ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

(Translated into English from the Original Turkish Report)

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ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 AND 31 DECEMBER 2010

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

	Notes	Current Period (Reviewed) 30 June 2011	Prior Period (Audited) 31 December 2010
ASSETS			
Current Assets		**177.311.775**	**175.668.898**
Cash and cash equivalents	3	83.642.796	85.034.399
Financial assets	4	74.223.898	75.135.073
Trade receivables	6	16.677.361	14.077.995
Other receivables	7	1.551.050	169.000
- Due from related parties	22	1.229.010	-
- Other receivables		322.040	169.000
Other current assets	14	1.216.670	1.252.431
Non-current assets		**846.820.480**	**842.283.213**
Other receivables	7	5.769	5.600
Financial assets	4	378.119.326	376.512.812
Investments in associates	8	450.320.416	447.637.692
Investment property	9	15.000.000	15.000.000
Tangible assets	10	521.072	536.652
Intangible assets	11	146.416	139.541
Deferred tax assets	20	464.861	335.509
Other non-current assets	14	2.242.620	2.115.407
TOTAL ASSETS		**1.024.132.255**	**1.017.952.111**

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 AND 31 DECEMBER 2010

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

	Notes	Current Period (Reviewed) 30 June 2011	Prior Period (Audited) 31 December 2010
LIABILITIES		**24.778.165**	**29.513.890**
Current liabilities		**6.720.276**	**11.587.980**
Financial liabilities	5	196.214	145.486
Trade payables	6	3.621.425	4.882.128
- Due to related parties	22	706.501	632.788
- Other trade payables		2.914.924	4.249.340
Other payables	7	66.073	2.288.888
- Due to related parties	22	23.041	2.281.027
- Other payables		43.032	7.861
Current income tax	20	542.877	1.500
Short term provisions	12	81.833	80.516
Employee benefit provisions	13	1.381.448	3.233.322
Other current liabilities	14	830.406	956.140
Non-current liabilities		**18.057.889**	**17.925.910**
Employee benefit provisions	13	1.131.924	1.016.973
Deferred tax liabilities	20	16.925.965	16.908.937
EQUITY		**999.354.090**	**988.438.221**
Share capital	15	70.000.000	70.000.000
Share premium		30.633	30.633
Inflation adjustment to capital	15	131.334.916	131.334.916
Financial assets' fair value reserve		494.019.218	492.631.942
Restricted reserves	15	11.668.258	10.973.842
Translation reserve		224.742	(355.087)
Retained earnings		247.949.746	233.913.421
Net income for the year		14.133.615	19.669.921
Attributable to equity holders of the parent		**969.361.128**	**958.199.588**
Non-controlling interest		**29.992.962**	**30.238.633**
TOTAL LIABILITIES AND EQUITY		**1.024.132.255**	**1.017.952.111**

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED 30 JUNE 2011
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period (Reviewed) 1 January- 30 June 2011	Current Period (Not reviewed) 1 April- 30 June 2011	Prior Period (Reviewed) 1 January- 30 June 2010	Prior Period (Not reviewed) 1 April- 30 June 2010
CONTINUING OPERATIONS					
Sales income, net	16	1.038.030.562	523.117.981	1.013.631.255	529.537.678
Sales		1.026.085.611	518.470.785	1.004.005.268	525.049.772
Service income		11.971.545	4.656.621	9.733.007	4.512.939
Deductions from service income (-)		(26.594)	(9.425)	(107.020)	(25.033)
Cost of sales (-)	16	(1.025.284.200)	(517.639.585)	(1.000.038.728)	(524.155.208)
Interest income	16	915.786	498.444	488.614	268.981
Gross profit		**13.662.148**	**5.976.840**	**14.081.141**	**5.651.451**
Marketing, Selling and distribution expenses (-)	17	(759.461)	(431.106)	(818.018)	(357.156)
General administrative expenses (-)	17	(15.291.814)	(7.750.029)	(13.909.467)	(7.209.430)
Other operating income	18	4.059.714	2.845.233	1.882.302	(2.644.550)
Other operating expenses (-)	18	(2.331.074)	(632.203)	(1.949.018)	(1.941.848)
Operating profit/(loss)		**(660.487)**	**8.735**	**(713.060)**	**(6.501.533)**
Share of profit of associates	8	9.474.958	6.324.090	7.841.611	4.333.749
Financial income	19	7.151.942	4.823.424	3.727.046	1.938.208
Financial expenses (-)	19	(910.704)	(350.479)	(919.819)	(506.262)
Income before tax		**15.055.709**	**10.805.770**	**9.935.778**	**(735.838)**
Taxes on income	20	(1.360.414)	(610.679)	(403.425)	(40.677)
Deferred tax expenses	20	192.649	(331.671)	260.934	1.709.096
Net income for the year		**13.887.944**	**9.863.420**	**9.793.287**	**932.581**
Attributable to					
- Non-controlling interest		(245.671)	(301.206)	1.024.071	(517.816)
- Equity holders of the parent		14.133.615	10.164.626	8.769.216	1.450.397
Net income for the year	21	**13.887.944**	**9.863.420**	**9.793.287**	**932.581**
Earnings per share for 1 TL nominal value	21	0,202	0,145	0,125	0,021

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2011
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Current Period (Reviewed) 1 January- 30 June 2011	Current Period (Not reviewed) 1 April- 30 June 2011	Prior Period (Reviewed) 1 January- 30 June 2010	Prior Period (Not reviewed) 1 April- 30 June 2010
Net income for the year		**13.887.944**	**9.863.420**	**9.793.287**	**932.581**
Other comprehensive income:					
Changes in financial assets' fair value reserve		1.606.512	1.014.639	(970.158)	(1.569.520)
Changes in translation reserve	8	579.829	368.368	(701.494)	(746.673)
Group's share in the associates' comprehensive income	8	(138.911)	(101.417)	(13.708)	215.749
Tax expense of other comprehensive income items	20	(80.325)	(50.732)	602.407	632.376
Other comprehensive income (after tax)		**1.967.105**	**1.230.858**	**(1.082.953)**	**(1.468.068)**
Total comprehensive income		**15.855.049**	**11.094.278**	**8.710.334**	**(535.487)**
Attributable to:					
- Non-controlling interest		(245.671)	(301.206)	1.024.071	(517.816)
- Equity holders of the parent		16.100.720	11.395.484	7.686.263	(17.671)
Earnings per share for 1 TL nominal value		0,230	0,163	0,110	(0,000)

