

**ECZACIBAŐI YATIRIM HOLDİNG  
ORTAKLIĐI ANONİM ŐİRKETİ**

CONSOLIDATED FINANCIAL STATEMENTS  
AND THE NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 MARCH 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 31 MARCH 2011 AND 31 DECEMBER 2010

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

	Notes	Current Period (Unaudited) 31 March 2010	Prior Period (Audited) 31 December 2010
<b>ASSETS</b>			
<b>Current Assets</b>		<b>173.634.330</b>	<b>175.668.898</b>
Cash and cash equivalents	3	82.663.352	85.034.399
Financial assets	4	71.791.092	75.135.073
Trade receivables	6	16.832.788	14.077.995
Other receivables	7	495.408	169.000
Other current assets	14	1.851.690	1.252.431
<b>Non-current assets</b>		<b>846.471.243</b>	<b>842.283.213</b>
Other receivables	7	5.606	5.600
Financial assets	4	377.104.685	376.512.812
Investments in associates	8	450.962.527	447.637.692
Investment property	9	15.000.000	15.000.000
Tangible assets	10	464.382	536.652
Intangible assets	11	139.317	139.541
Deferred tax assets	20	563.704	335.509
Other non-current assets	14	2.231.022	2.115.407
<b>TOTAL ASSETS</b>		<b>1.020.105.573</b>	<b>1.017.952.111</b>

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 31 MARCH 2011 AND 31 DECEMBER 2010**

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

		<b>Current Period (Unaudited) 31 March 2011</b>	<b>Prior Period (Audited) 31 December 2010</b>
	<b>Notes</b>		
<b>Liabilities</b>		<b>26.906.581</b>	<b>29.513.890</b>
<b>Current liabilities</b>		<b>9.181.700</b>	<b>11.587.980</b>
Financial liabilities	5	191.803	145.486
Trade payables	6	4.088.159	4.882.128
- Due to related parties	22	700.676	632.788
- Other trade payables		3.387.483	4.249.340
Other payables	7	1.011.805	2.288.888
- Due to related parties	22	20.498	2.281.027
- Other payables		991.307	7.861
Current income tax	20	570.877	1.500
Short term provisions	12	70.744	80.516
Employee benefit provisions	13	1.922.257	3.233.322
Other current liabilities	14	1.326.055	956.140
<b>Non-current liabilities</b>		<b>17.724.881</b>	<b>17.925.910</b>
Employee benefit provisions	13	1.082.476	1.016.973
Deferred tax liabilities	20	16.642.405	16.908.937
<b>EQUITY</b>		<b>993.198.992</b>	<b>988.438.221</b>
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		493.156.728	492.631.942
Restricted reserves	15	10.973.842	10.973.842
Translation reserve		(143.626)	(355.087)
Retained earnings		253.583.342	233.913.421
Net income for the year		3.968.989	19.669.921
<b>Attributable to equity holders of the parent</b>		<b>962.904.824</b>	<b>958.199.588</b>
<b>Non-controlling interest</b>		<b>30.294.168</b>	<b>30.238.633</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1.020.105.573</b>	<b>1.017.952.111</b>

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

**ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.****CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS  
FROM 1 JANUARY TO 31 MARCH 2011 AND 2010**

