOLDERS (TL)	**RATIO OF DIVIDENDS DISTRIBUTED TO SHAREHOLDERS TO NET DISTRIBUTABLE PERIOD PROFIT INCL. DONATIONS (%)**
10.500.000	55,78

Management Activities

Top Management

The executive staff that are still on duty:

- ***Levent A. Ersalman*** *(General Manager)*

Graduate of Boğaziçi University, Mechanical Engineering Department

Postgraduate education in the business administration department at the University of Akron (USA)

Personnel Movements

There is no salary-paid personnel working for our company as of December 31, 2011. Management services are outsourced as is the case for previous years.

Collective Bargaining Applications

There is no personnel subject to collective bargaining agreement in our company.

Status related with Severance Pay Obligations

There is no severance pay obligation by the end of the period since there is no personnel working for our company.

Rights and Benefits granted to the Personnel

There are no applicable rights and benefits since there is no salary-paid personnel working for our company as of December 31, 2011.

Out-of-Center Organizations

The Company does not have any out-of-center organizations.

Explanations on the main elements of the Group's internal audit and risk management systems with regard to the preparation process of consolidated financial tables

The statutory records of the affiliates, group companies and subsidiaries included in the consolidation are checked by the Certified Public Accountancy Company on a quarterly basis in respect of the Turkish Commercial Law, the Uniform Accounting Plan and the tax issues. The activities of the companies consolidated by the Audit Board under the structure of Eczacıbaşı Holding A.Ş. are audited in respect of the required processes and/or issues. In addition, the financial statements prepared for consolidation by the companies included in such consolidation are audited by the independent audit company in respect of compliance with the CMB legislation and the International Financial Reporting Standards in the required periods.

REPORT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Statement of Compliance with Corporate Governance Principles:

The Report of Compliance with Corporate Governance Principles covering the activity period of 1 January 2011 – 31 December 2011 has been issued in accordance with Article 6 of the Communiqué Serial No IV/54 on the Determination and Implementation of Corporate Governance Principles (as published in the Official Gazette dated October 11, 2011 and numbered 28081, 2.bis) as part of the principal decision No. 5/136 of 16 February 2012 as announced by the Capital Markets Board. Some of the principles enclosed to the said communiqué and some of those specified in the Corporate Governance Principles were applied while some others were not applied.

Activities have been launched in order to ensure compliance with the CMB's Communiqué Series: IV No:56 titled as the "Communiqué on Principles Regarding the Determination and Application of Corporate Governance Principles" as published in the Official Gazette dated December 30, 2011 and numbered 28158.

The reason for incomplete application of the said principles is that our company does not produce any goods or services since it is merely a holding, it does not have any employees in the related period and the transactions were performed by way of outsourcing services.

However, the principles that could not be applied do not cause any damage for the shareholders or stakeholders and have not led to any conflicts of interests so far.

SECTION I – SHAREHOLDERS

1.1 Facilitating the Exercise of Shareholding Rights:

The Company has its Investor Relations unit since 1990. In this unit, there is a responsible officer directly reporting to the general manager.

Contact Details for the Investor Relations Contact Person:

Name & Surname	: Elif Durgut
Phone No.	: 212-371 72 23
Fax	: 212-371 72 22
e-mail address	: elif.durgut@eczacibasi.com.tr

The investor relations unit conducts the written and verbal communications with the shareholders, the ISE, the CMB, the CRA (Central Registry Agency) and Takasbank (Clearing and Settlement Bank).

The main activities conducted within the period included the following:

- Requests for information received via various means of communication were responded.
- As required by the laws, any procedures related with public disclosure were complied with and followed up duly.
- It was ensured that the general assembly meeting held on May 06, 2011 complied with the current legislation, the articles of association and the other internal regulations.
- The documentation that can be used by the shareholders in the general assembly meeting was prepared.
- The record of voting results have been kept and the reports related to these results have been sent the same day to the requesting shareholders.

As required by the laws, any procedures related with public disclosure were complied with and followed up duly.

The Company pays utmost care to comply with all CMB regulations, Articles of Association and other in-house regulations related to the satisfaction of the requests of our shareholders for the exercise of their rights and appropriate steps are taken in order to ensure that such rights are exercised properly. In 2011, the Company did not receive any written or verbal complaint, nor, to the best of our knowledge, was any administrative or legal proceeding initiated against our company in this respect.

Activities have been launched by our Board of Directors in order to create the Corporate Governance Committee as part of compliance with Article 4.5.10 of the Communiqué Series: IV, No: 56 titled as the "Communiqué on Principles Regarding Determination and Application of Corporate Governance Principles".

1.2 The Shareholders' Right to Access to and Evaluate Information:

All shareholders are treated equally when they exercise their right to request and evaluate information and any information required by them in order to duly exercise their shareholding rights have been shared with them, except for the trade secrets. The information are provided on a timely manner and carefully so as to fairly reflect the facts. Required information was provided to our shareholders requesting information about the date of general assembly, profit distribution date and whether there is an increase of capital within the related period.

The developments that may affect the exercise of shareholders' rights are published on the PDP (Public Disclosure Platform) and announced via press and media as required by the law. There is not any clause stipulating appointment of a special auditor in our articles of association. There has been no request in relation thereof during the period.

In an effort to increase the rights of the shareholders to obtain information, any and all the information that may have impact on the exercise of the rights are made available for use by the shareholders on an updated bases in electronic media. Information and developments that may affect shareholders' rights are announced through material event disclosures and also published on our website.

1.3 Right to Participate in General Assembly:

The invitations to the General Assembly meetings are made by the Board of Directors in accordance with the provisions of the Turkish Commercial Code, the Capital Market Law and the Company's Articles of Association. The Board of Directors informs the public via a disclosure statement published on the Public Disclosure Platform ("PDP") containing also the items of the agenda on the date of resolution taken for convening the General Assembly meeting. The Board of Directors ensures that the Information Document on General Assembly Meeting related with the items on the agenda is prepared duly and discloses it to the public 3 weeks before the actual meeting date of the General Assembly. The announcements regarding the invitations to the General Assembly meetings are published on the Company's Internet website and also in Turkey edition of a national newspaper in order to ensure disclosure of the announcement to the highest number of shareholders possible not later than 3 weeks before the actual date of the General Assembly meeting in accordance with the required statutory legislation. The meetings are held in the city center in order to facilitate attendance to the General Assembly.

The financial statements and reports including the annual report, the profit distribution proposal, the information document prepared in relation to the items on the agenda of the general assembly and the other documents constituting the basis for such items of the agenda, the latest version of the articles of association, and the text of amendment and the related rationale for justification of, if any, the amendments to be made in the articles of association are made available for information and examination purposes at convenient places of the company's headquarters for ease of access by our shareholders including the electronic media starting from the date of announcement published in relation to the invitation for general assembly meeting.

The form of proxy is published for the shareholders that will be represented by their proxies and they are made available for the shareholders via our company's Internet site before the meeting of the General Assembly.

The Ordinary General Assembly meeting for 2010 was held on May 6, 2011. The meeting was performed with the participation of the founder partners and the shareholders holding public shares and upon meeting the required quorum. In the General Assembly meeting, the shareholders exercised their rights to ask questions. The questions were answered by the members of the Board of Directors or the general manager depending on the subject matter. Press did not attend the meeting. The invitation to the meeting was published on the PDP (Public Disclosure Platform) and announced in the press.

The annual report and the financial statements, the articles of association and the profit distribution proposal were kept available for inspection at the company's headquarters before the general assembly meeting.

The minutes of the General Assembly meetings are disclosed to the public via the PDP and they are also provided on the Company's Internet website. One copy of the minutes is sent to the CMB; and one copy is made available at the company's headquarters for inspection by our shareholders.

Our Articles of Association does not contain a specific provision stipulating that the decisions regarding split-off, sale, purchase or leasing of substantial assets, etc. should be taken by the General Assembly; however, such major decisions are put on the agenda of the General Assembly and notified to our shareholders in details.

1.4 Voting Right

In our company, any practices complicating the use of voting rights are avoided; and all our shareholders are allowed to use their voting rights equally, easily and as required. Open voting method applied by raising hands is used for voting of the items on the agenda in our General Assembly meetings. Each item on the agenda is voted separately in the meeting.

There is no privileges related to voting right. Eczacıbaşı Holding A.Ş. holding 62,30% of our Company's capital and with which we have a reciprocal shareholding relationship exercises its vote in the general assembly.

1.5 Minority Rights

To date, no shareholder has claimed minority shareholder status. The Company does not employ the cumulative voting method.

1.6 Dividend Right:

The Board of Directors established the following "Corporate Governance Principles" with regard to the Company's dividend distribution policy:

- The Articles of Association do not contain any clause about privileged shares, founder benefit shares and the distribution of profit to members of the Board of Directors and employees as well as the distribution of profit advance payments.

- The Company's Articles of Association accept the principle of distribution of the first dividend based on the ratio and amount determined by the CMB.

- In preparing its recommendations on profit distribution for the general assembly, the Board of Directors takes into consideration the sensitive balance between the Company's existing profitability, the expectations of shareholders and prescribed growth strategies.

- Dividend payments (cash and/or bonus shares) are made as soon as possible after the general assembly and within the legal time limit set by CMB regulations.

The profit distribution policy and the annual profit distribution proposal of our Board of Directors are prepared together with the profit distribution statement designated by the CMB; and they are made available to our shareholders via the PDP environment for information purposes at the same time with the publication our Board of Directors' decision. The said proposal is included in our annual report and presented to the shareholders in the General Assembly for information. In addition, they are also provided in our Company's Internet website together with the detailed information regarding the profit distribution statement, the profit distribution history and the increases of capital.

1.7 Transfer of Shares:

There are no provisions in the Company's Articles of Association restricting or complicating free transfer of shares.

1.8 Equal Treatment of the Shareholders Principle:

All our shareholders including the minority and foreign shareholders are treated equally.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

2.1 Public Disclosure Principles and Instruments:

Overview of Company's Information Disclosure Policy:

Objective

The Information Disclosure Policy aims to share complete, fair, sound and comprehensive information concerning the Company's past performance, future expectations, strategies, objectives, vision and the knowledge base, excluding trade secrets; with the public, respective authorities, current and potential investors and shareholders equally, so that active and open communications preserved.

Our Company shows utmost care to comply with legal requirements, the Capital Markets Legislation, ISE regulations, and the Corporate Governance Principles issued by the CMB in implementing its information disclosure policy.

Authority and Responsibility

The Board of Directors has the authority and the responsibility to establish, control, review and develop the Company's Information Disclosure Policy. Once approved by the Board of Directors, the Information Disclosure Policy is made available to public through the Company's website. The Capital Market and Investor Relations Unit is responsible for the coordination of the Information Disclosure Policy. This unit cooperates closely with the Board of Directors and the Audit Committee in accomplishing its responsibility.

The Information Disclosure Policy is regularly updated in accordance with the CMB legislation and the Corporate Governance Principles regulations and published on the Company's Internet website.

2.2 Material event disclosures:

The information to be disclosed to public is made available to the public via the "Public Disclosure Platform" (*www.kap.gov.tr*) and the company website in a timely, accurate, complete, straightforward, comprehensible, interpretable, cost-effective and easily-accessible manner in order to allow the persons and entities that will benefit from such disclosures to take any decisions in relation thereof. In this context, forty-four material event disclosures were made within the period. Neither the CMB nor ISE requested any further explanations about such disclosures. Material event disclosures were made in a timely fashion.

2.3 Company Website and Content:

The information specified in our Company's Corporate Governance Principles can be found at **www.eczacibasiyatirim.com.tr**.

The Company website contains the compulsory information required to be disclosed as per the laws; and the trade registry information, the shareholding and management structure according to the current status, the latest version of the Company's articles of association, material event disclosures, financial reports, annual reports, agendas of the general assembly meetings, the lists of attendants and the minutes of the meetings, form of proxy for voting, dividend distribution policy, information disclosure policy and the press releases and presentations made by the Company. In this context, the information for at least the last 5 years is provided on the Internet website. The Internet website address is also specified on the Company's letterhead.

2.4 Public Disclosure of the Relations between the Company and its Shareholders, Members of the Board of Directors and the Managers

The relations of our Company with its shareholders, Members of the Board of Directors and the managers are publicly disclosed as soon as the company becomes aware of them in accordance with the CMB legislation and the provisions specified in the Corporate Governance Principles.

As it is known, our company is an affiliate of Eczacıbaşı Group and it is publicly known that the members of Eczacıbaşı Family are real-person ultimate controlling shareholders. Our company has a 11,54% of shareholding in Eczacıbaşı Holding A.Ş. as it is a founder partner.

2.5 Public Disclosure of Periodic Financial Statements and Reports

Our company's consolidated financial statements are drawn up in accordance with the provisions determined by the CMB and disclosed to the public once they are audited by an independent company according to the International Standards on Auditing. Before public disclosure, the financial statements and the related footnotes are presented to the Board of Directors for approval purposes together with the assent of the Audit Committee as required by the Capital Market laws and once the related statement of accuracy is signed by the General Manager and the Chief Financial Officer, the financial statements, the related footnotes and the independent audit report are forwarded to the ISE in accordance with the Capital Market Law and the regulations of Istanbul Securities Exchange. The periodic financial statements and the related footnotes can be found both in Turkish and English languages retrospectively in the Investor Relations section of the website located at **www.eczacibasiyatirim.com.tr**.

Annual Report

The contents of the annual report are prepared in a manner to contain the minimum elements specified in the CMB's Corporate Governance Principles and in specific details to allow the public to obtain any kind of information about the Company's activities in accordance with the Capital Market laws. After arrangement of the annual report, it is approved by the Board of Directors and disclosed to the public both in

Turkish and English languages via the Internet website. The annual report that can be accessed both in Turkish and English languages via the Company's Internet website can also be obtained in the form of printout copies from the Capital Market and Investor Relations Unit.

2.6 Trade Secret Concept and Insider Trading:

The trade-secret information refer to any information with current or potential commercial value, that are not known and normally not accessible by third persons, and targeted to be kept confidential by the information owner.

The Company takes any measures required for prevention of the use of any insider information. The list of the Company's managers and the other persons and/or institutions providing services for the Company that may acquire any information likely to affect the value of the capital market instruments is prepared and publicly disclosed in accordance with the principles specified in the information disclosure policy.