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 30 JUNE 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		-	-	-	(381.459)	-	-	-	-	(381.459)	-	(381.459)
Transfers		-	-	-	-	1.029.967	-	72.585.934	(73.615.901)	-	-	-
Dividends paid		-	-	-	-	-	-	(3.500.000)	-	(3.500.000)	(1.189.132)	(4.689.132)
Currency translation differences		-	-	-	-	-	(701.494)	-	-	(701.494)	-	(701.494)
Net income for the year	21	-	-	-	-	-	-	-	8.769.216	8.769.216	1.024.071	9.793.287
30 June 2010		**70.000.000**	**131.334.916**	**30.633**	**404.796.499**	**10.973.842**	**(709.021)**	**233.913.421**	**8.769.216**	**859.109.506**	**27.388.378**	**886.497.884**
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		-	-	-	1.387.276	-	-	-	-	1.387.276	-	1.387.276
Transfers		-	-	-	-	694.416	-	18.975.505	(19.669.921)	-	-	-
Currency translation differences		-	-	-	-	-	579.829	-	-	579.829	-	579.829
Dividends paid		-	-	-	-	-	-	(4.900.000)	-	(4.900.000)	-	(4.900.000)
Effect on the rate of change in associate		-	-	-	-	-	-	(39.180)	-	(39.180)	-	(39.180)
Net income for the year	21	-	-	-	-	-	-	-	14.133.615	14.133.615	(245.671)	13.887.944
30 June 2011	**15**	**70.000.000**	**131.334.916**	**30.633**	**494.019.218**	**11.668.258**	**224.742**	**247.949.746**	**14.133.615**	**969.361.128**	**29.992.962**	**999.354.090**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2010 and 2011

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

	Notes	Current Period (Reviewed) 1 January- 30 June 2011	Prior Period (Reviewed) 1 January- 30 June 2010
Cash flows from operating activities:			
Net profit for the period		**13.887.944**	**9.793.287**
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortisation	10, 11	234.592	255.555
Provision for employment termination benefits	13	248.827	203.560
Unused vacation provision	13	313.186	55.229
Employee premium provision	13	2.579.398	1.474.635
BITT penalty provision	12	2.749	3.829
Tax expense	20	1.167.765	142.491
Interest income		(3.608.646)	(3.759.522)
Dividend income	18	(1.984.768)	(625.423)
Share in associates accounted by equity method	8	(9.474.958)	(7.841.611)
Losses/Profits from the sale of tangible assets		3.205	(25.867)
Changes in operating assets and liabilities:			
Change in short-term financial assets		911.175	5.923.036
Change in trade receivables		(2.599.366)	(6.451.760)
Change in other receivables		(1.382.050)	(6.893)
Change in other long-term receivables		(169)	(148)
Change in other current assets		266.554	(1.048.064)
Change in other non-current assets		(127.213)	(173.728)
Change in trade payables		(1.260.703)	(493.148)
Change in other payables		(2.222.815)	177.821
Change in other liabilities		(46.841)	(802.215)
Corporate tax paid	20	(969.505)	(203.672)
Personnel premium paid	13	(4.642.426)	(1.930.877)
Employment termination benefits paid	13	(133.876)	(142.284)
Vacations paid	13	(102.032)	-
Dividends received		1.984.768	625.423
Net cash used in operating activities		**(6.955.205)**	**(4.850.346)**

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2010 and 2011

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

		Current Period (Reviewed) 1 January- 30 June 2011	Prior Period (Reviewed) 1 January- 30 June 2010
Investing activities:			
Change in available-for-sale financial assets and investment in associates		7.033.320	8.004.452
Tangible asset purchases	10	(158.884)	(81.157)
Cash obtained from the sale of tangible asset		3	25.975
Intangible asset purchases	11	(70.211)	(154.177)
Dividends paid		(4.900.000)	(4.689.132)
Net cash provided from investing activities		**1.904.228**	**3.105.961**
Financing activities:			
Interest received		3.458.926	3.864.434
Change in financial liabilities		50.728	189.021
Net cash provided from financing activities		**3.509.654**	**4.053.455**
Net increase in cash and cash equivalents		(1.541.323)	2.309.070
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**	**83.404.488**	**105.201.532**

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 30 June 2011, 40,74% 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 59,26% shares of the Company as of 30 June 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 150 employees as at 30 June 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 30 June 2011 have been approved by the Board of Directors on 26 August 2011. 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.

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.

2.1.2 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 June 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 balance sheet 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.

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.

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

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

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	22,78	77,22

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

2.1.6 Basis of Consolidation (continued)

The paid-in capital of the parent company and subsidiary and balance sheet 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 balance sheet's paid/excluded equity is in principle the parent company's paid/excluded equity. In the consolidated balance sheet 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 balance sheet.

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 balance sheet as of 30 June 2011 and income statement for the period from 1 January to 30 June 2011 as a full consolidation method.

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

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

	30 June 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 income statement. In the equity of associates, the amount corresponding to share of parent company was reflected in the consolidated financial statements.

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 30 June 2011 and 31 December 2010 are as follows:

30 June 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
Atlı Zincir İğne ve Makine Sanayi A.Ş. (**)		

(*) 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.

(**) As of 31 December 2010, Atlı Zincir İğne ve Makine Sanayi A.Ş. has been sold, therefore it is no longer accounted through the equity method.

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

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

Assets, liabilities, equity, net sales and profit / (loss) of the associates included in the consolidated financial statements as of 30 June 2011 and 31 December 2010 are as follows:

30 June 2011	Total Assets	Total Liabilities	Equity	Net Sales	Profit/ (Loss)
İntema İnşaat ve Tesis Malzemeleri A.Ş.	172.688.213	153.018.537	19.669.676	256.430.437	1.826.604
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	2.774.183.000	374.478.000	2.385.642.000	498.109.000	53.345.000
Eczacıbaşı E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	45.434.594	40.580.364	4.854.230	26.022.281	(2.923.437)

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 income statement.

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 balance sheet as of 30 June 2011 in comparison with the consolidated balance sheet prepared as of 31 December 2010; the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the period 1 January – 30 June 2011 in comparison with 1 January – 30 June 2010.

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

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 IFRSs do affect presentation and disclosures

IAS 1, Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendments have been applied retrospectively.

Amendments to IFRS 7 Financial Instruments: Disclosures (as part of Improvements to IFRSs issued in 2010)

The amendment encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. The amendment also clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans. The amendments have been applied retrospectively.

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

2.2.2 Changes in International Financial Reporting Standards (continued)

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

None.

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

IAS 24 (Revised 2009), "Related Party Disclosures"

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011. There is no impact of the adoption of this amendment to the standard on the Group financials.

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

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. There is no impact of the adoption of this amendment to the standard on the Group financials.

IFRS 1 (amendments), "First-time Adoption of IFRS - Additional Exemptions"

Amendments to IFRS 1 which are effective for annual periods on or after 1 July 2010 provide limited exemption for first time adopters to present comparative IFRS 7 fair value disclosures.

IFRIC 14 (Amendments), "Pre-payment of a Minimum Funding Requirement"

Amendments to IFRIC 14 are effective for annual periods beginning on or after 1 January 2011. The amendments affect entities that are required to make minimum funding contributions to a defined benefit pension plan and choose to pre-pay those contributions. The amendment requires an asset to be recognized for any surplus arising from voluntary pre-payments made.

IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. IFRIC 19 addresses only the accounting by the entity that issues equity instruments in order to settle, in full or part, a financial liability.