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

	Notes	Current Period (Unaudited) 1 January- 31 March 2011	Restated Prior Period (Unaudited) 1 January- 31 March 2010
<b>CONTINUING OPERATIONS</b>			
Sales income, net	16	514.912.581	484.093.577
Sales		507.614.826	478.955.496
Service income		7.314.924	5.220.068
Deductions from service income (-)		(17.169)	(81.987)
Cost of sales (-)	16	(507.644.615)	(475.883.520)
Interest income	16	417.342	219.633
<b>Gross profit</b>		<b>7.685.308</b>	<b>8.429.690</b>
Marketing, Selling and distribution expenses (-)	17	(328.355)	(460.862)
General administrative expenses (-)	17	(7.541.785)	(6.700.037)
Other operating income	18	1.214.481	4.526.852
Other operating expenses (-)	18	(1.698.871)	(7.170)
<b>Operating profit/(loss)</b>		<b>(669.222)</b>	<b>5.788.473</b>
Share of profit of associates	8	3.150.868	3.507.862
Financial income	19	2.328.518	2.432.402
Financial expenses (-)	19	(560.225)	(1.057.121)
<b>Income before tax</b>		<b>4.249.939</b>	<b>10.671.616</b>
Taxes on income	20	(749.735)	(362.748)
Deferred tax expenses	20	524.320	(1.448.162)
<b>Net income for the year</b>		<b>4.024.524</b>	<b>8.860.706</b>
<b>Attributable to</b>			
- Non-controlling interest		55.535	1.541.887
- Equity holders of the parent		3.968.989	7.318.819
<b>Net income for the year</b>	<b>21</b>	<b>4.024.524</b>	<b>8.860.706</b>
Earnings per share for 1 TL nominal value	21	0,057	0,105

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

**ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIODS FROM 1 JANUARY TO 31 MARCH 2011 AND 2010**

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

		<b>Current Period (Unaudited) 1 January- 31 March 2011</b>	<b>Restated Prior Period (Unaudited) 1 January- 31 March 2010</b>
	<b>Notes</b>		
<b>Net income for the year</b>		<b>4.024.524</b>	<b>8.860.706</b>
<b>Other comprehensive income:</b>			
Changes in financial assets’ fair value reserve		554.379	596.982
Changes in translation reserve	8	211.461	(229.457)
Group’s share in the associates’ comprehensive income	8	(37.494)	45.179
Tax expense of other comprehensive income items	20	(29.593)	(27.589)
<b>Other comprehensive income (after tax)</b>		<b>698.753</b>	<b>385.115</b>
<b>Total comprehensive income</b>		<b>4.723.277</b>	<b>9.245.821</b>
<b>Attributable to:</b>			
- Non-controlling interest		55.535	1.541.887
- Equity holders of the parent		4.667.742	7.703.934
<b>Earnings per share for 1 TL nominal value</b>		<b>0,067</b>	<b>0,110</b>

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 FROM 1 JANUARY TO 31 MARCH

(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
<b>1 January 2010 (Previously reported)</b>		<b>70.000.000</b>	<b>131.334.916</b>	<b>-</b>	<b>405.281.198</b>	<b>9.769.984</b>	<b>(7.527)</b>	<b>161.879.578</b>	<b>72.880.556</b>	<b>851.138.705</b>	<b>358.671</b>	<b>851.497.376</b>
Correction made as per TAS 8		-	-	30.633	(103.240)	173.891	-	2.947.909	735.345	3.784.538	27.194.768	30.979.306
<b>1 January 2010 (As restated)</b>		<b>70.000.000</b>	<b>131.334.916</b>	<b>30.633</b>	<b>405.177.958</b>	<b>9.943.875</b>	<b>(7.527)</b>	<b>164.827.487</b>	<b>73.615.901</b>	<b>854.923.243</b>	<b>27.553.439</b>	<b>882.476.682</b>
Increase in fair value of available-for-sale financial assets, net		-	-	-	569.393	-	-	-	-	569.393	-	569.393
Effect of transfer of shares under common control												
Transfers		-	-	-	-	128.648	-	73.487.253	(73.615.901)	-	-	-
Dividends paid		-	-	-	-	-	-	-	-	-	-	-
Currency translation differences		-	-	-	-	-	(229.457)	-	-	(229.457)	-	(229.457)
Net income for the year	21	-	-	-	-	-	-	-	7.318.819	7.318.819	1.541.887	8.860.706
<b>31 March 2010</b>		<b>70.000.000</b>	<b>131.334.916</b>	<b>30.633</b>	<b>405.747.351</b>	<b>10.072.523</b>	<b>(236.984)</b>	<b>238.314.740</b>	<b>7.318.819</b>	<b>862.581.998</b>	<b>29.095.326</b>	<b>891.677.324</b>
<b>1 January 2011</b>	<b>15</b>	<b>70.000.000</b>	<b>131.334.916</b>	<b>30.633</b>	<b>492.631.942</b>	<b>10.973.842</b>	<b>(355.087)</b>	<b>233.913.421</b>	<b>19.669.921</b>	<b>958.199.588</b>	<b>30.238.633</b>	<b>988.438.221</b>
Increase in fair value of available-for-sale financial assets, net		-	-	-	524.786	-	-	-	-	524.786	-	524.786
Transfers		-	-	-	-	-	-	19.669.921	(19.669.921)	-	-	-
Currency translation differences		-	-	-	-	-	211.461	-	-	211.461	-	211.461
Dividends paid		-	-	-	-	-	-	-	-	-	-	-
Net income for the year	21	-	-	-	-	-	-	-	3.968.989	3.968.989	55.535	4.024.524
<b>31 March 2011</b>	<b>15</b>	<b>70.000.000</b>	<b>131.334.916</b>	<b>30.633</b>	<b>493.156.728</b>	<b>10.973.842</b>	<b>(143.626)</b>	<b>253.583.342</b>	<b>3.968.989</b>	<b>962.904.824</b>	<b>30.294.168</b>	<b>993.198.992</b>