The potential insider traders are the members of the Board of Directors and the persons in the top management and the names of these persons are specified below:

Board of Directors

F. Bülent Eczacıbaşı	Chairman of the Board of Directors
R. Faruk Eczacıbaşı	Vice Chairman of the Board of Directors
Sezgin Bayraktar	Member of the Board of Directors
M. Sacit Basmacı	Member of the Board of Directors
Levent A. Ersalman	Member of the Board of Directors and General Manager
Öztin Akgüç	Member of the Board of Directors
Z.Fehmi Özalp	Member of the Board of Directors

Legal Auditors

Bülent Avcı	Auditor
Tayfun İçten	Auditor

Independent Auditors

Mehmet Cem Tezelmen	Certified Financial Advisor
Ali Çiçekli	Responsible Partner Chief Auditor
Yaman Peyvent Polat	Responsible Partner Chief Auditor (Substitute)
Kerem Vardar	Auditor

Ercan Can	Auditor
Çağatay Tolga Çelik	Assistant Auditor

Top Management

Dr. O. Erdal Karamercan	Eczacıbaşı Holding A.Ş. / CEO
Okşan Atilla Sanon	Eczacıbaşı Holding A.Ş. / Corporate Comm.and Sustainable Development Coord.
A.Yeşim Roth	Eczacıbaşı Holding A.Ş. / Strategic Planning Director
E. İlkay Akalın	Eczacıbaşı Holding A.Ş. / Corporate Communications Director
Önal Başkaya	Financial Affairs Advisor

Managers and Officers

Erol İsmail Özgür	Financial Affairs Director
Rosi Avigidor	Eczacıbaşı Holding A.Ş. / Finance Manager
Cem Tanrıkılıcı	Eczacıbaşı Holding A.Ş. / Press Agent
Elif Durgut	Accounting Supervisor
Hüsnü Açar	Commercial Accounting Responsible Specialist

SECTION III - STAKEHOLDERS

3.1 Company's Policy regarding Stakeholders:

Stakeholders are informed verbally or in writing about any issues of interest if and when requested. Apart from the shareholders, any interested real person or legal person representative (brokerage house personnel, potential investor, etc.) may attend the general assembly meetings as listeners.

3.2 Supporting the Stakeholders to Participate in the Company Management:

There has been no activity conducted for participation of stakeholders in the management.

3.3 Protection of the Company's Assets:

The members of the Board of Directors and the managers cannot make any dispositions resulting in a reduction in the company's assets in order to damage the stakeholders.

3.4 Human Resources Policy:

Recognizing that people underpin the Eczacıbaşı Group's values and represent the main source of its competitive edge, the Company's human resources policies aim to:

- Establish an organizational structure that is flexible and open to change and in line with Company's Strategic Business Plan and Targets,

- Ensure that human resources are used effectively and efficiently to achieve the Company's strategic goals,

- Continually review and improve the Company's human resources processes and systems,

- Encourage employees to learn so that they might improve their knowledge, competencies and behaviour, thus enhancing their individual performance as well as the performances of their teams and the Company,

- Create opportunities for personal and career development that respond to the needs of the Company and reflect performance evaluation results,

- Continuously raise the level of employee satisfaction by making improvements in areas noted by employee satisfaction surveys and other related performance indicators,

- Attract employees who have the right competencies for their jobs: who are creative, innovative, participative, open to change, entrepreneurial, energetic, transparent, and strong communicators; who want to develop personally and professionally and who are able to train others; who share our values,

- Ensure that the female candidate is preferred between male and female candidates of equal qualifications.

Since our Company is a member of Eczacıbaşı Group, the shared policy, and the fundamental rules and principles determined by the Human Resources Group Directorate under the structure of Eczacıbaşı Holding A.Ş. and established for all companies in the group are implemented duly. Such fundamental rules and principles are shared with the employees of Eczacıbaşı Group over the Company Portal.

To date, there have been no complaints of discrimination from Company employees.

3.5 Information on Relations with Customers and Suppliers:

Our Company does not have any customers or suppliers since it does not produce goods or services as required by its purpose and scope.

3.6 Codes of Conduct and Social Responsibility:

The Company's activities are conducted in accordance with the codes of conduct established by Eczacıbaşı Group. Such codes were notified to the company's employees in writing, but not disclosed to the public.

The codes of conduct will be disclosed in our Corporate Management Principles Compliance Report and also published in the Company website after the year 2012 under the scope of compliance with the new Corporate Governance Principles published by the CMB.

Our Company does not conduct any activities directly oriented toward the public under the scope of its social responsibility. However, the Company supports social, cultural and some sports activities conducted within the framework of the activities of Eczacıbaşı Group. Since our Company is not engaged in any production activity, it is impossible for it to cause environmental damages.

SECTION IV - BOARD OF DIRECTORS

4.1 Function of the Board of Directors:

The Board of Directors manages and represents the company by taking strategic decisions, keeping the company's risk, growth and returns balance in the optimum level, and preserving the long-term benefits and interests of the company based on its prudent risk management approach.

The Board of Directors defines the strategic objectives of the company, determines the human and financial resources that will be required by the company and checks the performance of management.

The Board of Directors oversees the compliance of the Company's activities with applicable laws, articles of association, internal regulations and the policies established.

4.2 Operating Principles of the Board of Directors:

The Board of Directors conducts its activities in a transparent, accountable, fair and responsible manner.

The Chairman and Vice Chairman are elected among the members of the Board of Directors. In addition, General Manager is also incorporated into the Board of Directors as an executive member.

The Board receives support from the Financial Affairs Management, and the Strategic Planning and Business Development Management under the structure of Eczacıbaşı Holding and the YMM (certified public accountancy) company with which full certification agreement was signed.

The statutory records of the affiliates, group companies and subsidiaries included in the consolidation are checked by the Certified Public Accountancy Company on a quarterly basis in respect of the Turkish Commercial Law, the Uniform Accounting Plan and the tax issues. The activities of the companies consolidated by the Audit Board under the structure of Eczacıbaşı Holding A.Ş. are audited in respect of the required processes and/or issues. In addition, the financial statements dated June 30 and December 31 prepared for consolidation by the companies included in such consolidation are audited by the independent audit company in respect of compliance with the CMB legislation and the International Financial Reporting Standards.

The chairman of the Board of Directors and the General Manager is not the same person in our Company. The authorities and responsibilities of the Members of the Board of Directors and executives are clearly defined in the Articles of Association. The authorities are further described in our Company's list of authorized signatures.

The Board of Directors plays a leading role in maintaining effective communications between the Company and the shareholders, and eliminating and resolving any disputes which may arise between them and to this effect, it acts in close cooperation with the Investor Relations Unit.

4.3 Structure of the Board of Directors

As per the Articles of Association, the company's affairs are conducted and managed by a Board of Directors comprising at least three members to be elected among the shareholders by a decision of the General Assembly in accordance with the provisions of the Turkish Commercial Code. The General Manager of the Company may be elected as a Member of the Board of Directors. The Company's Board of Directors comprises six members for 2011.

The Company's Board of Directors does not have any independent members in 2011. In the Ordinary General Assembly to be convened in 2012, an amendment will be made in the Articles of Incorporation and the required changes will be made for participation of independent members in the Board in accordance with the Corporate Governance Principles of the Capital Market Board.

There are executive and non-executive members in the Board of Directors. Non-executive Board members does not assume any other administrative duty in the Company except for their Board membership and they do not intervene in the Company's daily work flow and ordinary activities. The majority of the Board members is comprised of non-executive members. Mr. Levent A. Ersalman is the only executive member of the Board of Directors.

The members of our board of directors that will take office until the Ordinary General Assembly Meeting for 2013:

The Board of Directors is comprised of 7 members including one executive member (General Manager).

F. Bülent Eczacıbaşı	(Chairman)	non-executive
R. Faruk Eczacıbaşı	(Vice Chairman)	non-executive
Sezgin Bayraktar	(Member)	non-executive
Öztin Akgüç	(Member)	non-executive
Z. Fehmi Özalp	(Member)	non-executive
Levent A.Ersalman	(Member and General Manager)	executive
M. Sacit Basmacı	(Member)	non-executive

The Board Members may take offices in the companies under the structure of Eczacıbaşı Group; but in principle, they cannot take any office outside the Group.

4.4 Form of Meetings of the Board of Directors:

As specified in the Company's Articles of Association, the Board of Directors convenes as required by the affairs of the Company. The agenda of the Board meetings are determined by the General Manner upon the assignment by the Chairman of the Board of Directors. Our Board of Directors made 18 meetings in total in the year 2011. The meetings were held by participation of all members. The information of the Board Members and the communications are made by the General Manager. The invitation to the meetings is made via telephone and / or e-mail. The meetings of the Board of Directors are held in the Company's headquarters. Important Board decisions are publicly disclosed via the PDP and published on the Internet website in Turkish and English languages.

Each member of the Board of Directors has one voting right. The members of the Board of Directors does not have a privileged voting or a veto right. The decisions taken in the Board meetings were taken by the unanimity of the attendants and there were no Board Members dissenting to the decisions taken. Since there were no dissentive votes or statements of different opinions in the Board meetings held in 2011, no public disclosures were made. In respect of the issues specified in the article 2.17.4, Section IV of the CMB Corporate Governance Principles, the members of the Board of Directors actually participated in the meetings.

In the Board meetings, the items on the agenda are clearly discussed in all aspects. The Chairman of the Board of Directors endeavours utmost efforts in order to ensure active participation of non-executive members in the meetings of the Board of Directors.

4.5 Committees established under the structure of the Board of Directors:

In our Company, an “Audit Committee” was established in order to ensure that the duties and responsibilities of the Board of Directors are fulfilled in a healthy manner. M. Sacit Basmacı and Z.Fehmi Özalp were elected by the Board of Directors as the members of the Audit Committee in 2011; and thus, the Audit Committee comprised of two non-executive Board Members. The Audit Committee conducts its activities regularly as stipulated in the Capital Market Laws and the CMB Corporate Governance Principles. The members in the said committee are not independent members.

In our company, a personnel was assigned for ensuring coordination for fulfilment of the company's obligations arising from the capital market legislation and for corporate governance practices in accordance with the criteria specified in the article 8 of the CMB's Communiqué Series IV, No. 41, titled as the “Communiqué on Principles Corresponding to the Corporations Subject to Capital Market Law” that was enforced upon its publication in the Official Gazette no. 26821 dated March 19, 2008.

The compulsory principles specified in the CMB's Communiqué No:56 Series: IV titled as the “Communiqué on Determination and Application of Corporate Governance Principles” shall be applied in selection of the members of the committees that will be established after the Ordinary General Assembly to be convened in the first half of 2012.

4.6. Financial Rights and Benefits granted to the Board of Directors:

In accordance with the decisions of the general assembly, no remuneration is paid to the members of the Board of Directors. None of the Board Members have performed any financial transaction related with the company. There is not any performance-based reward system. Throughout the fiscal year of 2011, none of the members of the Board of Directors or executives received guarantees, credits or loans from the Company.

The principles for remuneration of the Board members and the top-level executives will be arranged in writing before the Ordinary General Assembly meeting to be held in the first half of 2012 and submitted for information to the shareholders as a separate item in such general assembly meeting; and thus, the shareholders will be allowed to express their opinions in relation thereof. The remuneration policy to be prepared accordingly will also be published on the Company's Internet website.

The Company's performance-based remuneration plan will not be used for remuneration of the Board members.

Eczacıbaşı Investment Holding Co. Consolidated Financial Statements and Independent Auditor's Report

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2011

(Translated into English from the Original Turkish Report)

CONTENTS	PAGE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 AND 31 DECEMBER 2010
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period (Audited) 31 December 2011	Prior Period (Audited) 31 December 2010
ASSETS			
Current Assets		**173.442.134**	**175.668.898**
Cash and cash equivalents	3	91.535.973	85.034.399
Financial investments	4	69.083.038	75.135.073
Trade receivables	6	10.833.619	14.077.995
- Due from related parties	22	9.525	-
- Other receivables		10.824.094	14.077.995
Other receivables	7	239.025	169.000
Other current assets	14	1.750.479	1.252.431
Non-current assets		**938.164.501**	**842.283.213**
Other receivables	7	6.286	5.600
Financial assets	4	426.257.719	376.512.812
Investments in associates	8	493.006.569	447.637.692
Investment property	9	14.625.000	15.000.000
Tangible assets	10	630.687	536.652
Intangible assets	11	541.709	139.541
Deferred tax assets	20	555.191	335.509
Other non-current assets	14	2.541.340	2.115.407
TOTAL ASSETS		**1.111.606.635**	**1.017.952.111**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 AND 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period (Audited) 31 December 2011	Prior Period (Audited) 31 December 2010
LIABILITIES		**28.603.126**	**29.513.890**
Current liabilities		**8.737.475**	**11.587.980**
Financial liabilities	5	18.502	145.486
Trade payables	6	5.371.055	4.882.128
- Due to related parties	22	849.476	632.788
- Other trade payables		4.521.579	4.249.340
Other payables	7	62.625	2.288.888
- Due to related parties	22	22.915	2.281.027
- Other payables		39.710	7.861
Current income tax	20	-	1.500
Short term provisions	12	141.732	80.516
Employee benefit provisions	13	2.208.667	3.233.322
Other current liabilities	14	934.894	956.140
Non-current liabilities		**19.865.651**	**17.925.910**
Employee benefit provisions	13	1.097.883	1.016.973
Deferred tax liabilities	20	18.767.768	16.908.937
EQUITY		**1.083.003.509**	**988.438.221**
Share capital	15	70.000.000	70.000.000
Share premium		31.050	30.633
Inflation adjustment to capital	15	131.334.916	131.334.916
Financial assets' fair value reserve		575.486.794	492.631.942
Restricted reserves	15	11.673.365	10.973.842
Translation reserve		259.236	(355.087)
Retained earnings		248.018.026	233.913.421
Net income for the year		19.673.516	19.669.921
Attributable to equity holders of the parent		**1.056.476.903**	**958.199.588**
Non-controlling interest		**26.526.606**	**30.238.633**
TOTAL LIABILITIES AND EQUITY		**1.111.606.635**	**1.017.952.111**