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

2.2.2 Changes in International Financial Reporting Standards (continued)

Annual Improvements May 2010

Further to the above amendments and revised standards, the IASB has issued Annual Improvements to IFRSs in May 2010 that cover 6 main standards/interpretations as follow: IFRS 1, "First-time Adoption of International Financial Reporting Standards", IFRS 3, "Business Combinations," IFRS 7, "Financial Instruments: Disclosures", IAS 27, "Consolidated and Separate Financial Statements", IAS 34, "Interim Financial Reporting" and IFRIC 13, "Customer Loyalty Programmes". With the exception of amendments to IFRS 3 and IAS 27 which are effective on or after 1 July 2010, all other amendments are effective on or after 1 January 2011. Early adoption of these amendments is allowed.

The adoption of these amendments to the standards, revised standards and interpretations has not materially affected the Group's financial position and financial position.

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

IFRS 1 (amendments) First-time Adoption of IFRS – Additional Exemptions

On 20 December 2010, IFRS 1 is amended to;provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs. provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time. These amendments will be effective for annual periods beginning on or after 1 July 2011.These amendments are not relevant to the Group, as it is an existing IFRS preparer.

IFRS 7 "Financial Instruments: Disclosures"

In October 2010, IFRS 7, "Financial Instruments: Disclosures" is amended by IASB as part of its comprehensive review of off balance sheet activities. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after 1 July 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 9 'Financial Instruments: Classification and Measurement'

In November 2009, the first part of IFRS 9 relating to the classification and measurement of financial assets was issued. IFRS 9 will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement". The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not had an opportunity to consider the potential impact of the adoption of this standard.

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

2.2.2 Changes in International Financial Reporting Standards (continued)

IAS 12 Income Taxes

In December 2010, IAS 12 is amended. IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, "Investment Property". The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally be , be through sale. The amendment will be effective for annual periods beginning on or after 1 January 2012. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation — Special Purpose Entities* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities).

Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 11 Joint Arrangements

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 *Interests in Joint Ventures*. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 12 Disclosure of Interest In Other Entities

IFRS 12 requires extensive disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The new

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

2.2.2 Changes in International Financial Reporting Standards (continued)

standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 27 Separate Financial Statements (2011)

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 28 Investments in Associates and Joint Ventures (2011)

IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

IFRS 13 Fair Value Measurements

On 12 May 2011, IASB issued IFRS 13 Fair Value Measurement, which establishes a single source of guidance for fair value measurement under IFRSs. IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements. The Standard does not include requirements on when fair value measurements is required; it prescribes how fair value is to be measured if another Standard requires it. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 1 Presentation of Financial Statements (2011) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 provides guidance on the presentation of items contained in other comprehensive income (OCI) and their classification within OCI. The new standard is mandatory for annual periods beginning on or after 1 July 2012. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IAS 19 Employee Benefits (2011) (the "amendments")

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

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 30 June 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:

(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 income statement 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 income statement.

The residual value and useful life of the assets are investigated as of the balance sheet 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 balance sheet 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 balance sheet 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 balance sheet 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 income statement.

(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 balance sheet 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.

(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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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).

(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 balance sheet 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 balance sheet 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).

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 income statement. The interest income accrued of the valuation differences, commissions paid and remaining collateral amount those recorded in the income statement 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 both rather 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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.5 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 balance sheet 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)Going concern assumption of associate: The financial statements were prepared by taking the going concern assumption of Eczacıbaşı Portföy Yönetimi A.Ş. into consideration.

d)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- 30 June 2011.

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

3 - CASH AND CASH EQUIVALENTS

	30 June 2011	31 December 2010
Cash in hand	63.173	61.429
Banks		
- Demand deposit	321.489	128.264
- Time deposit	73.589.865	74.330.235
- Reverse repo receivables	9.002.123	10.339.765
Receivables from money market	150.039	-
Other liquid assets	516.107	174.706
	83.642.796	**85.034.399**

As of 30 June 2011, interest rates for Turkish lira denominated time deposits vary between 9,25% - 11,60% (31 December 2010: 8,50% - 9,00%), whereas interest rates for foreign currency denominated time deposits vary between 5,10% (31 December 2010: 3,15% - 3,65%).

TL 1.222.011 (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 30 June 2011and 31 December 2010, cash and cash equivalents included in the consolidated statements of cash flows are presented below:

	30 June 2011	30 June 2010
- Cash and cash equivalents	83.642.796	105.367.149
- Interest accruals	(238.308)	(165.617)
	83.404.488	**105.201.532**

4 - FINANCIAL ASSETS

The details of financial assets as of 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Financial assets at fair value through profit and loss	74.223.898	75.135.073
Financial assets, current	**74.223.898**	**75.135.073**
Available-for-sale financial assets	378.119.326	376.512.812
Financial assets, non-current	**378.119.326**	**376.512.812**

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

4 - FINANCIAL ASSETS (Continued)

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 30 June 2011 and 31 December 2010 is as follows:

	30 June 2011	31 December 2010
Government Bonds	14.857.534	18.019.089
Common Stocks	57.274.732	55.006.698
- EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş	15.603.750	17.766.150
- Eczacıbaşı Yapı Gereçleri A.Ş.	8.820.000	8.288.000
- İntema İnşaat ve Tesis Malzemeleri A.Ş.	9.024.164	7.741.070
- Other (*)	23.826.818	21.211.478
Capital secured funds	1.217.400	1.219.332
A Type investment funds	874.232	889.954
Total	**74.223.898**	**75.135.073**

(*) Contains unlisted and non-group stocks.

Government bonds have an average interest rate of 7,22% (31 December 2010: 6,11%).

As of 30 June 2011 government bonds of the Group amounting to TL 4.360.517 (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 ASSETS (Continued)

b) Available-for-sale financial assets:

The list of long-term available-for-sale financial assets as of 30 June 2011 and 31 December 2010 is as follows:

	%	30 June 2011 Amount	%	31 December 2010 Amount
Listed:				
Eczacıbaşı Yapı Gereçleri A.Ş. (*), (**)	7,49	26.634.307	7,49	25.027.793
		26.634.307		**25.027.793**
Not Listed:				
Eczacıbaşı Holding A.Ş. (****)	11,54	323.367.372	11,54	323.367.372
Kaynak Tekniği San. ve Tic. A.Ş. (**)	15,86	23.131.256	15,86	23.131.256
İpek Kağıt San. ve Tic. A.Ş. (**)	0,99	865.649	0,99	865.649
Vitra Karo Sanayi ve Ticaret. A.Ş. (**)	0,83	1.474.257	0,83	1.474.257
Eczacıbaşı Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş. (**)	1,00	347.424	1,00	347.424
Ekom Eczacıbaşı Dış Ticaret A.Ş. (**)	1,90	142.668	1,90	142.668
Esi Eczacıbaşı Sigorta Acentalığı A.Ş. (**)	2,50	103.326	2,50	103.326
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (**)	0,29	5.805	0,29	5.805
Eczacıbaşı İlaç Pazarlama A.Ş. (**)	0,02	15.213	0,02	15.213
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. (**)	0,00	8.128	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
		351.485.019		**351.485.019**
Total		**378.119.326**		**376.512.812**