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

# ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

		<b>Current Period (Unaudited) 1 January- 31 March 2011</b>	<b>Prior Period (Unaudited) 1 January- 31 March 2010</b>
	<b>Notes</b>		
<b>Cash flows from operating activities:</b>			
Net profit for the period		3.968.989	7.318.819
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortisation	10, 11	142.389	152.379
Provision for employment termination benefits	13	85.999	71.862
Unused vacation provision	13	226.391	81.664
Employee premium provision	13	812.500	400.000
BITT penalty provision	12	1.100	1.532
Tax expense	20	225.415	1.810.910
Interest income		(1.667.206)	(1.832.562)
Dividend income	18	-	(47.053)
Share in associates accounted by equity method	8	(3.150.868)	(3.507.862)
Loss from the sale of tangible assets			
<b>Changes in operating assets and liabilities:</b>			
Change in short-term financial assets		3.343.981	(4.506.374)
Change in trade receivables		(2.754.793)	(2.593.980)
Change in other receivables		(326.408)	(229.177)
Change in other long-term receivables		(6)	(41)
Change in other current assets		(571.166)	(972.740 )
Change in other non-current assets		(115.615)	(77.913)
Change in trade payables		(793.969)	(454.700 )
Change in other payables		(1.277.083)	240.777
Change in other liabilities		388.636	362.786
Corporate tax paid		(178.858)	-
Personnel premium paid	13	(2.340.850)	(1.930.877)
Employment termination benefits paid	13	(20.496)	(29.556)
Vacations paid	13	( 9.106)	(5.147)
<b>Net cash used in operating activities</b>		<b>(4.011.024)</b>	<b>(5.747.253)</b>

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

**ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

		<b>Current Period (Unaudited) 1 January- 31 March 2011</b>	<b>Prior Period (Unaudited) 1 January- 31 March 2010</b>
<b>Investing activities:</b>			
Change in available-for-sale financial assets and investment in associates		(59.186)	(449.577)
Tangible asset purchases	10	(26.801)	(12.538)
Intangible asset purchases	11	(43.094)	(143.236)
Changes in non controlling interest		55.535	1.541.887
Dividends received	18	-	47.053
<b>Net cash provided from investing activities</b>		<b>(73.546)</b>	<b>983.589</b>
<b>Financing activities:</b>			
Interest received		1.495.005	1.835.378
Change in financial liabilities		46.317	715.295
<b>Net cash provided from financing activities</b>		<b>1.541.322</b>	<b>2.550.673</b>
Net increase in cash and cash equivalents		( 2.543.248)	(2.212.991)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>84.945.811</b>	<b>102.892.462</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3</b>	<b>82.402.563</b>	<b>100.679.471</b>

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

# **ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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### **1 - ORGANISATION AND NATURE OF OPERATIONS**

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

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

At 31 March 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 31 March 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 Privée 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.