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

CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period (Audited) 1 January- 31 December 2011	Prior Period (Audited) 1 January- 31 December 2010
CONTINUING OPERATIONS			
Sales income, net	16	2.371.313.618	2.032.641.086
Sales		2.352.594.245	2.010.986.195
Service income		18.789.518	21.798.326
Deductions from service income (-)		(70.145)	(143.435)
Cost of sales (-)	16	(2.354.011.872)	(2.003.370.944)
Interest income	16	1.799.262	1.099.347
Gross profit		**19.101.008**	**30.369.489**
Marketing, Selling and distribution expenses (-)	17	(1.455.556)	(1.474.350)
General administrative expenses (-)	17	(30.221.655)	(29.899.723)
Other operating income	18	5.766.749	6.996.135
Other operating expenses (-)	18	(5.065.431)	(1.015.380)
Operating profit/(loss)		**(11.874.885)**	**4.976.171**
Share of profit of associates	8	16.367.293	13.711.026
Financial income	19	15.703.358	10.107.583
Financial expenses (-)	19	(2.954.083)	(3.962.468)
Income before tax		**17.241.683**	**24.832.312**
Taxes on income	20	(2.008.460)	(813.587)
Deferred tax expenses	20	848.096	(474.477)
Net income for the year		**16.081.319**	**23.544.248**
Attributable to			
- Non-controlling interest		(3.592.197)	3.874.327
- Equity holders of the parent	21	19.673.516	19.669.921
Net income for the year		**16.081.319**	**23.544.248**
Earnings per share for 1 TL nominal value	21	0,281	0,281

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2011 AND 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period (Audited) 1 January-31 December 2011	Prior Period (Audited) 1 January-31 December 2010
Net income for the year		**16.081.319**	**23.544.248**
Other comprehensive income:			
Changes in financial assets' fair value reserve		49.744.905	56.511.367
Changes in translation reserve	8	614.323	(347.560)
Group's share in the associates' comprehensive income	8	35.597.192	33.214.287
Tax expense of other comprehensive income items	20	(2.487.245)	(2.271.670)
Other comprehensive income (after tax)		**83.469.175**	**87.106.424**
Total comprehensive income		**99.550.494**	**110.650.672**
Attributable to:			
- Non-controlling interest		(3.592.197)	3.874.327
- Equity holders of the parent		103.142.691	106.776.345
Earnings per share for 1 TL nominal value		1,473	1,525

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2010 AND 2011

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

Shareholder of the Parent

	Notes	Share Capital	Inflation Adjustment to capital	Share premium	Financial assets fair value reserve	Restricted reserves	Translation reserves	Retained earning	Net Income for the Year	Attributable to equity holders of the parent	Non-Controlling interest	Total equity
1 January 2010		**70.000.000**	**131.334.916**	**30.633**	**405.177.958**	**9.943.875**	**(7.527)**	**164.827.487**	**73.615.901**	**854.923.243**	**27.553.439**	**882.476.682**
Increase in fair value of available-for-sale financial assets, net		-	-	-	87.453.984	-	-	-	-	87.453.984	-	87.453.984
Transfers		-	-	-	-	1.029.967	-	72.585.934	(73.615.901)	-	-	-
Currency translation differences		-	-	-	-	-	(347.560)	-	-	(347.560)	-	(347.560)
Dividends paid		-	-	-	-	-	-	(3.500.000)	-	(3.500.000)	(1.189.133)	(4.689.133)
Net income for the year	21	-	-	-	-	-	-	-	19.669.921	19.669.921	3.874.327	23.544.248
31 December 2010		**70.000.000**	**131.334.916**	**30.633**	**492.631.942**	**10.973.842**	**(355.087)**	**233.913.421**	**19.669.921**	**958.199.588**	**30.238.633**	**988.438.221**
1 January 2011	15	**70.000.000**	**131.334.916**	**30.633**	**492.631.942**	**10.973.842**	**(355.087)**	**233.913.421**	**19.669.921**	**958.199.588**	**30.238.633**	**988.438.221**
Increase in fair value of available-for-sale financial assets, net		-	-	-	82.854.852	-	-	-	-	82.854.852	-	82.854.852
Transfers		-	-	-	-	695.414	-	18.974.507	(19.669.921)	-	-	-
Currency translation differences		-	-	-	-	-	614.323	-	-	614.323	-	614.323
Dividends paid		-	-	-	-	-	-	(4.900.000)	-	(4.900.000)	-	(4.900.000)
Effect on the rate of change in associate		-	-	417	-	4.109	-	30.098	-	34.624	(119.830)	(85.206)
Net income for the year	21	-	-	-	-	-	-	-	19.673.516	19.673.516	(3.592.197)	16.081.319
31 December 2011	15	**70.000.000**	**131.334.916**	**31.050**	**575.486.794**	**11.673.365**	**259.236**	**248.018.026**	**19.673.516**	**1.056.476.903**	**26.526.606**	**1.083.003.509**

The accompanying notes form an integral part of these consolidated financial statement.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period (Audited) 1 January-31 December 2011	Prior Period (Audited) 1 January-31 December 2010
Cash flows from operating activities:			
Net profit for the period		**19.673.516**	**19.669.921**
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortisation	9,10, 11	768.725	423.921
Provision for employment termination benefits	13	332.518	466.806
Unused vacation provision	13	259.285	498.271
Employee premium provision	13	2.971.864	2.340.850
BITT penalty provision	12	6.598	8.208
Provision against lawsuits	12	60.896	5.500
Tax expense	20	1.160.364	1.288.064
Interest income		(7.756.512)	(7.702.047)
Dividend income	18	(2.018.178)	(1.880.290)
Share in associates accounted by equity method	8	(16.367.293)	(13.711.026)
Losses/Profits from the sale of tangible assets		-	875.247
Gain/loss on sale of property, plant and equipment		3.205	79
Changes in operating assets and liabilities:			
Change in short-term financial assets		6.052.035	(15.104.449)
Change in trade receivables		3.244.376	(7.444.141)
Change in short-term other receivables		(70.025)	44.278
Change in other long-term receivables		(686)	(259)
Change in other current assets		2.609.927	1.595.312
Change in other non-current assets		(425.933)	(332.087)
Change in trade payables		488.927	1.019.573
Change in other payables		(2.226.263)	69.296
Change in other liabilities		2.459.721	2.921.349
Corporate tax paid	20	(2.630.690)	(1.004.305)
Personnel premium paid	13	(4.211.308)	(1.930.877)
Employment termination benefits paid	13	(251.608)	(311.157)
Vacations paid	13	(44.496)	(28.782)
Dividends received	18	2.018.178	1.880.290
Net cash used in operating activities		**6.107.143**	**(16.342.455)**

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

NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS THE PERIOD ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Current Period (Audited) 1 January- 31 December 2011	Prior Period (Audited) 1 January- 31 December 2010
Investing activities:			
Change in available-for-sale financial assets and investment in associates		2.150.233	2.269.731
Tangible asset purchases	10	(341.362)	(196.681)
Cash obtained from the sale of tangible asset		3	29
Intangible asset purchases	11	(551.774)	(168.997)
Invesment property purchases		-	(12.810.983)
Change in non-controlling interest		(3.592.197)	3.874.327
Cash from sale of invesment in associates		-	2.220.000
Dividends paid		(4.900.000)	(4.689.133)
Net cash provided from investing activities		**(7.235.097)**	**(9.501.707)**
Financing activities:			
Interest received		7.507.205	7.883.036
Change in financial liabilities		(126.984)	14.475
Net cash provided from financing activities		**7.380.221**	**7.897.511**
Net increase in cash and cash equivalents		6.252.267	(17.946.651)
Cash and cash equivalents at the beginning of the year		**84.945.811**	**102.892.462**
Cash and cash equivalents at the end of the period	**3**	**91.198.078**	**84.945.811**

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

1 - ORGANISATION AND NATURE OF OPERATIONS

Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. ("the Company") was incorporated on 29 December 1973 in accordance with the Capital Markets Law and other related regulations to perform capital market operations.

The Company's principal activities are, joining the capital of companies which has the ability or potential to profit and invest the stocks of those companies to other securities.

At 31 December 2011, 39,93% of total shares of the Company are publicly listed (31 December 2010: 40,74%). The ultimate parent of the Company is Eczacıbaşı Holding A.Ş., which possesses 60,07% shares of the Company as of 31 December 2011 (31 December 2010: 59,26%) (Note 15).

The main activity of Eczacıbaşı Menkul Değerler A.Ş., the subsidiary of the Company, is to act as an intermediary for initial public offerings and for the sale and purchase of equity securities previously offered to the public, engages in repurchase agreement and reverse repurchase agreement transactions, and renders portfolio management and consulting services by obtaining the necessary licences from the Capital Markets Board ("CMB") which grants the permission to conduct each operation.

Eczacıbaşı Portföy Yönetimi A.Ş. (formerly Eczacıbaşı-UBP Portföy Yönetimi A.Ş.) is a subsidiary of Eczacıbaşı Menkul Değerler A.Ş. which used to be subject to joint management until 31 March 2009 and which is subject to consolidation on a line-by-line basis after the non-remunerative transfer of shares of Switzerland Union Bancaire Prievéee resulting in its owning 99,99% of the shares as of 31 March 2009. The nature of operations of Eczacıbaşı Portföy Yönetimi A.Ş. is to manage the capital market instrument portfolio by making portfolio management contracts with clients and act as proxy in accordance with Capital Markets Law and related regulatory provisions. Eczacıbaşı Portföy Yönetimi A.Ş. also manages local and foreign funds, investment trusts and portfolios of local and foreign legal persons within the context of portfolio management activities in accordance with regulatory provisions.

Company's subsidiary Eczacıbaşı Yatırım Ortaklığı A.Ş.'s main function is to invest in securities without having the control power and also manage gold and other precious metal portfolio that are operated at international and domestic exchange markets.

Within the subject of the company's principal activity;

a)Forming, managing the participated portfolio and change portfolio when needed,

b)Diversifying portfolio to decrease investment risk to minimum according to operating areas and statuses of partners,

c)Following the developments of securities financial markets and institutions, partners continuously and taking necessary actions about management of portfolio,

d)Making researches for protecting and increasing the value of portfolio.

1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

The Group has 147 employees as at 31 December 2011 (31 December 2010: 147).

The Company's registered address is as follows:

Kanyon Ofis Büyükdere Caddesi, No:185 Kat:23 Levent, Şişli, Istanbul.

The consolidated financial statements for the period ended 31 December 2011 have been approved by the Board of Directors on 13 April 2012. General Assembly and specific regulatory institutions have the power to amend the financial statements.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 BASIS OF PRESENTATION

2.1.1 Accounting Policies

The consolidated financial statements of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. have been prepared in accordance with the accounting and reporting principles accepted by the Capital Markets Board ("CMB"), namely "CMB Financial Reporting Standards". CMB regulated the principles and procedures of preparation, presentation and announcement of financial statements prepared by the entities with Communiqué Serial XI No. 29, "Principles of Financial Reporting in Capital Markets" ("the Communiqué"). The Communiqué is effective for the annual periods starting from 1 January 2008 and supersedes Communiqué Serial XI No. 25, "The Accounting Standards in Capital Markets". According to the Communiqué, entities shall prepare their financial statements in accordance with International Financial Reporting Standards ("IAS/IFRS") endorsed by the European Union. Until the differences of the IAS/IFRS as endorsed by the European Union from the ones issued by the International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/IFRS issued by the IASB shall be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB which are in line with the aforementioned standards shall be considered.

The companies are supposed to prepare their financial statements in line with Communiqué Series XI, No:29 "Communiqué on Capital Market Financial Reporting Standards" in accordance with the International Financial Reporting Standards ("IAS/IFRS") accepted by the European Union until the discrepancies between the IAS/IFRS accepted by the European Union, and the IAS/IFRS declared by IASB are announced by the TASB, IAS/IFRS will be in use. The accompanying consolidated financial statements have been prepared in accordance with IFRS and comply with the format of the financial statements and footnotes announced by CMB on 17 April 2008 and 9 January 2009.

Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. and its subsidiaries operating maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. These consolidated financial statements have been prepared by taking into consideration the historical costs except for the financial investments which are accounted for at their fair values.

Statutory Decree No: 660, which has been become effective and published in the Official Gazette on 2 November 2011, and the Additional Clause 1 of the Law No: 2499 were nullified and accordingly, Public Oversight, Accounting and Audit Standards Institution (the "Institution") was established. As per Additional Article 1 of the Statutory Decree, applicable laws and standards will apply until new standards and regulations be issued by the Institution and will become effective. In this respect, the respective matter has no effect over the 'Basis of The Preparation of Financial Statements" Note disclosed in the accompanying financial statements as of the reporting date.

Preparing financial statements in accordance with IFRS requires taking important decisions by management during setting Group accounting policies. Significant assumptions and estimates used during the preparation of consolidated financial statements are presented in Note 2.5.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.2 Presentation Currency

The separate financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TL"), which is the functional currency of the Company, and the reporting currency for the consolidated financial statements.

2.1.3 Accounting for the effect of hyperinflation

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the CMB Financial Reporting Standards. Accordingly, IAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the IASB, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

2.1.4 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.1.5 Going Concern

The Group prepares its consolidated financial statements based on the assumption that the Group will continue as a going concern.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.6 Basis of Consolidation

Significant accounting policies applied in the preparation of consolidated financial statements are summarised below:

i) The consolidated financial statements include the accounts of the parent company, Eczacıbaşı Yatırım Holding Ortaklığı A.Ş., its Subsidiaries and Associates (together referred to as the "Group") on the basis set out in paragraphs (ii) to (v) below. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with the CMB Financial Reporting Standards. Results of the operations of the Subsidiaries and Associates are either included in or excluded from the consolidation from the date of their acquisition or disposal, respectively.

ii) Subsidiaries are companies in which Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has power to control the financial and operating policies for the benefit of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by companies whereby Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them or although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

Subsidiary, which has been included in the Group's consolidated financial statements is shown below (including equity, equity's share with the main partnership, and share of equity outside of main partnership);

Subsidiary	Nominal capital	Direct shareholding by Group (%)	Shareholding by minority (%)
Eczacıbaşı Menkul Değerler A.Ş.	11.000.000	98,65	1,35
Eczacıbaşı Yatırım Ortaklığı A.Ş (*)	21.000.000	23,09	76,91

(*) Although the Group share is less than 50%, line by line consolidation method has been applied due to having control by holding preferred stocks

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.6 Basis of Consolidation (continued)

The paid-in capital of the parent company and subsidiary and statement of financial position items excluding equity at the date of acquisition were added together, and in this addition transaction debits and credits of the subsidiaries subject to consolidation were reciprocally offset.