(*) As at 30 June 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 ASSETS (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
	2010	2010	2010
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş.	62,50	(I)	3. level
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş.	82,84	(II)	1. level
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	48,32	(II)	1. level
Eczacıbaşı Yatırım Ortaklığı A.Ş.	24,59	(II)	1. level
Esan Eczacıbaşı Endüstriyel Hammaddeleri San. ve Tic. A.Ş.	99,96	(III)	3. level
Eczacıbaşı Bilişim San. ve Tic. A.Ş.	94,58	(V)	3. level
Vitra Karo San. ve Tic. A.Ş.	88,19	(III)	3. level
Engers Keramik Gmbh&Co Kg	88,19	(III)	3. level
Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri San. ve Tic. A.Ş.	73,95	(III)	3. level
EİP Eczacıbaşı İlaç Pazarlama A.Ş.	62,49	(III)	3. level
Eczacıbaşı Portföy Yönetimi A.Ş.	59,56	(III)	3. level
Eczacıbaşı Menkul Değerler A.Ş.	59,56	(III)	3. level
EKY Eczacıbaşı-Koramic Yapı Kimyasalları San. ve Tic. A.Ş.	49,37	(IV)	2. level
İpek Kağıt San. ve Tic. A.Ş.	49,30	(III)	3. level
Villeroy&Boch Fliesen Gmbh	44,97	(III)	3. level
Kaynak Tekniği San. ve Tic. A.Ş.	42,71	(III)	3. level
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	36,79	(III)	3. level
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	31,96	(III)	3. level
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler San. ve Tic. A.Ş.	31,25	(III)	3. level
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	31,25	(III)	3. level
Eczacıbaşı-Monrol Nükleer Ürünler San. ve Tic. A.Ş.	30,82	(III)	3. level
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	96,18	(V)	3. level
Cennet Koyu Turizm İşletmeleri San. ve Tic. A.Ş.	78,88	(V)	3. level
Eczacıbaşı Havacılık A.Ş.	86,98	(V)	3. level
Eczacıbaşı Sağlık Hizmetleri A.Ş.	77,22	(V)	3. level
Eczacıbaşı İnşaat ve Ticaret A.Ş.	62,66	(V)	3. level
Eczacıbaşı İlaç Ticaret A.Ş.	62,53	(V)	3. level
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	59,26	(V)	2. level
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	50,00	(V)	3. level
Toplu Konut Holding A.Ş.	27,00	(V)	3. level
Ekom Eczacıbaşı Dış Ticaret A.Ş.	17,60	(V)	3. level
Vitra Bad Gmbh	100,00	(VI)	3. level
Vitra UK Limited	96,46	(VI)	3. level
Vitra Ireland Limited	82,69	(VI)	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.

(**) According to assessment on a public non-financial investments available for sale on the interim period the Group reached the conclusion that there is any indication of a decrease in value. In this context, studies determined that the fair value of assets made on 31 December 2010 and has not been updated in the interim.

4 - FINANCIAL ASSETS (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 31 December 2010 in İstanbul Stock Exchange (ISE). As of 31 December 2010 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 balance sheet 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 68.374.369 as of 31 December 2010. As of 31 December 2010 Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has a market value of TL 355.600.000.

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

4 - FINANCIAL ASSETS (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 2010
Total fair value of Eczacıbaşı Holding A.Ş. (*)	3.071.194.186
The share of the Group within the total fair value of Eczacıbaşı Holding A.Ş. (**)	354.415.941
The effect of mutual subsidiary	26.016.261
Fair value before liquidity discount	**380.432.202**
Liquidity discount (-)	(57.064.830)
Fair value of the Group in consolidated financials	**323.367.372**

(*) Reflects the amount multiplied with the total proportion of ownership interests.
(**) As of 31 December 2010 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 380.432.202 of fair value before liquidity discount is calculated by using the fair value of Eczacıbaşı Holding A.Ş. which amounts to TL 3.071.194.186 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 354.415.941 is added to TL 26.016.261, 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 2010 is discounted from the total amount and fair value of TL 323.367.372 is reflected in the consolidated financial statements.

5 – FINANCIAL LIABILITIES

	30 June 2011		**31 December 2010**	
	Interest Rate %	**Amount**	**Interest Rate %**	**Amount**
Short-term Loans				
TL-denominated loans	-	196.214	-	145.486
	-	**196.214**	**-**	**145.486**

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

6 – TRADE RECEIVABLES AND PAYABLES

	30 June 2011	31 December 2010
Short-term trade receivables:		
Receivables from credit customers	15.848.541	13.463.130
Investors current account	603.969	394.252
Fund management and commission receivables	216.369	201.266
Doubtful receivables	206.001	206.001
Other	8.482	19.347
	16.883.362	**14.283.996**
Provision for doubtful receivables	(206.001)	(206.001)
	16.677.361	**14.077.995**

The Group, holds common stocks with a market value of TL 61.358.530 (31 December 2010: TL 53.508.145) as collateral for the loans given out. Average interest rate for these borrowings is 12 % (31 December 2010: 11,40%).

	30 June 2011	31 December 2010
Short term trade payables:		
Funds received from the repo contracts (Note 3)	1.222.011	1.249.883
Payable from purchase of securities (*)	328.962	2.030.108
Investors current account	939.441	802.708
Suppliers	1.130.834	761.161
Payables to ISE	-	31.967
Other	177	6.301
	3.621.425	**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

	30 June 2011	31 December 2010
Deposits and guarantees given	82.394	80.076
Receivables from Turkish Derivatives Exchange (net) (*)	5.948	4.320
Personnel advance installments	190.423	57.458
Dividend receivables (**) (Note 22)	1.229.010	-
Other	43.275	27.146
	1.551.050	**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 income statement, 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.

(**) According to the decision of the Ordinary General Assembly dated 14 April 2011, There is dividend receivable amounting to TL 1.229.010 from Eczacıbaşı Holding A.Ş as of 30 June 2011.

	30 June 2011	31 December 2010
Long-term other receivables:		
Deposits and guarantees given	5.769	5.600
	5.769	**5.600**

Short-term other payables:

	30 June 2011	31 December 2010
Payables to the related parties	23.041	2.281.027
Other	43.032	7.861
	66.073	**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. Amounting to TL 190.711 related to the debt, due to not being related party disclosed under other account in 2011.

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

8 - INVESTMENTS IN ASSOCIATES

Associates:

	30 June 2011		31 December 2010	
	%	**Amount**	**%**	**Amount**
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	18,75	447.224.626	18,75	444.016.536
İntema İnşaat ve Tesis Malzemeleri A.Ş.	20,86	1.590.662	20,86	1.209.571
Atlı Zincir İğne ve Makina Sanayi A.Ş.	(*)	-	(*)	-
Eczacıbaşı E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	31,01	1.505.128	31,01	2.411.585
		450.320.416		**447.637.692**

(*) As of 31 December 2010, Atlı Zincir İğne and Makina Sanayi A.Ş., Group's investment which is accounted for equity method; have been disposed with a price of TL 2.220.000.

Current year movements of investments in associates are as follows:

	1 January-30 June 2011	**1 January-31June 2010**
At 1 January	447.637.692	411.349.158
Group's share in the associate's profit	9.474.958	7.841.611
Eliminated dividend payments of associations	(7.193.972)	(7.193.972)
Change in the fair value of available-for-sale financial assets	(138.911)	(13.708)
Effect on the rate of change in participation	(39.180)	-
Effect of currency translation	579.829	(701.494)
At 30 June	**450.320.416**	**411.281.595**

As of 30 June 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 20,05% and 41,73 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.