## **ECZACIBAŐI YATIRIM HOLDİNG ORTAKLIĐI A.Ő.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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#### **1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)**

The Group has 151 employees as at 31 March 2011 (31 December 2010: 147).

The Company’s registered address is as follows:

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

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

# **ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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### **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.

## **ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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

##### **2.1.2 Presentation Currency**

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

##### **2.1.3 Accounting for the effect of hyperinflation**

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

##### **2.1.4 Offsetting**

Financial assets and liabilities are offset and the net amount reported in the 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.

# ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

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

#### 2.1.6 Basis of Consolidation

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

- i) The consolidated financial statements include the accounts of the parent company, Eczacıbaşı Yatırım Holding Ortaklığı A.Ş., its Subsidiaries and Associates (together referred to as the "Group") on the basis set out in paragraphs (ii) to (v) below. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with the CMB Financial Reporting Standards. Results of the operations of the Subsidiaries and Associates are either included in or excluded from the consolidation from the date of their acquisition or disposal, respectively.
- ii) Subsidiaries are companies in which Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has power to control the financial and operating policies for the benefit of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by companies whereby Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them or although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

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

Subsidiary	Nominal capital	Direct shareholding by Group (%)	Shareholding by minority (%)
Eczacıbaşı Menkul Değerler A.Ş.	11.000.000	98,65	1,35
Eczacıbaşı Yatırım Ortaklığı A.Ş. (*)	14.000.000	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

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

##### 2.1.6 Basis of Consolidation (continued)

The paid-in capital of the parent company and subsidiary and 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 31 March 2011 and income statement for the period from 1 January to 31 March 2011 as a full consolidation method.

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

	31 March 2011		31 December 2010	
	Nominal capital	Shareholding (%)	Nominal capital	Shareholding (%)
Eczacıbaşı Portföy Yönetimi A.Ş.	6.000.000	99,99	6.000.000	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.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

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

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

<b>31 March 2011</b>		
<b>Associates</b>	<b>Nominal Capital</b>	<b>Direct Shareholding of Parent company (%)</b>
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
<b>31 December 2010</b>		
<b>Associates</b>	<b>Nominal Capital</b>	<b>Direct Shareholding of Parent company (%)</b>
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.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

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#### 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 31 March 2011 and 31 December 2010 are as follows:

	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Equity</b>	<b>Net Sales</b>	<b>Profit/ (Loss)</b>
<b>31 March 2011</b>					
İntema İnşaat ve Tesis Malzemeleri A.Ş.	145.462.966	129.797.296	15.665.670	112.103.113	(1.178.123)
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	2.719.855.000	309.888.000	2.391.005.000	239.824.000	21.745.000
Eczacıbaşı E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	42.601.596	36.896.543	5.705.053	11.214.171	(1.667.746)
<b>31 December 2010</b>					
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.	41.489.336	34.116.536	7.372.800	41.135.314	(1.755.380)

- 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.

## **ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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#### **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 31 March 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 – 31 March 2011 in comparison with 1 January – 31 March 2010.

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

During the preparation of the current year financial statements, control power on Eczacıbaşı Yatırım Ortaklığı A.Ş. was reconsidered and 31 December 2009 and 31 March 2010 financial tables were restated by including financial statements of Eczacıbaşı Yatırım Ortaklığı A.Ş. into consolidation scope. Based on this, effect of restatement made to opening balances of 2009 and 2010 equity is as follows:

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

##### 2.2. CHANGE IN ACCOUNTING POLICIES

###### 2.2.1 Comparatives and restatement of prior periods' financial statements

	Previously Reported <u>1 Ocak 2009</u>	Consolidation Effect of Eczacıbaşı <u>Yatırım Ortaklığı</u>	Restated <u>1 January 2009</u>
Total Assets	690.490.082	20.243.064	710.733.146
Prior year Profit /(Loss)	161.796.454	2.568.732	164.365.186
Net period Profit	9.432.087	379.177	9.811.264
Non controlling interest share	363.764	17.012.352	17.376.116