The consolidated statement of financial position's paid/excluded equity is in principle the parent company's paid/excluded equity. In the consolidated statement of financial position the subsidiary's paid/excluded equity is not included.

Amounts corresponding to shares outside of parent company and subsidiary were extracted from equity items, including paid/excluded equity, of the parent company subject to consolidation and were shown as "non-controlling interest" in the statement of financial position.

The line items in the statement income of the Parent and the Subsidiary are aggregated, and than intragroup goods and service sales were eliminated from sales and cost of sales. Any gain or loss resulting from intragroup transactions of the subsidiaries subject to consolidation are eliminated from the related accounts. The income or loss attributable to the non controlling shareholders are deducted from net consolidated profit or loss and presented as "non controlling interest".

iii) The Group consolidated Eczacıbaşı Portföy Yönetimi A.Ş.'s statement of financial position as of 31 December 2011 and statement of income for the period from 1 January to 31 December 2011 as a full consolidation method.

Subsidiary, which has been included in the Group's consolidated financial statements, is shown below:

	31 December 2011		31 December 2010	
	Nominal capital	**Shareholding (%)**	**Nominal capital**	**Shareholding (%)**
Eczacıbaşı Portföy Yönetimi A.Ş.	3.000.000	99,99	3.000.000	99,99

In 2010, remaining amount of capital advance amounting to TL 3.450.000 is 94.509 was closed by transferring share holder current accounts after the decrease and increase of capital transactions. According to the approval letter of the CMB dated 25 January 2010 and announcement in the Official Gazette dated 25 February 2010, and Eczacıbaşı Portföy Yönetimi A.Ş. decreased by TL 50.000 from TL 6.000.000 to TL 5.950.000 and increased to TL 3.000.000 at the same time.

iv) Associates are the companies in which the Group has a voting right of 20-50% and on which the Group exerts a material effect; however, they are not controlled by the Group. Associates were consolidated by the owner's equity method. In the owner's equity method, profit and loss amounts of associates, which correspond to the share of parent company, were reflected as the "Share of profit of associates" in the statement of income. In the equity of associates, the amount corresponding to share of parent company was reflected in the consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.6 Basis of Consolidation (continued)

iv) Nominal capital of the associates accounted for equity pickup method, owned by the parent company and its subsidiaries and also the share percentages as of 31 December 2011 and 31 December 2010 are as follows:

31 December 2011 **Associates**	**Nominal Capital**	**Direct Shareholding of Parent company (%)**
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	548.208.000	18,75(*)
Eczacıbaşı E-Kart Elektronik Kart Sistemleri ve Sanayi A.Ş.	10.839.500	31,01
İntema İnşaat ve Tesis Malzemeleri A.Ş.	4.860.000	20,86

31 December 2010 **Associates**	**Nominal Capital**	**Direct Shareholding of Parent company (%)**
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	548.208.000	18,75(*)
Eczacıbaşı E-Kart Elektronik Kart Sistemleri ve Sanayi A.Ş.	10.839.500	31,01
İntema İnşaat ve Tesis Malzemeleri A.Ş.	4.860.000	20,86

(*) Due to the continuity of significant influence of EİS Eczacıbaşı İlaç Finansal Yatırımlar Sanayi ve Ticaret A.Ş. by the Group, the equity accounting method is carried on.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1.6 Basis of Consolidation (continued)

Assets, liabilities, equity, net sales and profit / (loss) of the associates included in the consolidated financial statements as of 31 December 2011 and 31 December 2010 are as follows:

31 December 2011	Total Assets	Total Liabilities	Equity	Net sales	Profit/ (Loss)
İntema İnşaat ve Tesis Malzemeleri A.Ş.	153.419.372	137.830.792	15.588.580	483.040.945	214.320
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	3.031.767.000	414.563.000	2.601.086.000	973.552.000	88.510.000
Eczacıbaşı E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	56.003.554	49.096.522	6.907.032	76.290.453	(870.636)

31 December 2010	Total Assets	Total Liabilities	Equity	Net sales	Profit/ (Loss)
Atlı Zincir İğne ve Makine Sanayi. A.Ş.	-	-	-	-	-
İntema İnşaat ve Tesis Malzemeleri A.Ş.	126.053.204	109.091.849	16.961.355	384.443.554	(3.354.287)
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	2.662.224.000	274.463.000	2.368.530.000	913.212.000	60.380.000
Eczacıbaşı E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	41.894.203	34.116.536	7.777.667	41.135.314	2.160.247

v) Financial assets which Group has capital share under 20% or over 20%, but does not have a significant influence on are recognised in "financial assets available for sale" section (Notes 2.4(d) and 4).

The bonus shares, acquired due to capital increases arising from cash equivalent internal resources excluding revaluation value increase funds of companies that are ready to sell as financial assets, were accounted for in the line of 'Interest and other dividend income' on the consolidated statement of income.

2 -BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2. CHANGE IN ACCOUNTING POLICIES

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. The Group started to apply the Communiqué Serial XI No. 29 issued by CMB effective from 1 January 2008. Within this scope, the comparative financial figures are reclassified and presented. The application of the Communiqué Serial XI No. 29 caused no significant change in the accounting policies of the Group.

2.2.1 Comparatives and restatement of prior periods' financial statements

The Group complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by the CMB in the accounting records and the preparation of the financial statements.

In order to determine the financial status and performance trends, the financial statements of the Group have been prepared in comparison with the financial statements of previous period. The Group prepared its consolidated statement of financial position as of 31 December 2011 in comparison with the consolidated statement of financial position prepared as of 31 December 2010; the consolidated statements of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 January – 31 December 2011 in comparison with 1 January – 31 December 2010.

In order to be consistent with the current period, certain classifications have been made to the prior year financial statements.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.2 Changes in International Financial Reporting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in this section.

(a) New and Revised standards affecting presentation and disclosures

None.

(b) New and Revised standards affecting the reported financial performance and / or financial position

None.

(c) New and Revised standards effective as of 2011, applied with no material effect on the consolidated financial

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to standards issued in 2010)"

The amendments to IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements.

IAS 24 Related Party Disclosures (as revised in 2009)

IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

Amendments to IFRS 3 Business Combinations

As part of Improvements to standards issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date ('market-based measure'). There is no impact of the adoption of this amendment to the standard on the Group financials.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.2 Changes in International Financial Reporting Standards (Continued)

(c) New and Revised standards which are effective as of 2011 applied with no material effect on the consolidated financial (Continued)

IAS 32 (Amendments), "Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements"

The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.

The application of the amendments has had no effect on the amounts reported in the current and prior years because the Group has not issued instruments of this nature.

Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement

IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's consolidated financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognized in profit or loss.

The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Group has not entered into any transactions of this nature.

Improvements to standards issued in 2010 May

Except for the amendments to IFRS 3 and IAS 1 described earlier in section (a), and (c), the application of Improvements to standards issued in 2010 has not had any material effect on amounts reported in the consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.2 Changes in International Financial Reporting Standards (continued)

(d) New and Revised standards in issue but not yet effective

The Group has not applied the following new and revised standards that have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets; Offsetting of Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Taxes – Recovery of Underlying Assets
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statement
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS 32	Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The group management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Group's disclosures. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.2 Changes in International Financial Reporting Standards (continued)

(d) New and Revised standards in issue but not yet effective (continued)

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods. The group management anticipates that IFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g. the Group's investments in redeemable notes that are currently classified as available-for-sale investments will have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognized in profit or loss). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, which is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.2 Changes in International Financial Reporting Standards (continued)

(d) New and Revised standards in issue but not yet effective (continued)

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other standards require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.2 Changes in International Financial Reporting Standards (continued)

(d) New and Revised standards in issue but not yet effective (continued)

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to IAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognized in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to IAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to IAS 19 may have impact on amounts reported in respect of the Groups' defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2.2 Changes in International Financial Reporting Standards (continued)

(d) New and Revised standards in issue but not yet effective (continued)

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

2.3 CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the net profit or loss in the current and future periods prospectively . There has not been any change in the accounting estimates and assumptions for the period from 1 January to 31 December 2011.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the consolidation policies mentioned in Note 2.1.6, the significant accounting policies applied in the preparation of these consolidated financial statements are summarised below:

(a) Fee, commission and interest income/expense

(i) Fee and commission income and expenses

Fees and commissions, fund management, investment consulting fees, and portfolio management commissions are recognised on an accrual basis.

(ii) Interest income and expense

Interest income and expenses are recognised in the statement of income in the period to which they relate on an accrual basis. Interest income includes coupons earned on fixed income investment securities and amortisation of discounts on government bonds.

(b) Property and equipment

Property and equipment are measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease, if any.

Depreciation is provided on restated amounts of property and equipment using the straight-line method based on the useful lives of such assets. The estimated useful lives of assets are as it is shown below:

Furniture and fixtures	3-5 years
Motor vehicles	5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and impairments are recognised in the statement of income.

The residual value and useful life of the assets are investigated as of the statement of financial position date and adjustments are performed if necessary.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenditures for the repair and renewal of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs (Note 10).

(c) Intangible assets

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortisation and the provision for value decreases, if any.

Intangible assets comprise acquired computer software and amortised on a straight-line basis over three to five years. Expenditures for the improvement of the computer software are recognised as expense. The capital expenditures made in order to increase the capacity of the intangible asset or to increase its future benefits are capitalised on the cost of the intangible asset.

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount (Note 11).

(d) Financial assets

The Group classifies its financial assets in two groups.

"Financial assets at fair value through profit or loss" are financial assets that are acquired or incurred principally for the purpose of selling or repurchasing it in the near term or, regardless of purpose, are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Financial assets at fair value through profit or loss are initially recognised at cost, being the fair value of the consideration given including directly attributable transaction costs and are subsequently measured at fair value. In assessing the fair value of the financial assets at fair value through profit or loss, the best bid price as of the statement of financial position date is used. The gains or losses that result from this measurement are recognised in consolidated statement of income under "Other operating income/expense" accounts. Dividends received and interest earned are recognised under "Financial income/expenses" accounts (Note 4).

"Financial assets available for sale", intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale. These financial assets are included in non-current assets unless management has the intention of holding the investment for less than 12 months from the statement of financial position date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designation on a regular basis (Note 4).

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All financial assets available for sale are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment. After initial recognition, financial assets that are classified as "available-for-sale" are measured at fair value unless fair value cannot be reliably measured. The unrealised gains and losses that result from the changes in the fair values of available-for-sale investments are directly recognised in the equity and are not released to the consolidated statements of income until they are disposed or sold.

The fair value of quoted investments are calculated based on current market prices. If the financial asset is not traded in an active market, the Group establishes fair value by using valuation techniques. These valuation techniques include the use of recent arm's length transactions or reference to other instruments that are substantially the same and discounted cash flow analysis considering the specific conditions of the company invested in (Note 4).

At each statement of financial position date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in assessing whether the investment is impaired. If such evidence exists for impairment of available-for-sale financial assets, cumulative net loss, measured as the difference between the acquisition cost (net value after principle payments and amortisation) and current fair value (for common stocks), less any impairment loss on this financial asset previously recognised in profit or loss, is removed from shareholders' equity and recognised in the statement of income for the period. Impairment losses on financial assets classified as available-for-sale are not reversed through the statement of income.

Available-for-sale financial assets, in which the Group has interests below 20% and over which the Group does not have significant influence, that do not have quoted market prices in active markets, for which fair value estimates cannot be made as the other valuation techniques are not applicable and therefore fair value cannot be reliably measured, are carried at cost less any provision for diminution in value.

(e) Sale and repurchase agreements

Securities sold under sale and repurchase agreements ("repos") are retained in the financial statements and the counterparty liability is recorded as due to customers. Securities purchased under agreements to resell ("reverse repos") are recorded as reverse repo receivables on the cash and due from banks account, together with the difference between the sale and repurchase price, which is accrued evenly over the life of the agreement using the amortised cost method.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Originated loans and provisions for loan impairment

Loans originated by the Group by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated by the Group and are carried at amortised cost. All originated loans are recognised when cash is advanced to borrowers.

The Group grants loans to its customers for equity share transactions.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception.

(g) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions and monetary assets and liabilities denominated in foreign currencies translated by using period-end exchange rates of Central Bank of the Republic of Turkey's bid rates. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

(h) Earnings per share

Earnings per share disclosed in the consolidated statements of income are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned (Note 21).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

(i) Subsequent events

Subsequent events cover any events which arise between the reporting date and the statement of financial position date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(k) Finance leases - as lessee

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payment. Leased assets are included in the property and equipment and depreciation on the leased asset is charged to income on a straight-line basis over the useful life of the asset. Lease payments are treated as comprising capital and interest elements; the capital element is treated as reducing the capitalised obligation under the lease, which is classified as the lease obligation, and the interest element is charged to income (Note 5). Financial leasing interest income and foreign exchange loss in recorded in the statement of income. The operational leasing transactions are accounted based on the contracts and on an accrual basis.

(l) Related parties

For the purpose of these consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/or affiliated with them and subsidiaries are considered and referred to as related parties (Note 22).

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income taxes

Tax provision for the period consists of current year tax and deferred tax provisions. Current year tax liability includes tax liability calculated over taxable income for the period with the tax rate at the statement of financial position date and corrections on tax liabilities of previous periods.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income taxes at the statement of financial position date.

The principal temporary differences result from the differences between the tax base and the carrying amounts of, provision for employment termination benefits, property and equipment and financial assets.

Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised (Note 20).

Deferred income tax assets and deferred income tax liabilities, related to income taxes levied by the same taxation authority, are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities.

(n) Employment termination benefits

Employment termination benefits, as required by the Turkish Labour Law, are recognised in these financial statements as they are earned. The total provision represents the present value of the future probable obligation of the Group arising from the retirement of its employees regarding the actuarial projections (Note 13).

(o) Cash and cash equivalents and statement of cash flows

Cash and cash equivalents comprise cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a known amount, and which have high liquidity and insignificant conversion risk with maturities of three months or less (Note 3). Cash flow statements as an integral part of other financial statements are prepared to inform financial statement users about changes in group net assets, financial structure and capability to direct the amount and timing of cash flows in accordance with changing conditions.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share capital and dividends

Ordinary shares are classified as capital. Dividends payable on ordinary shares are recognised as an appropriation of the profit in the period in which they are declared.