10 – PROPERTY AND EQUIPMENT

	1 January 2011	Additions	Disposals	30 June 2011
Cost				
Furniture and fixtures	6.441.556	121.559	(44.156)	6.518.959
Leasehold improvements	1.078.230	33.185	-	1.111.415
Machinery and equipments	610.296	4.140	-	614.436
	8.130.082	158.884	(44.156)	8.244.810
Accumulated Depreciation				
Furniture and fixtures	(6.063.348)	(142.043)	40.948	(6.164.443)
Leasehold improvements	(933.135)	(27.608)	-	(960.743)
Machinery and equipments	(596.947)	(1.605)	-	(598.552)
	(7.593.430)	(171.256)	40.948	(7.723.738)
Net book value	**536.652**			**521.072**

	1 January 2010	Additions	Disposals	30 June 2010
Cost				
Furniture and Fixtures	6.423.834	42.903	(34.719)	6.432.018
Vehicles	46.823	-	(46.823)	-
Leasehold improvements	1.033.504	38.254	-	1.071.758
Machinery and Equipment	605.909	-	-	605.909
	8.110.070	81.157	(81.542)	8.109.685
Accumulated Depreciation				
Furniture and Fixtures	(5.960.779)	(149.870)	34.719	(6.075.930)
Vehicles	(46.823)	-	46.823	-
Leasehold improvements	(866.783)	(39.360)	-	(906.143)
Machinery and Equipment	(594.051)	(2.060)	-	(596.111)
	(7.468.436)	(191.290)	81.542	(7.578.184)
Net book value	**641.634**			**531.501**

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

11 - INTANGIBLE ASSETS

	1 January 2011	Additions	Disposals	30 June 2011
Cost				
Computer software	3.033.875	70.211	-	3.104.086
Rights	1.150	-	-	1.150
	3.035.025	70.211	-	3.105.236
Accumulated depreciation				
Computer software	(2.894.859)	(63.205)	-	(2.958.064)
Rights	(625)	(131)	-	(756)
	(2.895.484)	(63.336)	-	(2.958.820)
Net book value	**139.541**			**146.416**

	1 January 2010	Additions	Disposals	30 June 2010
Cost				
Computer software	2.865.665	153.389	-	3.019.054
Rights	362	788	-	1.150
	2.866.027	154.177	-	3.020.204
Accumulated depreciation				
Computer software	(2.773.456)	(64.265)	-	(2.837.721)
Rights	(362)	-	-	(362)
	(2.773.818)	(64.265)	-	(2.838.083)
Net book value	**92.209**			**182.121**

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

12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2011	31 December 2010
Provisions:		
BITT provision related to 2008 (Note 12 (d))	66.893	64.144
Provision for litigation (Note 12 (d))	5.500	5.500
Provision for expense	-	2.907
Other	9.440	7.965
	81.833	**80.516**

a) As of 30 June 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:

	30 June 2011	31 December 2010
Securities held in custody in Takasbank		
Investment funds- unit	8.779.395.835	8.944.993.766
Common stocks	626.074.774	613.016.832
Customer portfolio - Government bonds and treasury bills	12.740.604	8.214.254
Group portfolio - Government bonds and treasury bills	4.646.621	7.315.851
Group portfolio - Government bonds - Repos	3.047.741	165.465
Group portfolio - Common stocks	18.457	1.975

c) As of 30 June 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 20.839.486 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 30 June 2011 and 31 December 2010 are as follows:

	30 June 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 66.893 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 June 2009.

   In addition, the law-suits filed against the Group are classified as contingent liability and TL 5.500 is accounted for these cases (31 December 2010: TL 5.500).

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

13 – EMPLOYEE BENEFITS

	30 June 2011	31 December 2010
Provision for current liabilities:		
Employee premium provision	277.822	2.340.850
Unused vacation provision	1.103.626	892.472
	1.381.448	**3.233.322**

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

	30 June 2011	30 June 2010
1 January Balance	2.340.850	1.930.877
Charge during the period	2.579.398	1.474.635
Paid during the period	(4.642.426)	(1.930.877)
Period End Balance	**277.822**	**1.474.635**

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

	30 June 2011	30 June 2010
1 January Balance	892.472	422.983
Charge during the period	313.186	55.229
Paid during the period	(102.032)	-
Period End Balance	**1.103.626**	**478.212**

	30 June 2011	31 December 2010
Provisions for non-current liabilities:		
Provision for employment termination benefits	1.131.924	1.016.973
	1.131.924	**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.

As of 30 June 2011, the amount payable consists of one month's salary limited to a maximum of TL 2.623,23 (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.

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

13 – EMPLOYEE BENEFITS (Continued)

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:

	30 June 2011	31 December 2010
Discount Rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	9,22	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 2.731,85 effective from 1 July 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:

	30 June 2011	30 June 2010
At 1 January	1.016.973	861.324
Service cost	225.315	191.281
Interest cost	23.512	12.279
Paid during the year	(133.876)	(142.284)
At 30 June	**1.131.924**	**922.600**

14 – OTHER ASSETS AND LIABILITIES

	30 June 2011	31 December 2010
Other current assets		
Prepaid taxes and duties	159.951	431.373
Prepaid expenses	1.042.538	820.554
Other	14.181	504
	1.216.670	**1.252.431**
Other non-current assets		
Deferred VAT	2.242.104	2.068.265
Prepaid expenses	516	47.142
	2.242.620	**2.115.407**
Other current liabilities		
Taxes and funds payable	740.406	899.689
Other	90.000	56.451
	830.406	**956.140**

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

15 – EQUITY

The Company's paid in capital is TL 70.000.000 (31 December 2010: TL70.000.000) 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 30 June 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 30 June 2011and 31 December 2010 are as follows with the historical amounts:

	30 June 2011		31 December 2010	
	Amount	**Share (%)**	**Amount**	**Share (%)**
Eczacıbaşı Holding A.Ş.	41.479.335	59,26	41.479.335	59,26
Other (listed)	28.520.665	40,74	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.

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 are as follows:

	30 June 2011	31 December 2010
Legal reserves	11.668.258	10.973.842
Special reserves	-	-
	11.668.258	**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.

15 – EQUITY (Continued)

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";

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 30 June 2011, there is no plan for dividend distribution.

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

15 – EQUITY (Continued)

In accordance with the decision of the Ordinary General Assembly dated 14 April 2011, 75 % of gain on sale of Atlı Zincir ve Makina Sanayi A.Ş amounting to TL 239.635 was classified to special funds by allocating from extraordinary reserve amounting to TL 6.889.329.