	Previously Reported <u>1 Ocak 2010</u>	Consolidation Effect of Eczacıbaşı <u>Yatırım Ortaklığı</u>	Restated <u>1 Ocak 2010</u>
Total Assets	874.017.230	30.699.960	904.717.190
Prior year Profit /(Loss)	161.879.578	2.947.909	164.827.487
Net period Profit	72.880.556	735.345	73.615.901
Non controlling interest share	358.671	27.194.768	27.553.439

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

**2.2.2 Changes in International Financial Reporting Standards**

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

**(a) New and Revised 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.

**(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.

## **ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

##### **2.2.2 Changes in International Financial Reporting Standards (Continued)**

###### **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.

###### **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.

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

**2.2.2 Changes in International Financial Reporting Standards (continued)**

**(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.

**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.

## **ECZACIBAŐI YATIRIM HOLDİNG ORTAKLIĐI A.Ő.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

##### **2.3 CHANGES IN ACCOUNTING ESTIMATES AND ERRORS**

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

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 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.

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**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).

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**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.

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**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.

## **ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.**

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

##### **2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

###### **(j) Provisions**

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

###### **(k) Finance leases - as lessee**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Income taxes**

Tax provision for the period consists of current year tax and deferred tax provisions. Current year tax liability includes tax liability calculated over taxable income for the period with the tax rate at the 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).

**(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.

## **ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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

##### **2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

###### **(p) Share capital and dividends**

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

###### **(r) Commitments, contingent assets and liabilities**

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

###### **(s) Derivative exchange market transactions**

The cash collateral deposited to be able to operate in derivative exchange market is classified as cash and cash equivalents. The profit or loss of the transactions made during the fiscal period is recorded as income/expense or profit/loss in the 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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

**2.5 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

Preparation of financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the 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- 31 March 2011.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

#### 3 - CASH AND CASH EQUIVALENTS

	31 March 2011	31 December 2010
Cash in hand	28.190	61.429
Banks		
- Demand deposit	767.585	128.264
- Time deposit	70.637.532	74.330.235
- Reverse repo receivables	10.636.337	10.339.765
Receivables from money market	-	-
Other liquid assets	593.708	174.706
	<b>82.663.352</b>	<b>85.034.399</b>

As of 31 March 2011, interest rates for Turkish lira denominated time deposits vary between 8,00% - 9,00% (31 December 2010: 8,50% - 9,00%), whereas interest rates for foreign currency denominated time deposits vary between 4,15% - 4,30% (31 December 2010: 3,15% - 3,65%).

TL 1.082.469 (31 December 2010: TL 1.249.883) of the securities with a commitment to buy-back ("reverse repo") is used in the contracts signed with the clients (Note 6).

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

	31 March 2011	31 March 2010
- Cash and cash equivalents	82.663.352	100.946.232
- Interest accruals	(260.789)	(266.761)
	<b>82.402.563</b>	<b>100.679.471</b>

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

#### 4 - FINANCIAL ASSETS

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

	31 March 2011	31 December 2010
Financial assets at fair value through profit and loss	71.791.092	75.135.073
<b>Financial assets, current</b>	<b>71.791.092</b>	<b>75.135.073</b>
Available-for-sale financial assets	377.104.685	376.512.812
<b>Financial assets, non-current</b>	<b>377.104.685</b>	<b>376.512.812</b>

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

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

	31 March 2011	31 December 2010
Government Bonds	18.743.957	18.019.089
Common Stocks	50.933.065	55.006.698
- EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar		
Sanayi ve Ticaret A.Ş.	16.767.250	17.766.150
- Eczacıbaşı Yapı Gereçleri A.Ş.	8.484.000	8.288.000
- İntema İnşaat ve Tesis Malzemeleri A.Ş.	7.065.262	7.741.070
- Other (*)	18.616.553	21.211.478
Capital secured funds	1.226.028	1.219.332
A Type investment funds	888.042	889.954
<b>Total</b>	<b>71.791.092</b>	<b>75.135.073</b>

(\*) Contains unlisted and non-group stocks.