(r) Commitments, contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and treated as contingent assets or liabilities (Note 12).

(s) Derivative exchange market transactions

The cash collateral deposited to be able to operate in derivative exchange market is classified as cash and cash equivalents. The profit or loss of the transactions made during the fiscal period is recorded as income/expense or profit/loss in the statement of income. The interest income accrued of the valuation differences, commissions paid and remaining collateral amount those recorded in the statement of income that consist due to the open transactions made are netted off and are recorded as cash and cash equivalents (Note 7).

(t) Impairment of assets

Assets, except for financial assets, are subject to tests for indicators of impairment. If the carrying value of an asset is greater than its recoverable value than a provision for impairment is recognised. Net recoverable value is the higher of the net sales value or value in use. Value in use of an asset is estimated as the total of projected future cash inflows and salvage value at the end of the useful life of the asset.

(u) Investment property

Land and buildings that are held to earn rentals or for capital appreciation or bothrather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business are classified as investment property and carried at cost less accumulated depreciation (except land) under the cost method less impairment charges, if any (Note 9). Depreciation is provided on investment property on a straight line basis.

Investment properties are reviewed for impairment losses. Where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. The recoverable amount of the investment property is higher of discounted net value of future cash flows from the use of the related investment property or fair value less cost to sell.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparation of financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

a)Recognition of deferred income tax asset: Deferred income tax assets are recorded to the extent that realisation of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium-term business plan prepared by Management and extrapolated results thereafter. The business plan is based on Management expectations that are believed to be reasonable under the circumstances (Note 20).

b)Fair values of the financial assets available-for-sale: The Group estimates the fair values of financial assets which are not traded in an active market by referencing to similar undisputed transactions, fair values of similar financial instruments and using discounted cash flow analysis. (Note 4).

c)Non-current Value Added Tax ("VAT") receivable: The Group classifies VAT receivables as non-current assets when recovery of such receivables is estimated to take more than one year in the ordinary course of business (Note 14).

2.6 SEGMENT REPORTING

The Group determined its operation fields due to the reports those are inspected by the Board of Directors and have been used to make strategic decisions. Since the core business of the Company is to participate in the capital of the companies those have the ability or potential to make profit or to invest on the shares of those companies which are open for sale and the location of the operation is Turkey the reporting is done according to the chapters in the financial statements as of 1 January- 31 December 2011.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

3 - CASH AND CASH EQUIVALENTS

	31 December 2011	**31 December 2010**
Cash in hand	35.162	61.429
Banks		
- Demand deposit	237.844	128.264
- Time deposit	78.003.453	74.330.235
- Reverse repo receivables	12.535.358	10.339.765
Receivables from money market	200.119	-
Other liquid assets	524.037	174.706
	91.535.973	**85.034.399**

As of 31 December 2011, interest rates for Turkish lira denominated time deposits vary between 9% - 13% (31 December 2010: 8,50% - 9,00%), whereas interest rates for foreign currency denominated time deposits vary between 5,50%-5,75% (31 December 2010: 3,15% - 3,65%).

TL 2.334.816 (31 December 2010: TL 1.249.883) of the securities with a commitment to buy-back ("reverse repo") is used in the contracts signed with the clients (Note 6).

As of 31 December 2011and 31 December 2010, cash and cash equivalents included in the consolidated statements of cash flows are presented below:

	31 December 2011	**31 December 2010**
- Cash and cash equivalents	91.535.973	85.034.399
- Interest accruals	(337.895)	(88.588)
31 December 2011	**91.198.078**	**84.945.811**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4 - FINANCIAL INVESTMENTS

The details of financial investments as of 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Financial assets at fair value through profit and loss	69.083.038	75.135.073
Financial investments, current	**69.083.038**	**75.135.073**
Available-for-sale financial assets	426.257.719	376.512.812
Financial investments, non-current	**426.257.719**	**376.512.812**

a)Financial assets at fair value through profit and loss:

The list of short-term financial assets at fair value through profit and loss as of 31 December 2011 and 31 December 2010 is as follows:

	31 December 2011	31 December 2010
Government Bonds	13.822.056	18.019.089
Common Stocks	54.421.724	55.006.698
- EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş	15.494.902	17.766.150
- Eczacıbaşı Yapı Gereçleri A.Ş.	7.700.000	8.288.000
- İntema İnşaat ve Tesis Malzemeleri A.Ş.	11.862.066	7.741.070
- Other (*)	19.364.756	21.211.478
Capital secured funds	-	1.219.332
A type investment funds	839.258	889.954
Total	**69.083.038**	**75.135.073**

(*) Contains non-group stocks.

Government bonds have an average interest rate of 10,84% (31 December 2010: 6,11%).

As of 31 December 2011 government bonds of the Group amounting to TL 4.312.553 (31 December 2010: TL 6.952.677) with a nominal value of TL 4.530.000 (31 December 2010: TL 7.130.000) are submitted as collateral.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4 - FINANCIAL INVESTMENTS (Continued)

b) Available-for-sale financial assets:

The list of long-term available-for-sale financial investmensts as of 31 December 2011 and 31 December 2010 is as follows:

	%	31 December 2011 Amount	%	31 December 2010 Amount
Listed:				
Eczacıbaşı Yapı Gereçleri A.Ş. (*), (**)	7,49	23.252.174	7,49	25.027.793
		23.252.174		**25.027.793**
Not Listed:				
Eczacıbaşı Holding A.Ş. (****)	11,54	370.810.934	11,54	323.367.372
Kaynak Tekniği San. ve Tic. A.Ş. (**)	15,86	26.945.093	15,86	23.131.256
İpek Kağıt San. ve Tic. A.Ş. (**)	0,99	1.174.737	0,99	865.649
Vitra Karo Sanayi ve Ticaret. A.Ş. (**)	0,83	1.379.455	0,83	1.474.257
Eczacıbaşı Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş. (**)	1,00	366.973	1,00	347.424
Ekom Eczacıbaşı Dış Ticaret A.Ş. (**)	1,90	161.962	1,90	142.668
Esi Eczacıbaşı Sigorta Acentalığı A.Ş. (**)	2,50	115.530	2,50	103.326
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (**)	0,29	10.525	0,29	5.805
Eczacıbaşı İlaç Pazarlama A.Ş. (**)	0,02	11.038	0,02	15.213
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. (**)	0,00	5.377	0,00	8.128
İMKB Takas ve Saklama Bankası A.Ş. (***)	1,00	2.023.668	1,00	2.023.668
Gelişen İşletmeler Piyasaları A.Ş. (***)	0,50	253	0,50	253
		403.005.545		**351.485.019**
Total		**426.257.719**		**376.512.812**

(*) As at 31 December 2011, the Group, through acquisitions of public shares of Eczacıbaşı Yapı Gereçleri A.Ş. and Eczacıbaşı Yatırım Ortaklığı A.Ş., has increased its share in the investments to 9,98%. Respective shares of 2,49% corresponding to acquisitions of public shares have been accounted for financial assets at fair value through profit and loss.

(**) Fair values of financial assets in listed companies are calculated based on current market prices. For financial assets in unlisted companies, the Group determines fair values using valuation techniques. These valuation techniques include the use of recent arm's length transactions or references to other instruments that are substantially the same and discounted cash flow analysis considering the specific conditions of the company invested in. Adjustments to fair values are accounted for in "Financial assets fair value reserve" under shareholders' equity.

(***) These available-for-sale financial assets are carried at their acquisition costs since they are not listed and fair values cannot be reliably measured.

(****) The acquisition cost of Eczacıbaşı Holding A.Ş. shares including the restatement effect due to inflation accounting is TL 61.000.741. In fair value determination of Eczacıbaşı Holding A.Ş., the methods shown below are used;

i) Rent income; discounted cash flows (Level 3),
ii) Real estates; current transaction cost, arm's length price and expertise values (Level 2 and 3),
iii) Net asset values of remaining assets and liabilities in cash (Level 3),
iv) The multiplication of ownership interest rates of Eczacıbaşı Holding with the fair values of all subsidiaries, joint ventures and associates.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4 - FINANCIAL INVESTMENTS (Continued)

The methods used in fair value measurement of Eczacıbaşı Holding A.Ş. are as follows:

Fair Value Measurement Methods	**Code**
Market price	(II)
Discounted cash flows	(III)
Current transaction price	(IV)
Net asset value	(V)
Net book value	(VI)

Entity Name	**Portion of Ownership Interests of Eczacıbaşı Holding A.Ş (%) (*)**		**Fair Value Measurement Technique**		**Fair Value Hierarchy**	
	2011	2010	2011	2010	2011	2010
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş.	62,76	62,50	(I)	(I)	3. level	3. level
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş.	84,55	82,84	(II)	(II)	1. level	1. level
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	56,11	48,32	(II)	(II)	1. level	1. level
Eczacıbaşı Yatırım Ortaklığı A.Ş.	24,98	24,59	(II)	(II)	1. level	1. level
Esan Eczacıbaşı Endüstriyel Hammaddeleri San. ve Tic. A.Ş.	99,96	99,96	(III)	(III)	3. level	3. level
Eczacıbaşı Bilişim San. ve Tic. A.Ş.	94,59	94,58	(V)	(V)	3. level	3. level
Vitra Karo San. ve Tic. A.Ş.	88,26	88,19	(III)	(III)	3. level	3. level
Engers Keramik Gmbh&Co Kg	88,26	88,19	(III)	(III)	3. level	3. level
Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri San. ve Tic. A.Ş.	74,08	73,95	(III)	(III)	3. level	3. level
EİP Eczacıbaşı İlaç Pazarlama A.Ş.	62,76	62,49	(III)	(III)	3. level	3. level
Eczacıbaşı Portföy Yönetimi A.Ş.	60,36	59,56	(III)	(III)	3. level	3. level
Eczacıbaşı Menkul Değerler A.Ş.	60,36	59,56	(III)	(III)	3. level	3. level
İpek Kağıt San. ve Tic. A.Ş.	49,31	49,30	(III)	(III)	3. level	3. level
Villeroy&Boch Fliesen Gmbh	66,19	44,97	(III)	(III)	3. level	3. level
Kaynak Tekniği San. ve Tic. A.Ş.	42,84	42,71	(III)	(III)	3. level	3. level
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	37,04	36,79	(III)	(III)	3. level	3. level
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	32,10	31,96	(III)	(III)	3. level	3. level
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler San. ve Tic. A.Ş.	31,38	31,25	(III)	(III)	3. level	3. level
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	31,38	31,25	(III)	(III)	3. level	3. level
Eczacıbaşı-Monrol Nükleer Ürünler San. ve Tic. A.Ş.	31,38	30,82	(III)	(III)	3. level	3. level
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	3,86	96,18	(V)	(V)	3. level	3. level
Eczacıbaşı Havacılık A.Ş.	86,98	86,98	(V)	(V)	3. level	3. level
Eczacıbaşı Sağlık Hizmetleri A.Ş.	81,12	77,22	(V)	(V)	3. level	3. level
Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş.	62,93	62,66	(V)	(V)	3. level	3. level
Eczacıbaşı İlaç Ticaret A.Ş.	62,80	62,53	(V)	(V)	3. level	3. level
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	60,07	59,26	(V)	(V)	2. level	2. level
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	50,00	50,00	(V)	(V)	3. level	3. level
Toplu Konut Holding A.Ş.	27,00	27,00	(V)	(V)	3. level	3. level
Ekom Eczacıbaşı Dış Ticaret A.Ş.	87,70	17,60	(V)	(V)	3. level	3. level
Vitra Ireland Limited	85,74	82,69	(VI)	(VI)	3. level	3. level

(*) Proportion of ownership interest, represents the effective shareholding of Eczacıbaşı Holding directly through the shares held in subsidiaries, joint ventures and associates and indirectly by these companies.

4 - FINANCIAL INVESTMENTS (Continued)

(I) In the fair value measurement of Eczacıbaşı Holding, for the stand-alone fair value of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş., the effect of the mutual subsidiary with Eczacıbaşı Holding has been taken into consideration. In the related stand-alone fair value determination;

i)Kanyon Shopping Mall and Office Building; discounted cash flows of rent incomes (Level 3),
ii)Financial assets; current transaction cost (Level 2) and current market prices (Level 1),
iii)Real estates; current transaction cost, arm's length price and expertise values (Level 2 and 3)
iv)Net asset values of remaining assets in cash (Level 2) and liabilities in cash (Level 3).

(II) The securities measured at market values are valued by the strike prices as of year end in İstanbul Stock Exchange (ISE). As of year end, there are no financial instruments listed in a stock exchange other than ISE.

(III) The discount rates used in discounted cash-flow method are determined for each entity separately taking into consideration the following factors:

i) The countries in which each entity is located and the risk premiums of these countries,
ii) The market risk premiums for each entity and
iii)The industry risk premiums for the sectors in which each entity operates.

Comparable risk premiums (inline with observable market data) are used in the determination of discount rates.

(IV) Current transaction price consists of the financial instruments of which fair values are measured by comparable costs of current transactions as of the statement of financial position date.

(V,VI)The fair values of these companies are determined by net asset values and net book values. The net asset value is calculated by deducting liabilities from monetary assets, whereas net book values are calculated by their cost values.

In this context, the fair value of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has been calculated as TL 74.851.150 as of 31 December 2011 (31 December 2010: TL 68.374.369). As of 31 December 2011 Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has a market value of TL 284.200.000 (31 December 2010: TL 355.600.000).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4 - FINANCIAL INVESTMENTS (Continued)

The fair value of Eczacıbaşı Holding A.Ş. has been calculated by multiplying the proportion of ownership interest of Eczacıbaşı Holding A.Ş. with the fair values calculated, using the methods explained above, for each company. The calculation summary of the amount shown in the consolidated financial statements is as follows:

	31 December 2011
Total fair value of Eczacıbaşı Holding A.Ş. (*)	3.518.260.832
The share of the Group within the total fair value of Eczacıbaşı Holding A.Ş. (**)	406.007.300
The effect of mutual subsidiary	30.240.858
Fair value before liquidity discount	**436.248.158**
Liquidity discount (-)	(65.437.224)
Fair value of the Group in consolidated financials	**370.810.934**

(*) Reflects the amount multiplied with the total proportion of ownership interests.
(**) As of 31 December 2011 the direct capital share of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. within Eczacıbaşı Holding A.Ş. is 11,54%.