16 – OPERATING REVENUE

Domestic sales and cost of sales are as follows:

Sales Income	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Government bond sales	655.763.755	416.713.464	687.871.032	374.636.247
Common stock sales	368.321.677	101.757.321	291.123.665	137.415.394
Treasury bill sales	2.000.179	-	25.010.571	12.998.131
Total Sales	**1.026.085.611**	**518.470.785**	**1.004.005.268**	**525.049.772**
Services				
Intermediary commissions on common stock transactions	8.449.879	3.663.103	7.155.799	2.998.108
B Type Liquid Fund management fee	996.638	505.347	1.222.627	581.795
Intermediary commissions on derivative transactions	550.173	219.001	909.162	502.746
Commission fee on portfolio management	1.039.525	541.795	922.662	711.900
Right of preference - exercise dividend payments	20.775	15.626	22.876	14.326
Intermediary commissions on bond and bill transactions	184.441	93.632	226.228	114.812
Government bond accrual income	821.639	(26.154)	613.636	9.623
Government bond reverse repo income	216.815	118.289	510.518	267.256
Dividend income	388.361	367.226	477.762	467.267
Priority right at no charge	25.650	81	151.105	110.229
Interest income	300.889	219.649	139.480	-
Treasury bills reverse repo income	-	-	42.270	26.955
Shares unrealiceytsed value increase/(decrease)	(651.569)	(1.241.756)	(630.130)	(1.479.298)
Cancellation of previous year marketable securities income accrual	(874.602)	-	(1.065.265)	-
Cancellation of previous year shares unrealised value increase/(decrease)	58.377	-	(1.318.997)	-
Other	444.554	180.782	353.274	187.220
Service Income	**11.971.545**	**4.656.621**	**9.733.007**	**4.512.939**
Returns and discounts				
Service revenue discounts	(26.594)	(9.425)	(107.020)	(25.033)
Total returns and discounts	**(26.594)**	**(9.425)**	**(107.020)**	**(25.033)**
Total sales income	**1.038.030.562**	**523.117.981**	**1.013.631.255**	**529.537.678**
Cost of sales				
Government bond sales	(654.947.172)	(416.119.243)	(686.718.876)	(374.129.399)
Common stock sales	(368.336.915)	(101.520.342)	(288.314.373)	(137.030.323)
Treasury bill sales	(2.000.113)	-	(25.005.479)	(12.995.486)
Total cost of sales	**(1.025.284.200)**	**(517.639.585)**	**(1.000.038.728)**	**(524.155.208)**
Interest Income				
Interest income from loans given to customers	915.786	498.444	488.614	268.981
	915.786	**498.444**	**488.614**	**268.981**

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

17 – EXPENSES BY NATURE

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
General administrative expenses				
Personnel	9.072.739	4.579.875	8.097.893	4.310.952
Services received from related parties (Note 22 (d))	2.587.533	1.250.505	2.781.899	1.336.199
Outsource service	729.400	468.770	496.222	267.789
Rent	602.631	301.694	618.182	302.036
Office	505.839	253.706	483.597	253.778
Transportation	446.988	209.051	413.613	201.465
Depreciation and amortisation (Note 10,11)	234.592	92.095	255.555	104.128
Communication	348.689	169.738	189.085	98.937
Maintenance	196.898	108.255	175.269	85.844
Other	566.505	316.340	398.152	248.302
	15.291.814	**7.750.029**	**13.909.467**	**7.209.430**

Marketing, selling and distribution expenses				
Advertising and marketing	109.282	79.177	476.565	257.314
Selling and distribution	641.242	342.992	341.453	99.842
Other	8.937	8.937	-	-
	759.461	**431.106**	**818.018**	**357.156**

18- OTHER OPERATING INCOME/EXPENSES

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Other operating income				
Increase in fair value of marketable securities, net	-	-	-	(3.804.007)
Income from customer transaction differences	2.032.586	828.588	1.152.809	538.373
Income from derivative transactions	5.005	5.005	25.741	25.741
Income from cancellation of allowance	7.657	7.657	-	-
Dividend Income	1.984.768	1.984.768	625.423	578.370
Other	29.698	19.215	78.329	16.973
	4.059.714	**2.845.233**	**1.882.302**	**(2.644.550)**

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

18- OTHER OPERATING INCOME/EXPENSES (Continued)

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Other operating expenses				
Impairment of marketable securities	2.021.927	491.513	1.868.568	1.868.568
Loss on sale of tangible fixed assets	3.205	3.205	-	-
2008 transactions				
BITT provision expense (Note 12)	2.749	1.649	3.829	2.297
Donations	295.150	130.050	-	-
Other	8.043	5.786	76.621	70.983
	2.331.074	**632.203**	**1.949.018**	**1.941.848**

19 - FINANCIAL INCOME/EXPENSES

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Financial incomes:				
Interest income from bank placements	2.692.860	1.442.996	3.271.860	1.658.931
Foreign exchange gains	2.650.656	1.653.230	-	-
Interest income from marketable securities	-	-	-	(104.657)
Other	1.808.426	1.727.198	455.186	383.934
	7.151.942	**4.823.424**	**3.727.046**	**1.938.208**

	1 January - 30 June 2011	1 April – 30 June 2011	1 January – 30 June 2010	1 April – 30 June 2010
Financial expenses:				
Foreign exchange losses	684.881	297.225	577.419	186.410
Interest expense from marketable securities	164.941	14.155	229.428	229.428
Prior year accrual cancellation of marketable securities	-	-	5.123	5.123
Commissions for guarantee letters	43.074	21.291	40.991	20.613
Other	17.808	17.808	66.858	64.688
	910.704	**350.479**	**919.819**	**506.262**

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 Law is changed with Law No. 5520 dated 13 June 2006. Most of the articles of mentioned law have become effective as of 01 January 2006. Accordingly, corporate tax rate in Turkey is 20% for 2011 (2010: 20%).

Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed except withholding tax at the rate of 19,8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional Article 61.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income by preparing tax declaration within the period of two months and 14 days subsequent to the corresponding quarter. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set off against other liabilities to the government.

In accordance with Tax Law No. 5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 01 January 2004, income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of new Turkish lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment was not applied as these conditions were not fulfilled in the first 3 months of fiscal year 2011 and 2010.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

(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 01 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 income statement as at 1 January -30 June 2011 and 2010 are summarised below:

	30 June 2011	**31 December 2010**
- Current period corporate tax (Entity)	1.024.296	802.133
- Advance tax (Entity)	(481.419)	(800.633)
	542.877	**1.500**
- Current period corporate tax (Subsidiary)	336.118	11.454
- Advance tax (Subsidiary)	(488.086)	(203.672)
	(151.968)	**(192.218)**

	1 January - 30 June 2011	**1 April - 30 June 2011**	**1 January - 30 June 2010**	**1 April - 30 June 2010**
- Current period corporate tax (-)	(1.360.414)	(610.679)	(403.425)	(40.677)
- Deferred income tax (charge)/ benefit	192.649	(331.671)	260.934	1.709.096
Total tax expense	**(1.167.765)**	**(942.350)**	**(142.491)**	**1.668.419**

The reconciliation at 30 June 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 - 30 June 2011	**1 January - 30 June 2010**
Income before tax	15.055.709	9.935.778
Current year corporation tax expense	3.011.142	1.987.156
Tax effect of exempt income	(4.178.907)	(2.129.647)
Total tax expense	**(1.167.765)**	**(142.491)**