Government bonds have an average interest rate of 7,74% (31 December 2010: 6,11%).

As of 31 March 2011 government bonds of the Group amounting to TL 6.966.964 (31 December 2010: TL 6.952.677) with a nominal value of TL 7.330.000 (31 December 2010: TL 7.130.000) are submitted as collateral.

# ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

(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 31 March 2011 and 31 December 2010 is as follows:

		31 March 2011		31 December 2010
	%	Amount	%	Amount
<b>Listed:</b>				
Eczacıbaşı Yapı Gereçleri A.Ş. (*), (**)	7,49	25.619.666	7,49	25.027.093
		25.619.666		25.027.093
<b>Not Listed:</b>				
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
		<b>351.485.019</b>		<b>351.485.019</b>
<b>Total</b>		<b>377.104.685</b>		<b>376.512.812</b>

(\*) As at 31 March 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;

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

# ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

(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

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.

## ECZACIBAŐI YATIRIM HOLDİNG ORTAKLIĐI A.Ő.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

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#### 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.Ő., 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.Ő. has been calculated as TL 68.374.369 as of 31 December 2010. As of 31 December 2010 Eczacıbaşı Yatırım Holding Ortaklığı A.Ő. has a market value of TL 355.600.000.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

(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
<b>Fair value before liquidity discount</b>	<b>380.432.202</b>
Liquidity discount (-)	(57.064.830)
<b>Fair value of the Group in consolidated financials</b>	<b>323.367.372</b>

(\*) 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

	31 March 2011		31 December 2010	
	Interest Rate %	Amount	Interest Rate %	Amount
<b>Short-term Loans</b>				
TL-denominated loans	-	191.803	-	145.486
	-	<b>191.803</b>	-	<b>145.486</b>

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

#### 6 – TRADE RECEIVABLES AND PAYABLES

	31 March 2011	31 December 2010
<b>Short-term trade receivables:</b>		
Receivables from credit customers	16.196.641	13.463.130
Investors current account	344.975	394.252
Fund management and commission receivables	257.659	201.266
Doubtful receivables	206.001	206.001
Dividends receivable from portfolio shares	12.347	-
Other	21.166	19.347
	<b>17.038.789</b>	<b>14.283.996</b>
Provision for doubtful receivables	(206.001)	(206.001)
	<b>16.832.788</b>	<b>14.077.995</b>

The Group, holds common stocks with a market value of TL 64.019.956 (31 December 2010: TL 53.508.145) as collateral for the loans given out. Average interest rate for these borrowings is 11,70% (31 December 2010: 11,40%).

	31 March 2011	31 December 2010
<b>Short term trade payables:</b>		
Funds received from the repo contracts (Note 3)	1.082.469	1.249.883
Payable from purchase of securities (*)	700.521	2.030.108
Investors current account	1.192.973	802.708
Suppliers	1.112.196	761.161
Payables to ISE	-	31.967
Other	-	6.301
	<b>4.088.159</b>	<b>4.882.128</b>

(\*) 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..

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

#### 7 - OTHER RECEIVABLES AND PAYABLES

	31 March 2011	31 December 2010
Deposits and guarantees given	82.263	80.076
Receivables from Turkish Derivatives Exchange (net)		
(*)	1.508	4.320
Personnel advance installments	264.108	57.458
Other	147.529	27.146
	<b>495.408</b>	<b>169.000</b>

(\*)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.