As explained in the table above, TL 436.248.158 of fair value before liquidity discount is calculated by using the fair value of Eczacıbaşı Holding A.Ş. which amounts to TL 3.518.260.832 which is multiplied by 11,54%, the share participation of Yatırım Holding Ortaklığı A.Ş in Eczacıbaşı Holding A.Ş. and the result equals to TL 406.007.300 is added to TL 30.240.858, which is calculated as the effect of reciprocal shares between Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. and Eczacıbaşı Holding A.Ş. 15% of liquidity calculated for 2011 is discounted from the total amount and fair value of TL 370.810.934 is reflected in the consolidated financial statements.

5 – FINANCIAL LIABILITIES

	31 December 2011		31 December 2010	
	Interest Rate %	Amount (*)	Interest Rate %	Amount
Short-term Loans				
TL-denominated loans	-	18.502	11,40	145.486
	-	**18.502**	-	**145.486**

(*) Financial liabilities amounting to 18.502 TL as of 31 December 2011, are due to credit card payables.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

6 – TRADE RECEIVABLES AND PAYABLES

	31 December 2011	31 December 2010
Short-term trade receivables:		
Receivables from credit customers	10.278.522	13.463.130
Investors current account	380.551	394.252
Fund management and commission receivables	166.619	201.266
Doubtful receivables	205.811	206.001
Other	7.927	19.347
	11.039.430	**14.283.996**
Provision for doubtful receivables	(205.811)	(206.001)
	10.833.619	**14.077.995**

The Group, holds common stocks with a market value of TL 51.337.511 as of 31 December 2011 (31 December 2010: TL 53.508.145) as collateral for the loans given out. Average interest rate for these borrowings is 11,77 % (31 December 2010: 11,40%).

	31 December 2011	31 December 2010
Short term trade payables:		
Funds received from the repo contracts (Note 3)	2.334.816	1.249.883
Payable from purchase of securities (*)	1.253.884	2.030.108
Investors current account	395.672	802.708
Suppliers	1.386.683	761.161
Payables to ISE	-	31.967
Other	-	6.301
	5.371.055	**4.882.128**

(*) Amounts of receivable and payable from sale and purchase of securities proceed from being purchased or sold of shares at the last two work days on behalf of the Group by Eczacıbaşı Menkul Değerler A.Ş..

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

7 - OTHER RECEIVABLES AND PAYABLES

	31 December 2011	31 December 2010
Deposits and guarantees given	157.103	80.076
Receivables from Turkish Derivatives Exchange (net) (*)	4.746	4.320
Personnel advance installments	63.196	57.458
Other	13.980	27.146
	239.025	**169.000**

(*) Receivables from Turkish Derivatives Exchange are the cash margins given to trade in Turkish Derivatives Exchange. The profit and loss generated in the transactions made during the period that reflected in the statement of income, the revaluation difference of the open position due to the revaluation with the market value, commissions paid, and the interest income generated by accretion of the remaining collateral amount are shown as net values.

	31 December 2011	31 December 2010
Long-term other receivables:		
Deposits and guarantees given	6.286	5.600
	6.286	**5.600**

Short-term other payables:

	31 December 2011	31 December 2010
Payables to the related parties (*)	22.915	2.281.027
Payables to personnel	35.357	-
Other	4.353	7.861
	62.625	**2.288.888**

(*) At 31 December 2010 TL 2.189.017 of the other payables balance to the related party consists of the payables to Atlı Zincir İğne ve Makina Sanayi A.Ş. due to the purchase of immovables.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

8 - INVESTMENTS IN ASSOCIATES

Associates:

	31 December 2011		31 December 2010	
	%	**Amount**	**%**	**Amount**
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	18,75	487.612.637	18,75	444.016.536
İntema İnşaat ve Tesis Malzemeleri A.Ş.	20,86	3.252.301	20,86	1.209.571
Eczacıbaşı E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	31,01	2.141.631	31,01	2.411.585
		493.006.569		**447.637.692**

Current year movements of investments in associates are as follows:

	1 January-31 December 2011	**1 January-31 December 2010**
At 1 January	447.637.692	411.349.158
Group's share in the associate's profit	16.367.293	13.711.026
Eliminated dividend payments of associations	(7.193.972)	(7.193.972)
Change in the fair value of available-for-sale financial assets	35.597.192	33.214.287
Sale of associates	-	(3.095.247)
Effect on the rate of change in participation	(15.959)	-
Effect of currency translation	614.323	(347.560)
At 31 December	**493.006.569**	**447.637.692**

As of 31 December 2011, Group's shares in its subsidiaries, EİS Eczacıbaşı İlac, Sinai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and İntema İnşaat ve Tesis Malzemeleri A.Ş. are 20,22% and 43,57% respectively considering purchases from publicly held shares (31 December 2010: 20,05% and 41,93%). Shares related to purchase from publicly held are accounted for under fair value through profit and loss.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

9 – INVESTMENT PROPERTY

As of 31 December 2010, factory building and land registered to Atlı Zincir İğne ve Tesis Malzemeleri A.Ş. was purchased with value of expertise made amounting to TL 15.000.000.

As of 31 December 2011, after depreciation deduction, net book value of the real setate amounts to 14.625.000 TL.

Current period amortization expense amounts to 375.000 TL and has been classified as administration expense.

According to valuation performed by an idependent valuation company,which is not a related party of the group, in December 2011, fair value of the group's invesment property is 16.825.000 TL. Therefore, no impairment has been calculated for the invesment property. The idependent valuation company, which was authorized by Capital Market Board of Turkey (CMB), has necessary qualification and experience in valuation. The valuation, which confors to International Valuation Standarts, was determined by reference to recent market transaction.

10 – PROPERTY AND EQUIPMENT

	1 January 2011	Additions	Disposals	31 December 2011
Cost				
Furniture and fixtures	6.441.556	295.346	(47.096)	6.689.806
Leasehold improvements	1.078.230	38.200	-	1.116.430
Machinery and equipments	610.296	7.816	-	618.112
	8.130.082	**341.362**	**(47.096)**	**8.424.348**
Accumulated Depreciation				
Furniture and fixtures	(6.063.348)	(185.877)	43.888	(6.205.337)
Leasehold improvements	(933.135)	(54.544)	-	(987.679)
Machinery and equipments	(596.947)	(3.698)	-	(600.645)
	(7.593.430)	**(244.119)**	**43.888**	**(7.793.661)**
Net book value	**536.652**			**630.687**

	1 January 2010	Additions	Disposals	31 December 2010
Cost				
Furniture and Fixtures	6.423.942	146.845	(129.231)	6.441.556
Vehicles	46.823	-	(46.823)	-
Leasehold improvements	1.033.504	44.726	-	1.078.230
Machinery and Equipment	605.909	5.110	(723)	610.296
	8.110.178	**196.681**	**(176.777)**	**8.130.082**
Accumulated Depreciation				
Furniture and Fixtures	(5.960.779)	(231.692)	129.123	(6.063.348)
Vehicles	(46.823)	-	46.823	-
Leasehold improvements	(866.783)	(66.352)	-	(933.135)
Machinery and Equipment	(594.051)	(3.619)	723	(596.947)
	(7.468.436)	**(301.663)**	**176.669**	**(7.593.430)**
Net book value	**641.742**			**536.652**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

11 - INTANGIBLE ASSETS

	1 January 2011	Additions	Disposals	31 December 2011
Cost				
Computer software	3.033.884	489.202	-	3.523.086
Rights	1.140	62.572	-	63.712
	3.035.024	**551.774**	**-**	**3.586.798**
Accumulated depreciation				
Computer software	(2.894.858)	(149.205)	-	(3.044.063)
Rights	(625)	(401)	-	(1.026)
	(2.895.483)	**(149.606)**	**-**	**(3.045.089)**
Net book value	**139.541**			**541.709**

	1 January 2010	Additions	Disposals	31 December 2010
Cost				
Computer software	2.865.665	168.219	-	3.033.884
Rights	362	778	-	1.140
	2.866.027	**168.997**	**-**	**3.035.024**
Accumulated depreciation				
Computer software	(2.773.863)	(121.995)	-	(2.894.858)
Rights	(362)	(263)	-	(625)
	(2.773.225)	**(122.258)**	**-**	**(2.895.483)**
Net book value	**92.802**			**139.541**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Provisions:		
BITT provision related to 2008 (Note 12 (d))	70.742	64.144
Provision against lawsuits (Note 12 (d))	60.896	5.500
Provision for expense	1.244	2.907
Other	8.850	7.965
	141.732	**80.516**

a) As of 31 December 2011 in the group's portfolio, government bond with a nominal value of TL 4.530.000 (31 December 2010: TL 7.130.000), is kept in the blocked account by Takasbank and CBRT in remuneration for stock exchange transactions limit and as capital blockage.

b) The details of the government bonds and treasury bills, common stocks, eurobond and investment funds held for customers are as follows:

	31 December 2011	31 December 2010
Securities held in custody in Takasbank		
Investment funds- unit	9.278.155.677	8.944.993.766
Common stocks	634.518.195	613.016.832
Customer portfolio - Government bonds and treasury bills	7.392.648	8.214.254
Group portfolio - Government bonds and treasury bills	4.603.257	7.315.851
Group portfolio - Government bonds - Repos	3.186.920	165.465
Group portfolio - Common stocks	5	1.975
Group portfolio – Investment funds	8.183.306	-

c) As of 31 December 2011, the Group received letters of guarantee from various banks to be given to CMB, ISE, İzmir Telekom Başmüdürlüğü, Tekfen Holding A.Ş., Foreks and Boğaziçi Kurumlar Vergi Dairesi amounting to TL 20.783.795 and USD 32.250 (31 December 2010: letters of guarantee are received from various banks to be given to CMB, ISE, İzmir Telekom Başmüdürlüğü, Tekfen Holding A.Ş., Foreks and Boğaziçi Kurumlar Vergi Dairesi amounting to TL 17.234.486 and USD 32.250).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

12 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, pledges and mortgages "CPM" given by the Parent Company, Eczacıbaşı Yatırım Holding Ortaklığı A.Ş., as of 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	**31 December 2010**
A.CPM`s given in the name of its own legal personality	-	-
B.CPM`s given on behalf of the fully consolidated companies (*)	30.000	30.000
C.CPM`s given for continuation of its economic activities on behalf of the third parties	-	-
D.Total amount of other CPM`s	-	-
i.Total amount of CPM`s given on behalf of the majority shareholder	-	-
ii.Total amount of CPM`s given on behalf of the other group companies which are not in the scope of B and C (**)	-	950.000
iii.Total amount of CPM`s given on behalf of third parties which are not in the scope of C	-	-
	30.000	**980.000**

(*) CPM's given by the Parent Company Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. for its subsidiary.

(**) CPM`s given by the Parent Company Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. in favour of Atlı Zincir İğne and Makina Sanayi A.Ş..

Eczacıbaşı Yatırım Holding Ortaklığı A.Ş., Parent Company, does not have other CPM's given (31 December 2010: None).

d) Based on the tax investigation reports of Republic of Turkey Ministry of Finance, Revenue Administration General Controller regarding the Banking Insurance Transactions Tax ("BITT") compliance of the Company for the tax periods 2003-2007, Eczacıbaşı Menkul Değerler A.Ş determined a provision of TL 70.742 for possible tax payments regarding BITT for the year 2008 (31 December 2010: TL 64.144).

   According to regulation, accepted on 18 February 2009 and published in the Official Gazette no.27155, on 28 February 2009 based on item 32 clause 8 of law no 5338, the cash balances earned by security investment partnership transactions are exempted from BITT . The relevant item of the law has been effective as of 1 March 2009.

   Additionally, the Group has provided provision amounting to 60.896 TL for an execution against the company by Atlı Zincir İğne and Makina Sanayi A.Ş. a financial investment that was sold on 31 December 2010, for the debt resulting from the purchase of the real estate from Atlı Zincir İğne and Makina Sanayi A.Ş.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

13 – EMPLOYEE BENEFITS

	31 December 2011	31 December 2010
Provision for current liabilities:		
Employee premium provision	1.101.406	2.340.850
Unused vacation provision	1.107.261	892.472
	2.208.667	**3.233.322**

Employee premium provision movements within the periods ended 1 January- 31 December 2011 and 2010 are as follows;

	2011	2010
1 January Balance	2.340.850	1.930.877
Charge during the period	2.971.864	2.340.850
Paid during the period	(4.211.308)	(1.930.877)
Period End Balance	**1.101.406**	**2.340.850**

Unused vacation provision movements within the periods 1 January- 31December 2011 and 2010 are as follows;

	2011	2010
1 January Balance	892.472	422.983
Charge during the period	259.285	498.271
Paid during the period	(44.496)	(28.782)
Period End Balance	**1.107.261**	**892.472**

	31 December 2011	31 December 2010
Provisions for non-current liabilities:		
Provision for employment termination benefits	1.097.883	1.016.973
	1.097.883	**1.016.973**

Provision for employment termination benefits is allocated in accordance with the disclosures given below:

Under Turkish Labour Law, the Group is 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 achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

13 – EMPLOYEE BENEFITS (Continued)

As of 31 December 2011, the amount payable consists of one month's salary limited to a maximum of TL 2.731,85 (31 December 2010: TL 2.517,01) for each year of service.

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

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees.

IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate:

	31 December 2011	**31 December 2010**
Discount Rate (%)	4,53	4,66
Turnover rate to estimate the probability of retirement (%)	8,39	9,43

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. As the maximum liability is revised semi-annually, the maximum amount of TL 2.805,04 effective from 1 January 2011 (1 January 2011: TL 2.623,23) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits are as follows:

	2011	**2010**
At 1 January	1.016.973	861.324
Service cost	297.966	415.977
Interest cost	34.552	50.829
Paid during the year	(251.608)	(311.157)
At 31 December	**1.097.883**	**1.016.973**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

14 – OTHER ASSETS AND LIABILITIES

	31 December 2011	31 December 2010
Other current assets		
Prepaid taxes and duties	696.103	431.373
Prepaid expenses	1.053.906	820.554
Other	470	504
	1.750.479	**1.252.431**
Other non-current assets		
Deferred VAT	2.462.361	2.068.265
Prepaid expenses	78.979	47.142
	2.541.340	**2.115.407**
Other current liabilities		
Taxes and funds payable	873.216	899.689
Other	61.678	56.451
	934.894	**956.140**

15 – EQUITY

The Company's paid in capital is TL 70.000.000 (31 December 2010: TL 70.000.000) and was divided into 70.000.000 (31 December 2010: 70.000.000) stocks each one which has TL 1 (31 December 2010: TL 1) per value stock.