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 30 June 2011 and 31 December 2010 using the enacted tax rates is as follows:

	Temporary Differences (*)	
	30 June 2011	**31 December 2010**
Provision for employment termination benefits	1.130.592	1.016.973
Carried forward tax losses	7.738.080	7.738.080
Provision for unused vacation	1.103.626	892.472
Other	282.564	11.938
Deferred income tax assets	**10.254.862**	**9.659.463**
Fair value differences of available-for-sale financial assets (**)	(280.168.703)	(278.747.863)
Marketable securities valuation difference	(14.587.649)	(14.718.459)
Net difference between the carrying value of tangible and intangible assets and their tax bases	(116.224)	(200.852)
Deferred income tax liabilities	**(294.872.576)**	**(293.667.174)**

	Deferred tax assets/(liabilities)	
	30 June 2011	**31 December 2010**
Provision for employment termination benefits	226.118	203.395
Carried forward tax losses	1.547.616	1.547.616
Provision for unused vacation	220.725	178.494
Other	56.513	2.388
Deferred income tax assets	**2.050.972**	**1.931.893**
Fair value differences of available-for-sale financial assets (**)	(14.008.435)	(13.937.393)
Marketable securities valuation difference	(2.917.530)	(2.971.545)
Net difference between the carrying value of tangible and intangible assets and their tax bases	(23.245)	(40.170)
Deferred income tax liabilities	**(16.949.210)**	**(16.949.108)**
Provision for Impairment	(1.562.866)	(1.556.213)
Net deferred tax liabilities	**(16.461.104)**	**(16.573.428)**

(*) 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.

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

20 – TAX ASSETS AND LIABILITIES (Continued)

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 7.738.080 (31 December 2010: TL 7.738.080) which deferred tax assets has not recognised.

	Deductible carried forward tax losses	**Last Utilisation Period**
2006	1.883.625	31 December 2011
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
	7.738.080	

The movement of deferred income tax liabilities as at 30 June 2011 and 2010 is as follows:

	1 January- 30 June 2011	**1 January- 30 June 2010**
1 January	(16.573.428)	(13.827.281)
Current year deferred income tax (charge)/credit	192.649	260.934
Deferred income tax liabilities arising from fair value increases of available-for-sale financial assets	(80.325)	602.407
30 June	**(16.461.104)**	**(12.963.940)**

21 - EARNINGS PER SHARE

	1 January - 30 June 2011	**1 April – 30 June 2011**	**1 January – 30 June 2010**	**1 April – 30 June 2010**
Net income for the period (TL) (Parent shares)	14.133.615	10.164.626	8.769.216	1.450.397
Weighted average number of ordinary shares with face value of TL1 each	70.000.000	70.000.000	70.000.000	70.000.000
Earnings per share (TL)	**0,202**	**0,145**	**0,125**	**0,021**

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

22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Receivables from related parties:

	30 June 2011	31 December 2010
Receivables from group companies:		
Eczacıbaşı Holding A.Ş. (Note 7)	1.229.010	-
	1.229.010	**-**

b) Payables to related parties:

	30 June 2011	31 December 2010
Payables to shareholders:		
Eczacıbaşı Holding A.Ş.	517.589	624.731
Other	22.919	20.448
	540.508	**645.179**
Payables to group companies:		
Eczacıbaşı Bilim Sanayi ve Ticaret A.Ş.	72.218	79.496
Eczacıbaşı Sigorta Acenteliği A.Ş.	112.665	-
Eczacıbaşı Sağlık Hizmetleri A.Ş.	3.852	-
Eczacıbaşı Bilgi İletişim A.Ş.	177	-
Atlı Zincir İğne ve Makine Sanayi A.Ş. (*)	-	2.189.017
	188.912	**2.268.513**
Dividend payables to shareholders:		
Other (Note 7)	122	123
	122	**123**
	729.542	**2.913.815**

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

As of 30 June 2011, the Group has classified a portion of due from related parties amounting to TL 706.501 (31 December 2010: TL 632.788) under trade payables based on its nature and TL 23.041 (31 December 2010: TL 2.281.027) under short-term other liabilities.

c) Sales to related parties:

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Eczacıbaşı Holding A.Ş.	43.738	20.350	45.800	16.813
	43.738	**20.350**	**45.800**	**16.813**

(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 - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Eczacıbaşı Holding A.Ş. (*)	2.430.856	1.162.012	2.455.252	1.232.637
Eczacıbaşı Spor Kulübü	122.000	70.000	125.000	65.000
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	21.822	13.562	142.494	149
Eczacıbaşı İlaç Pazarlama A.Ş.	3.684	1.842	31.554	15.685
Eczacıbaşı Sağlık Hizmetleri A.Ş.	2.790	-	27.599	22.728
Eczacıbaşı E-Kart Elektronik Kart Sistemleri ve Sanayi A.Ş.	6.381	3.089	-	-
	2.587.533	**1.250.505**	**2.781.899**	**1.336.199**

(*) 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 - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	498.668	498.668	578.370	578.370
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	36.575	36.575	-	-
Other	-	-	47.053	-
	535.243	**535.243**	**625.423**	**578.370**

f) Benefits provided to top management:

Total benefits provided to key management personnel for the year ended at 30 June 2011 amounted to TL 1.477.515 (30 June 2010: TL 1.181.695).

g) Dividend payments to related parties

	1 January - 30 June 2011	1 April - 30 June 2011	1 January - 30 June 2010	1 April - 30 June 2010
Eczacıbaşı Holding A.Ş.	2.903.553	2.903.553	2.073.966	2.073.966
	2.903.553	**2.903.553**	**2.073.966**	**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**			
30 June 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	-	16.677.361	-	1.556.819	14.857.534	83.579.623
	-	**16.777.361**	**-**	**1.556.819**	**14.857.534**	**83.579.623**

	Trade Receivables		**Other Receivables**			
31 December 2010	**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	-	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 income statements.
(**) Item contains cash equivalents

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 30 June 2011and 31 December 2010 according to their contract dates is as follows:

	30 June 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	196.214	196.214	196.214	-	-	-
Trade Payables	3.621.425	3.621.425	3.621.425	-	-	-
Other Payables	66.073	66.073	66.073	-	-	-
Total Liabilities	**3.883.712**	**3.883.712**	**3.883.712**	**-**	**-**	**-**

	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**	-	-	-

(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.

30 June 2011	**USD**	**EUR**	**GBP**	**Total**
Cash and cash equivalents	11.627.565	10.845.836	65	22.473.466
Financial Liabilities	(61.878)	-	-	(61.878)
Net foreign currency position	**11.565.687**	**10.845.836**	**65**	**22.411.588**

31 December 2010	**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**

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

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Profit/Loss		Equity	
30 June 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	1.156.569	(1.156.569)	1.156.569	(1.156.569)
2. Hedged Positions (-)	-	-	-	-
3. USD Net effect (1+2)	**1.156.569**	**(1.156.569)**	**1.156.569**	**(1.156.569)**
In the case of 10% fluctuation of EUR against TL				
4. EURO net asset/liability	1.084.584	(1.084.584)	1.084.584	(1.084.584)
5. Hedged position (-)	-	-	-	
6. EUR net affect (4+5)	**1.084.584**	**(1.084.584)**	**1.084.584**	**(1.084.584)**
In the case of 10% fluctuation of GBP against TL				
7. GBP net asset/liability	7	(7)	7	(7)
8. Hedged position (-)	-	-	-	-
9. GBP net affect (7+8)	**7**	**(7)**	**7**	**(7)**
Total (3+6+9)	**2.241.160**	**(2.241.160)**	**2.241.160**	**(2.241.160)**

	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. EUR 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 30 June 2011and 31 December 2010 in consideration of foreign exchange rates are as follows:

	30 June 2011	**31 December 2010**
USD	1,6302	1,5460
EUR	2.3492	2,0491
GBP	2,6111	2,3886

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

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(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.