	31 March 2011	31 December 2010
<b>Long-term other receivables:</b>		
Deposits and guarantees given	5.606	5.600
	<b>5.606</b>	<b>5.600</b>

#### Short-term other payables:

	31 March 2011	31 December 2010
Payables to the related parties	20.498	2.281.027
Other	991.307	7.861
	<b>1.011.805</b>	<b>2.288.888</b>

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. The unpaid amount of debt to the company, due to not being related party disclosed under other account in 2011.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

#### 8 - INVESTMENTS IN ASSOCIATES

##### Associates:

	31 March 2011		31 December 2010	
	%	Amount	%	Amount
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	18,75	448.229.813	18,75	444.016.536
İntema İnşaat ve Tesis Malzemeleri A.Ş.	20,86	963.775	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	1.768.939	31,01	2.411.585
		<b>450.962.527</b>		<b>447.637.692</b>

(\*) As of 31.12.2010, 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- 31 March 2011	1 January- 31 March 2010
At 1 January	447.637.692	411.349.158
Group's share in the associate's profit	3.150.868	3.507.862
Change in the fair value of available-for-sale financial assets	(37.494)	45.179
Effect of currency translation	211.461	(229.457)
<b>At 31 March</b>	<b>450.962.527</b>	<b>414.672.742</b>

As of 31 March 2011, Group's shares in its subsidiaries, EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and İntema İnşaat ve Tesis Malzemeleri A.Ş. are 20,05% and 41,93 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.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 9 – INVESTMENT PROPERTY

As of 31 December 2010, factory building and land registered to Atılı 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	31 March 2011
<b>Cost</b>				
Furniture and fixtures	6.441.556	26.801	(31.175)	6.441.556
Leasehold improvements	1.078.230	-	-	1.078.230
Machinery and equipments	610.296	-	-	610.296
	8.130.082	26.801	(31.175)	8.125.708
<b>Accumulated Depreciation</b>				
Furniture and fixtures	(6.063.348)	98.086	31.175	(6.130.259)
Leasehold improvements	(933.135)	86	-	(933.221)
Machinery and equipments	(596.947)	899	-	(597.846)
	(7.593.430)	99.071	31.175	(7.661.326)
<b>Net book value</b>	<b>536.652</b>			<b>464.382</b>

	1 January 2010	Additions	Disposals	31 March 2010
<b>Cost</b>				
Furniture and Fixtures	6.442.688	12.538	(676)	6.454.550
Vehicles	46.823	-	(46.823)	-
Leasehold improvements	949.649	-	-	949.649
Machinery and Equipment	605.909	-	-	605.909
	8.045.069	12.538	(47.499)	8.010.108
<b>Accumulated Depreciation</b>				
Furniture and Fixtures	(5.978.932)	(99.297)	676	(6.077.553)
Vehicles	(46.823)	-	46.823	-
Leasehold improvements	(783.521)	(19.642)	-	(803.163)
Machinery and Equipment	(594.051)	(1.168)	-	(595.219)
	(7.403.327)	(120.107)	47.499	(7.475.935)
<b>Net book value</b>	<b>641.742</b>			<b>534.173</b>

**ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**11 - INTANGIBLE ASSETS**

	<b>1 January 2011</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 March 2011</b>
<b>Cost</b>				
Computer software	3.033.884	43.094	-	3.076.969
Rights	1.140	-	-	1.150
	3.035.024	43.094	-	3.078.119

<b>Accumulated depreciation</b>				
Computer software	(2.894.859)	(43.253)	-	(2.938.112)
Rights	(625)	(65)	-	(690)
	(2.895.484)	(43.318)	-	(2.938.802)
<b>Net book value</b>	<b>139.541</b>			<b>139.317</b>

	<b>1 January 2010</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 March 2010</b>
<b>Cost</b>				
Computer software	2.930.666	142.448	-	3.073.114
Rights	362	788	-	1.150
	2.931.028	143.236	-	3.074.264

<b>Accumulated depreciation</b>				
Computer software	(2.837.864)	(32.272)	-	(2.870.136)
Rights	(362)	-	-	(362)
	(2.838.226)	(32.272)	-	(2.870.498)
<b>Net book value</b>	<b>92.802</b>			<b>203.766</b>