The Company has no preferred stock as of 31 December 2011 (31 December 2010: None).

The Company's registered share capital is TL 200.000.000 (31 December 2010: TL 200.000.000), and the shareholders and their shareholding percentages as of 31 December 2011and 31 December 2010 are as follows with the historical amounts:

	31 December 2011		31 December 2010	
	Amount	**Share (%)**	**Amount**	**Share (%)**
Eczacıbaşı Holding A.Ş.	42.049.000	60,07	41.479.335	59,26
Other (listed)	27.951.000	39,93	28.520.665	40,74
	70.000.000	**100,00**	**70.000.000**	**100.00**
Adjustment to share capital	131.334.916		131.334.916	
Total	**201.334.916**		**201.334.916**	

Adjustment to share capital represents the difference between the cash contributions adjusted for inflation and the cash contributions prior to adjustment for inflation.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

15 – EQUITY (Continued)

The profits accumulated under legal books that do not qualify for the below clause, can be distributed.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in/authorised share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in/authorised share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in/authorised share capital.

The aforementioned legal reserves and special reserves shall be classified in "Restricted reserves" in accordance with CMB Financial Reporting Standards. Details of the restricted reserves as of 31 December 2011and 31 December 2010 are as follows:

	31 December 2011	31 December 2010
Legal reserves	11.673.365	10.973.842
	11.673.365	**10.973.842**

Retained earnings

In accordance with the CMB regulations effective until 1 January 2008, the inflation adjustment differences arising at the initial application of inflation accounting which are recorded under "accumulated losses" could be netted off from the profit to be distributed based on CMB profit distribution regulations. In addition, the aforementioned amount recorded under "accumulated losses" could be netted off with net income for the period, if any, undistributed prior period profits, and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

In accordance with the CMB regulations effective until 1 January 2008, "Capital, Share Premiums, Legal Reserves, Special Reserves and Extraordinary Reserves" were recorded at their statutory carrying amounts and the inflation adjustment differences related to such accounts were recorded under "inflation adjustment differences" at the initial application of inflation accounting. "Equity inflation adjustment differences" could have been utilised in issuing bonus shares and offsetting accumulated losses, carrying amount of extraordinary reserves could have been utilised in issuing bonus shares, cash dividend distribution and offsetting accumulated losses.

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

-"if the difference is arising due to the inflation adjustment of "Paid-in Capital" and not yet been transferred to capital should be classified under the "Inflation Adjustment to Share Capital";

-if the difference is due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilised in dividend distribution or capital increase yet, it shall be classified under "Retained Earnings";

15 – EQUITY (Continued)

Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Capital adjustment differences have no other use other than being transferred to share capital.

Dividend Distribution

Quoted companies are subject to dividend requirements regulated by the CMB as follows:

Based on CMB Decree No. 02/51, dated 27 January 2010, there is no mandatory minimum profit distribution requirement for the quoted entities at the stock exchange for profits arising from operations in 2009. Regarding the dividend distribution for the current and following years, the entities are to distribute their profits for the current and following years under the scope of CMB Communiqué No.IV-27, their articles of association and their previously publicly declared profit distribution policies.

In addition, according to aforementioned Board Decision, it is stipulated that companies which have the obligation to prepare consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated financial statements that will be prepared and announced to the public in accordance with the Communiqué IX No: 29, "Principles of Financial Reporting in Capital Markets" providing the profits can be met by the sources in their statutory records.

Accordingly, if the amount of dividend distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit shall be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit shall be distributed. It is stated that dividend should not be distributed if there is a loss in either the consolidated financial statements prepared in accordance with CMB regulations or in the statutory financial statements. As of 31 December 2011, there is no plan for dividend distribution.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

16 – OPERATING REVENUE

Domestic sales and cost of sales are as follows:

	1 January – 31 December 2011	1 January – 31 December 2010
Sales Income		
Government bond sales	1.464.098.511	1.237.745.595
Common stock sales	886.495.554	710.615.369
Treasury bill sales	2.000.180	62.284.725
Other marketable security sales	-	340.506
Total Sales	**2.352.594.245**	**2.010.986.195**
Services		
Intermediary commissions on common stock transactions	14.457.740	14.664.394
B Type Liquid Fund management fee	1.707.321	2.374.678
Intermediary commissions on derivative transactions	1.133.426	1.613.698
Commission fee on portfolio management	1.071.084	1.879.694
Right of preference - exercise dividend payments	23.739	26.207
Intermediary commissions on bond and bill transactions	349.644	404.319
Government bond accrual income	478.730	874.603
Government bond reverse repo income	466.102	745.982
Dividend income	388.361	542.543
Priority right at no charge	25.651	151.161
Interest income	385.490	228.800
Treasury bills reverse repo income	-	47.942
Shares unrealised value increase/(decrease)	(1.591.246)	(58.378)
Cancellation of previous year marketable securities income accrual	(874.602)	(1.065.265)
Cancellation of previous year shares unrealised value increase/(decrease)	58.378	(1.318.997)
Other	709.700	686.945
Service Income	**18.789.518**	**21.798.326**
Returns and discounts		
Service revenue discounts	(70.145)	(143.435)
Total returns and discounts	**(70.145)**	**(143.435)**
Total sales income	**2.371.313.618**	**2.032.641.086**
Cost of sales		
Government bond sales	(1.462.774.158)	(1.236.156.259)
Common stock sales	(889.237.601)	(704.601.410)
Treasury bill sales	(2.000.113)	(62.273.255)
Other marketable security sales	-	(340.020)
Total cost of sales	**(2.354.011.872)**	**(2.003.370.944)**
Interest Income		
Interest income from loans given to customers	1.799.262	1.099.347
	1.799.262	**1.099.347**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

17 – EXPENSES BY NATURE

	1 January- 31 December 2011	1 January – 31 December 2010
General administrative expenses		
Personnel expenses (*)	17.523.011	17.711.855
Services received from related parties (Note 22 (d))	5.031.080	5.638.640
Outsource service	1.369.350	1.100.455
Rent	1.270.204	1.229.240
Office	1.042.049	1.008.436
Transportation	951.449	860.269
Depreciation and amortisation (Note 9,10,11)	768.725	423.921
Communication	700.330	361.119
Maintenance	443.125	340.715
Other	1.122.332	1.225.073
	30.221.655	**29.899.723**

(*) Provision for employment termination benefits, unused vacation provision and employee premium provision have been classified to personnel expenses**.**

	1 January- 31 December 2011	1 January – 31 December 2010
Marketing, selling and distribution expenses		
Advertising and marketing	329.250	567.908
Selling and distribution	1.114.487	898.250
Other	11.819	8.192
	1.455.556	**1.474.350**

18- OTHER OPERATING INCOME/EXPENSES

	1 January – 31 December 2011	1 January – 31 December 2010
Other operating income		
Income from customer transaction differences	3.615.553	2.077.282
Dividend Income	2.018.178	1.880.290
Income from cancellation of allowance	13.347	-
Increase in fair value of marketable securities, net	-	2.928.824
Income on derivative exchange market transactions	-	13.902
Gain on sale of tangible assets	-	27.729
Gain on trading of marketable securities	-	14.421
Other	119.671	53.687
	5.766.749	**6.996.135**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

18- OTHER OPERATING INCOME/EXPENSES (Continued)

	1 January – 31 December 2011	1 January – 31 December 2010
Other operating expenses		
Loss on sales of stocks	-	875.247
Impairment of marketable securities	4.602.634	-
Loss on derivative exchange market transactions	7.153	-
Loss on sale of tangible assets	3.205	79
2008 transactions		
BITT provision expense (Note 12)	6.598	8.208
Donations	365.250	100
Provision against lawsuits (Note 12)	60.896	5.500
Other	19.695	126.246
	5.065.431	**1.015.380**

19 - FINANCIAL INCOME/EXPENSES

	1 January – 31 December 2011	1 January – 31 December 2010
Financial incomes:		
Interest income from bank placements	5.957.250	6.602.700
Foreign exchange gains	6.905.484	3.504.883
Interest income from marketable securities	1.189.724	-
Other	1.650.900	-
	15.703.358	**10.107.583**

	1 January – 31 December 2011	1 January 31 December 2010
Financial expenses:		
Foreign exchange losses	2.671.790	3.771.541
Interest expense from marketable securities	167.798	101.534
Commissions for guarantee letters	89.909	82.356
Other	24.586	7.037
	2.954.083	**3.962.468**

20 – TAX ASSETS AND LIABILITIES

Turkish tax legislation does not permit a parent company and its Subsidiaries and Associates to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 2011 is 20% (2010: 20%) for the Group

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2011 is 20%. (2010: 20%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Mininsters' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19.8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

20 – TAX ASSETS AND LIABILITIES (Continued)

Turkish Corporate Tax Law No. 5422 on "Exemption of real estate and investment sales gains" has been amended by Law No. 5520 effective from 1 January 2006. A 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets for more than two full years is exempt from corporate tax.

The taxes on income / (expense) reflected to the consolidated statement of income as at 1 January -31 December 2011 and 2010 are summarised below:

	31 December 2011	31 December 2010
- Current period corporate tax (Entity)	2.008.460	802.133
- Advance tax (Entity)	(2.161.179)	(800.633)
	(152.719)	**1.500**
-Current period corporate tax (Subsidiary)	-	11.454
- Advance tax (Subsidiary)	(468.011)	(203.672)
	(468.011)	**(192.218)**

	1 January –31 December 2011	1 January – 31 December 2010
- Current period corporate tax (-)	(2.008.460)	(813.587)
- Deferred income tax (charge)/ benefit	848.096	(474.477)
Total tax expense	**(1.160.364)**	**(1.288.064)**

The reconciliation at 31 December corporation tax expense included in the consolidated statement of income to the tax expense calculated with the current tax rate on the consolidated income before taxes is as follows:

	1 January - 31 December 2011	1 January - 31 December 2010
Income before tax	17.241.683	24.832.312
Current year corporation tax expense	3.448.337	4.966.462
Tax effect of exempt income	(4.608.701)	(6.254.526)
Total tax expense	**(1.160.364)**	**(1.288.064)**

Deferred income tax:

The Group recognises deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with CMB Financial Reporting Standards and the tax financial statements. Such temporary differences generally arise due to revenues and expenses being recognised in different fiscal periods in accordance with tax regulations and CMB Financial Reporting Standards. The tax rate used for deferred income tax assets and liabilities is 20% (31 December 2010: 20%).

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

20 - TAX ASSETS AND LIABILITIES (Continued)

The breakdown of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided at 31 December 2011 and 31 December 2010 using the enacted tax rates is as follows:

	Temporary Differences (*)	
	31 December 2011	**31 December 2010**
Provision for employment termination benefits	1.095.101	1.016.973
Carried forward tax losses	7.058.546	7.738.080
Provision for unused vacation	1.107.261	892.472
Other	60.900	11.938
Deferred income tax assets	**9.321.808**	**9.659.463**
Fair value differences of available-for-sale financial assets (**)	(328.307.096)	(278.747.863)
Marketable securities valuation difference	(11.804.365)	(14.718.459)
Net difference between the carrying value of tangible and intangible assets and their tax bases	(291.401)	(200.852)
Deferred income tax liabilities	**(340.402.862)**	**(293.667.174)**

	Deferred tax assets/(liabilities)	
	31 December 2011	**31 December 2010**
Provision for employment termination benefits	219.020	203.395
Carried forward tax losses	1.411.709	1.547.616
Provision for unused vacation	221.452	178.494
Other	12.180	2.388
Deferred income tax assets	**1.864.361**	**1.931.893**
Fair value differences of available-for-sale financial assets (**)	(16.415.355)	(13.937.393)
Marketable securities valuation difference	(2.360.873)	(2.971.545)
Net difference between the carrying value of tangible and intangible assets and their tax bases	(58.280)	(40.170)
Deferred income tax liabilities	**(18.834.508)**	**(16.949.108)**
Provision for Impairment	(1.242.430)	(1.556.213)
Net deferred tax liabilities	**(18.212.577)**	**(16.573.428)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

20 – TAX ASSETS AND LIABILITIES (Continued)

(*) Since Eczacıbaşı Yatırım Ortaklığı A.Ş. is not subject to corporate taxation, such balances were not included in calculating the tax base differences.

(**)Turkish Corporate Tax Law No. 5422 on "Exemption of real estate and investment sales gains" has been amended by Law No. 5520 effective from 1 January 2006. A 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets for more than two full years is exempt from corporate tax. In this context, temporary differences between the carried value and tax base of available-for-sale financial assets have been subject to the calculation of deferred tax liabilities for the first time in the consolidated financial statements at 31 December 2006. Since the mentioned temporary differences are accounted in shareholders' equity, the corresponding deferred tax liability is netted-off from the financial assets' fair value reserves in equity.

The last utilisation period of carried forward tax losses from which deferred tax assets has been recognised is 2015.

Eczacıbaşı Portföy Yönetimi A.Ş. has carried forward tax losses amounting to TL 7.058.546 (31 December 2010: TL 7.738.080) which deferred tax assets has not recognised.