The interest rate applied to the financial assets as of the 30 June 2011 and 2010 are as follows:

Assets		**30 June 2011**	**31 December 2010**
Time deposits	TL	%9,25-11,60	%8,50-9,00
	USD	%5,10	%5,10
	EUR	%5,10	%3,15
Government bonds	TL	%7,22	%6,11
Reverse repos	TL	%7,49	-

(c) Stock Price risk

All stocks classified as held for trading in the company's balance sheet are traded at Istanbul Stock Exchange (IMKB). According to analysis calculated by the company, in case of increase/decrease by 5% in ISE index increase/decrease amounting to TL 2.855.737 occurs in fair value of the stocks and net profit/loss of the company, provided all other variables remain constant and stocks in portfolio act in same direction with ISE index. (30 June 2010: TL 2.173.165)

(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:

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

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 fair values and carrying values of the Group's financial assets and liabilities are as follows:

	30 June 2011		**31 December 2010**	
	Fair value	**Carrying value**	**Fair value**	**Carrying value**
Cash and cash equivalents	83.642.796	83.642.796	85.034.399	85.034.399
Financial assets (*)	378.119.326	378.119.326	376.512.812	376.512.812
Investments in associates	257.092.373	450.320.416	286.564.623	447.637.692
Financial liabilities	196.214	196.214	145.486	145.486

(*) 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.

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)

30 June 2011	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit and loss	74.223.898	-	-	74.223.898
Financial assets, current	**74.223.898**	**-**	**-**	**74.223.898**
Available-for-sale financial assets	58.291.508	31.112.143	288.715.675	378.119.326
Financial assets, non-current	**58.291.508**	**31.112.143**	**288.715.675**	**378.119.326**

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	56.684.994	31.112.143	288.715.675	376.512.812
Financial assets, non-current	**56.684.994**	**31.112.143**	**288.715.675**	**376.512.812**

24 – SUBSEQUENT EVENTS

None.

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

25 -- DISCLOSURE OF MATTERS, WITH MATERIAL EFFECT ON CONSOLIDATED FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS

(a) Information about the transactions regarding portfolio management

Eczacıbaşı Portföy Yönetimi A.Ş. receives management fee from the portfolio management services. Portfolio management commissions are as follows:

	30 June 2011 (%)	31 December 2010 (%)
Eczacıbaşı Menkul Değerler A.Ş. A Tipi Değişken Analiz Fonu (*)	0,0085	0,00685
Eczacıbaşı Menkul Değerler A.Ş. A Tipi Değişken Fon (**)	0,01000	0,01400
Eczacıbaşı Menkul Değerler A.Ş. B Tipi Değişken Fon	0,00685	0,00685
Eczacıbaşı Menkul Değerler A.Ş. B Tipi Büyüme Amaçlı Değişken Fon	0,00822	0,00822
Eczacıbaşı Menkul Değerler A.Ş. B Tipi Tahvil ve Bono Fonu	0,00548	0,00548
Eczacıbaşı Yatırım Ortaklığı A.Ş.	0,01000	0,01000
Eczacıbaşı Menkul Değerler A.Ş. A Tipi Hisse Senedi Fonu	0,0085	0,00850
Aegon Emeklilik ve Hayat A.Ş. Gelir Amaçlı Hisse Senedi Emeklilik Yatırım Fonu (***)	0,00603	0,00603
Aegon Emeklilik ve Hayat A.Ş. Dengeli Emeklilik Yatırım Fonu (***)	0,00603	0,00603
Aegon Emeklilik ve Hayat A.Ş. Gelir Amaçlı Kamu Borçlanma Fonu (***)	0,00548	0,00548
Aegon Emeklilik ve Hayat A.Ş. Gelir Amaçlı Uluslararası Borçlanma Fonu (***)	0,00575	0,00575
Aegon Emeklilik ve Hayat A.Ş. Dengeli Esnek Emeklilik Yatırım Fonu (***)	0,00603	0,00603
Aegon Emeklilik ve Hayat A.Ş. Para Piyasaları Likit Kamu Fonu (***)	0,00438	0,00438

(*) As of 18 February 2011 the portfolio management commission has been changed to 0, 0085%.
(**) As of 1 January 2011 the commission of the portfolio manager has been changed to 0,010%
(***) The portion of this fee, calculated over the net asset value of the fund, is paid to the portfolio manager.

25 - DISCLOSURE OF MATTERS, WITH MATERIAL EFFECT ON CONSOLIDATED FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS (Continued)

(b) Capital adequacy requirements

The Group describes and manages its capital in accordance with the Communiqué of Principles regarding Capital and Capital Adequacy of the Brokerage Companies, Serial V No. 34. In accordance with the said Communiqué, capital of the brokerage companies are the amounts representing the part of the net assets which is covered by the partnership, according to the financial statements prepared as of the valuation date. The initial capital amount that is required for intermediary activity is TL 815.000 for the period ended 30 June 2011 (1 January - 31 December 2010: TL 803.000). Furthermore, brokerage companies are required to increase their capital at the rates stated below for each type of capital market activity they conduct. Total capital requirement of the Company in this context is TL 2.045.000 (31 December 2010: TL 2.015.000).

a) 50% of the initial capital is required for public offering intermediary activities,
b) 50% of the initial capital is required for marketable security repurchase and resale activities,
c) 40% of the initial capital is required for portfolio management activities,
d) 10% of the initial capital is required for investment consultancy activities.

In accordance with Article 4 of Communiqué Serial V No. 34, the capital adequacy bases of the brokerage houses represent the amounts calculated by deducting the net amounts of the tangible and intangible assets, financial assets and other assets net of the impairment provisions and capital commitments, excluding those listed in stock exchanges and other organised markets, unsecured receivables from the staff, shareholders, associates, subsidiaries and people or entities directly or indirectly related to the firm in respect of capital, management and audit, even if they bear client status, and amounts of capital market instruments issued by these people and entities which are not listed in stock exchanges and other organised markets from the shareholders' equity.

In accordance with Article 8 of Communiqué Serial V No. 34 the capital adequacy bases of brokerage houses cannot be lower than any of the following; minimum capital requirement according to the market activity they conduct, risk amount calculated in accordance with the stated Communiqué and operating expenses of the three months prior to the valuation date.

As of 30 June 2011, the Group does not have capital deficit as per the relevant requirements of capital adequacy. (31 December 2010: None)