	Deductible carried forward tax losses	**Last Utilisation Period**
2007	1.975.821	31 December 2012
2008	2.110.185	31 December 2013
2009	1.320.569	31 December 2014
2010	447.880	31 December 2015
2011	1.204.091	31 December 2016
	7.058.546	

The movement of deferred income tax liabilities as at 31 December 2011 and 2010 is as follows:

	1 January- 31 December 2011	**1 January- 31 December 2010**
1 January	(16.573.428)	(13.827.281)
Current year deferred income tax (charge)/credit	848.096	(474.477)
Deferred income tax liabilities arising from fair value increases of available-for-sale financial assets	(2.487.245)	(2.271.670)
31 December 2011	**(18.212.577)**	**(16.573.428)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

21 - EARNINGS PER SHARE

	1 January- 31 December 2011	**1 January- 31 December 2010**
Net income for the period (TL) (Parent shares)	19.673.516	19.669.921
Weighted average number of ordinary shares with face value of TL1 each	70.000.000	70.000.000
Earnings per share (TL)	**0,281**	**0,281**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Receivables from related parties:

	31 December 2011	31 December 2010
Receivables from group companies:		
İntema İnş. ve Tesisat Malz. Yat. Ve Paz. A.Ş.	9.525	-
	9.525	**-**

b) Payables to related parties:

	31 December 2011	31 December 2010
Payables to shareholders:		
Eczacıbaşı Holding A.Ş.	725.956	624.731
Other (Note 7)	22.792	20.448
	748.748	**645.179**
Payables to group companies:		
Eczacıbaşı Bilim Sanayi ve Ticaret A.Ş.	123.461	79.496
Eczacıbaşı Bilgi İletişim A.Ş.	59	-
Atlı Zincir İğne ve Makine Sanayi A.Ş. (*)	-	2.189.017
	123.520	**2.268.513**
Dividend payables to shareholders:		
Other (Note 7)	123	123
	123	**123**
	872.391	**2.913.815**

(*) As of 31 December 2010, the sale has been completed.

As of 31 December 2011, the Group has classified a portion of due from related parties amounting to TL 849.476 (31 December 2010: TL 632.788) under trade payables based on its nature and TL 22.915 (31 December 2010: TL 2.281.027) under short-term other liabilities.

c) Sales to related parties:

	1 January – 31 December 2010	1 January – 31 December 2010
Eczacıbaşı Holding A.Ş.	71.305	82.215
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	4.586	-
İntema İnş. ve Tesisat Malz. Yat. Ve Paz. A.Ş.	3.357	-
Eczacıbaşı Bilim Sanayi ve Ticaret A.Ş.	306	-
	79.554	**82.215**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

d) Service purchases from related parties:

	1 January – 31 December 2011	1 January – 31 December 2010
Eczacıbaşı Holding A.Ş. (*)	4.749.666	5.194.270
Eczacıbaşı Spor Kulübü	190.000	170.000
Eczacıbaşı Sağlık Hizmetleri A.Ş.	47.421	44.462
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	33.835	175.821
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	7.368	-
Eczacıbaşı E-Kart Elektronik Kart Sistemleri ve Sanayi A.Ş.	2.790	-
Eczacıbaşı İlaç Pazarlama A.Ş.	-	54.087
	5.031.080	**5.638.640**

(*) Fees paid to Eczacıbaşı Holding A.Ş. comprise legal, financial corporate identity, budget planning, audit and human resource services received from Eczacıbaşı Holding. Eczacıbaşı Holding A.Ş charges the management fees to the related companies based on the time allocated for each of the services provided.

e) Dividend received from related parties:

	1 January – 31 December 2011	1 January – 31 December 2010
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	498.668	593.887
Eczacıbaşı Holding A.Ş	1.229.010	1.229.010
Other	69.986	57.393
	1.797.664	**1.880.290**

f) Benefits provided to top management:

Total benefits provided to key management personnel for the year ended at 31 December 2011 amounted to TL 2.435.953 (31 December 2010: TL 3.567.142).

g) Dividend payments to related parties

	1January – 31 December 2011	1 January – 31 December 2010
Eczacıbaşı Holding A.Ş.	2.943.430	2.073.966
	2.943.430	**2.073.966**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(i) Credit Risk

Credit risk, is the risk of financial loss of the creditor in the case that the lender fails to meet its financial obligations to the creditor.

The majority of the Group’s credit risk arises from the trade receivables, marketable securities and time deposits in the banks. The bank deposits got off less than three months. Marketable securities comprise the government bonds those are issued by the Turkish Republic Prime Ministry Undersecretariat for the Treasury.

	Trade Receivables(***)		**Other Receivables**			
31 December 2011	**Related Party**	**Other**	**Related Party**	**Other**	**Other(*)**	**Cash equivalents (**)**
Maximum exposed credit risk as of reporting date						
Note reference	6, 22	6	7	7	4	3
Net book value of financial assets either are not due or not impaired	9.525	10.824.094	-	245.311	13.822.056	91.500.811
	9.525	**10.824.094**	**-**	**245.311**	**13.822.056**	**91.500.811**

	Trade Receivables		**Other Receivables**			
31 December 2010	**Related Party**	**Other**	**Relatd Party**	**Other**	**Other(*)**	**Cash equivalents (**)**
Maximum exposed credit risk as of reporting date						
Note reference	6, 22	6	7	7	4	3
Net book value of financial assets either are not due or not impaired	-	14.077.995	-	174.600	18.019.089	84.972.970
	-	**14.077.995**	**-**	**174.600**	**18.019.089**	**84.972.970**

(*) Item contains the government bonds measured at fair value and attributable to statement of income.
(**) Item contains cash equivalents
(***) The group has doubtful receivables amounting to 205.811 TL as of 31 December 2011. (31 December 2010: 206.001 TL). Provision amounting to 205.811 TL (31 december 2010: 206.001 TL) has been provided for these doubtful receivables.

The calculation of the items above is made regardless of the items that decrease the credit risk, such as collaterals. None of the financial assets that belong to the Group those are exposed to credit risk are impaired. Additionally, the Group does not own off-balance sheet credit risk nor assets those are due but not impaired.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity Risk

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity. A decrease in funding sources mainly due to market instability or a decrease in credit risk results in liquidity risk. The Group manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

The distribution of expiration of the financial liabilities as of 31 December 2011and 31 December 2010 according to their contract dates is as follows:

	31 December 2011					
	Carrying Value	**Contractual Cash-flows**	**Less than 3 months**	**3 months 12 month**	**1 year- 5 years**	**More than 5 years**
Note References	5,6,7					
Financial Liabilities	18.502	18.502	18.502	-	-	-
Trade Payables	5.371.055	5.371.055	5.371.055	-	-	-
Other Payables	62.625	62.625	62.625	-	-	-
Total Liabilities	**5.452.182**	**5.452.182**	**5.452.182**	**-**	**-**	**-**

	31 December 2010					
	Carrying Value	**Contractual Cash-flows**	**Less than 3 months**	**3 months 12 month**	**1 year- 5 years**	**More than 5 years**
Note References	5,6,7					
Financial Liabilities	145.486	145.486	145.486	-	-	-
Trade Payables	4.882.128	4.882.128	4.882.128	-	-	-
Other Payables	2.288.888	2.288.888	2.288.888	-	-	-
Total Liabilities	**7.316.502**	**7.316.502**	**7.316.502**	**-**	**-**	**-**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market Risk

(a) Foreign Exchange Risk

In the case of owning of foreign currency assets, liabilities and non-balance sheet liabilities, the risk that is exposed to resulting from the currency movements is defined as the foreign exchange risk.

31 December 2011	**USD**	**EUR**	**GBP**	**Total**
Cash and cash equivalents	13.741.523	11.528.495	-	25.270.018
Financial Liabilities	(108.973)	-	(3.136)	(112.109)
Net foreign currency position	**13.632.550**	**11.528.495**	**(3.136)**	**25.157.909**

31 December 2011	**USD**	**EUR**	**GBP**	**Total**
Cash and cash equivalents	10.840.825	9.270.966	-	20.111.791
Financial Liabilities	(77.426)	-	-	(77.426)
Net foreign currency position	**10.763.399**	**9.270.966**	**-**	**20.034.365**

	Profit/Loss		**Equity**	
31 December 2011	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In the case of 10% fluctuation of USD against TL				
1. USD net asset/liability	1.363.255	(1.363.255)	1.363.255	(1.363.255)
2. Hedged Positions (-)	-	-	-	-
3. USD Net effect (1+2)	**1.363.255**	**(1.363.255)**	**1.363.255**	**(1.363.255)**
In the case of 10% fluctuation of EUR against TL				
4. EURO net asset/liability	1.152.850	(1.152.850)	1.152.850	(1.152.850)
5. Hedged position (-)	-	-	-	-
6. EUR net affect (4+5)	**1.152.850**	**(1.152.850)**	**1.152.850**	**(1.152.850)**
In the case of 10% fluctuation of GBP against TL				
7. GBP net asset/liability	(314)	314	(314)	314
8. Hedged position (-)	-	-	-	-
9. GBP net affect (7+8)	**(314)**	**314**	**(314)**	**314**
Total (3+6+9)	**2.515.791**	**(2.515.791)**	**2.515.791**	**(2.515.791)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Profit/Loss		Equity	
31 December 2010	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In the case of 10% fluctuation of USD against TL				
1. USD net asset/liability	1.076.340	(1.076.340)	1.076.340	(1.076.340)
2. Hedged Positions (-)				
3. USD Net effect (1+2)	**1.076.340**	**(1.076.340)**	**1.076.340**	**(1.076.340)**
In the case of 10% fluctuation of EUR against TL				
4. EURO net asset/liability	927.097	(927.097)	927.097	(927.097)
5. Hedged position (-)				
6. EUR net affect (4+5)	**927.097**	**(927.097)**	**927.097**	**(927.097)**
Total (3+6)	**2.003.437**	**(2.003.437)**	**2.003.437**	**(2.003.437)**

TL equivalents of assets and liabilities held by the Group denominated in foreign currency at 31 December 2011and 31 December 2010 in consideration of foreign exchange rates are as follows:

	31 December 2011	31 December 2010
USD	1,8889	1,5460
EUR	2,4438	2,0491
GBP	2,9170	2,3886

(b) Interest rate risk

The Group management chose the short term-investment tools to make use of its assets that generate interest income, to be able to balance the maturity of assets and liabilities those are sensitive to interest rate by the method of natural precautions.

The government bonds those are classified as financial assets at fair value through profit and loss are exposed to the interest rate risk due to the fluctuation of the interest rates. However, the Group, can be re-exposed to the investment rate risk in the case of the re-investing the cash generated from the amortisation of those government bonds.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

23 - FINANCIAL INTSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The interest rate applied to the financial assets as of the 31 December 2011 and 31 December 2010 are as follows:

Assets		**31 December 2011**	**31 December 2010**
Time deposits	TL	9,00-13,00%	8,50-9,00%
	USD	5,75%	3,65%
	EUR	5,50%	3,15%
Government bonds	TL	10,84%	6,11%
Reverse repos	TL	10,94%	-

(iv) Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange (Note 2.4(d) and 4).

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Fair value estimations, methods and assumptions used for available-for-sale financial assets and financial assets at fair value through profit or loss are described in detail in Note 2.4(d) and 4. Remaining assets and liabilities:

23 - FINANCIAL INTSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Financial assets:

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate their carrying value.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature and ignorable collection failure.

The carrying value of trade receivables along with the related allowances for recoverability is estimated to be their fair values.

Financial liabilities:

The fair values of monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The classification of financial assets at fair value:

IFRS 7 explains the classifications of valuation techniques.

The classification of financial assets at fair value is shown as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: 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:Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).
According to the observability of the data used in fair value measurement, the fair value hierarchy of the Group's financial assets at fair value is shown as follows:

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

23 –FINANCIAL INTSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset at fair value through profit and loss	69.083.038	-	-	69.083.038
Financial assets, current	**69.083.038**	**-**	**-**	**69.083.038**
Available-for-sale financial assets	23.252.174	370.810.934	32.194.611	426.257.719
Financial assets, non-current	**23.252.174**	**370.810.934**	**32.194.611**	**426.257.719**

31 December 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset at fair value through profit and loss	75.135.073	-	-	75.135.073
Financial assets, current	**75.135.073**	**-**	**-**	**75.135.073**
Available-for-sale financial assets	25.027.793	323.367.372	28.117.647	376.512.812
Financial assets, non-current	**25.027.793**	**323.367.372**	**28.117.647**	**376.512.812**

24 – SUBSEQUENT EVENTS

None.

CONVENIENCE TRANSLATION OF THE REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş

We have audited the accompanying consolidated financial statements of Eczacıbaşı Yatırım Holding Ortaklığı Anonim Şirketi (The "Company") and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as of 31 December 2011, the consolidated statement of income, consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting standards published by the Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards published by the Capital Markets Board. 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 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.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. and its subsidiaries as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards published by the Capital Markets Board.

Istanbul, 13 April 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Hüseyin Gürer
Partner

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

ECZACIBASI YATIRIM HOLDING ORTAKLIĞI A.S.
AUDIT BOARD REPORT FOR THE PERIOD
BETWEEN 01 JANUARY - 31 DECEMBER 2011

TO: ECZACİBASİ YATİRİM HOLDİNG ORTAKLİGİ AS GENERAL ASSEMBLY

Trade Name	Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.
Head Office	İstanbul
Registered Capital	200.000.000,00 TL
Issued Capital	70.000.000,00 TL
Subject	Participating in Industrial and Commercial Companies
Name and Office Periods of the Auditor and Auditors, whether or not they are shareholders or corporate personnel	Tayfun İçten- Bülent Avcı, are authorized until the Ordinary General Assembly which will convene to check 2011 accounts. They are not shareholder or personnel.
Number of Board Meetings attended and number of Audit Boards held	There is no attended Board Meeting while Audit Board convened four times.
Scope of the examination on the corporate accounts. books and documents, dates of audits and the outcome	All operations have been audited as of 20 May, 17 June, 2 September, 18 November and 30 December 2011. They have been found in compliance will all regulations.
As per article 353, part 1/3 of Turkish Commercial Code, the number and results of the countings in the cashier	6 times counting in a year, once in two months, which have been found in compliance with records
As per article 353 part 1/4 of Turkish Commercial Code, the dates of the audits and their outcomes	Audits were carried out at the end of each month, and the countings were found to be in line with records.
Advised complaints and unlawful acts	None

We have audited Eczacibasi Yatirim Holding Ortakligi Anonim Sirketi 01.01.2011 - 31.12.2011 period transactions and accounts in accordance with its Articles of Incorporation or other generally accepted accounting principles and standards.

We have the opinion that, the balance sheet issued as of 31.12.2011 reflects the exact financial status of the Company while the income statement related to the period from 01.01.2011 to 31.12.2011 reflects the results exactly.

We hereby kindly request you to approve the balance sheet and income statement and release of the Board.

Denetleme Kurulu

Tayfun İçten **Bülent Avcı**

2011 Annual Report

Eczacıbaşı Investment Holding Co.

Eczacıbaşı

Eczacıbaşı
Investment Holding Co.

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