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2011	31 December 2010
<b>Provisions:</b>		
BITT provision related to 2008 (Note 12 (d))	65.244	64.144
Provision for litigation (Note 12 (d))	5.500	5.500
Provision for expense	-	2.907
Other	-	7.965
	<b>70.744</b>	<b>80.516</b>

- a) As of 31 March 2011 in the group's portfolio, government bond with a nominal value of TL 7.330.000 (31 December 2010: TL 7.130.000), is kept in the blocked account by Takasbank and CBRT in remuneration for stock exchange transactions limit and as capital blockage.
- b) The details of the government bonds and treasury bills, common stocks, eurobond and investment funds held for customers are as follows:

	31 March 2011	31 December 2010
<b>Securities held in custody in Takasbank</b>		
Investment funds- unit	8.733.322.385	8.944.993.766
Common stocks	624.310.590	613.016.832
Customer portfolio - Government bonds and treasury bills	9.126.534	8.214.254
Group portfolio - Government bonds and treasury bills	7.270.000	7.315.851
Group portfolio - Government bonds - Repos	288.768	165.465
Group portfolio - Common stocks	147	1.975

- c) As of 31 March 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 17.889.486 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).

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 12 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	31 March 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	950.000
iii.Total amount of CPM's given on behalf of third parties which are not in the scope of C	-	-
	<b>980.000</b>	<b>980.000</b>

(\*) 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 65.244 for possible tax payments regarding BITT for the year 2008 (31 December 2010: TL 64.144).

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

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).

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 13 – EMPLOYEE BENEFITS

	31 March 2011	31 December 2010
<b>Provision for current liabilities:</b>		
Employee premium provision	812.500	2.340.850
Unused vacation provision	1.109.757	892.472
	<b>1.922.257</b>	<b>3.233.322</b>

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

	31 March 2011	31 March 2010
1 January Balance	2.340.850	1.930.877
Charge during the period	812.500	400.000
Paid during the period	(2.340.850)	(1.930.877)
<b>Period End Balance</b>	<b>812.500</b>	<b>400.000</b>

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

	31 March 2011	31 March 2010
1 January Balance	892.472	422.983
Charge during the period	226.391	81.664
Paid during the period	(9.106)	(5.147)
<b>Period End Balance</b>	<b>1.109.757</b>	<b>499.500</b>

	31 March 2011	31 December 2010
<b>Provisions for non-current liabilities:</b>		
Provision for employment termination benefits	1.082.476	1.016.973
	<b>1.082.476</b>	<b>1.016.973</b>

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

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

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#### 13 – EMPLOYEE BENEFITS (Continued)

As of 31 March 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.

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

	31 March 2011	31 December 2010
Discount Rate (%)	4,66	4,66
Turnover rate to estimate the probability of retirement (%)	9,43	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 2.623,23 effective from 1 January 2011 (1 January 2010: TL 2.427,03) 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:

	31 March 2011	31 March 2010
At 1 January	1.016.973	861.324
Service cost	38.609	31.597
Interest cost	47.390	40.265
Paid during the year	(20.496)	(29.556)
<b>At 31 March</b>	<b>1.082.476</b>	<b>903.630</b>

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 14 – OTHER ASSETS AND LIABILITIES

	31 March 2011	31 December 2010
<b>Other current assets</b>		
Prepaid taxes and duties	336.841	431.373
Prepaid expenses	1.501.668	820.554
Other	13.181	504
	<b>1.851.690</b>	<b>1.252.431</b>
<b>Other non-current assets</b>		
Deferred VAT	2.147.678	2.068.265
Prepaid expenses	83.344	47.142
	<b>2.231.022</b>	<b>2.115.407</b>
<b>Other current liabilities</b>		
Taxes and funds payable	1.251.547	899.689
Other	74.508	56.451
	<b>1.326.055</b>	<b>956.140</b>

#### 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) par value stock.

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

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

	31 March 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
	<b>70.000.000</b>	<b>100,00</b>	<b>70.000.000</b>	<b>100,00</b>
Adjustment to share capital	131.334.916		131.334.916	
<b>Total</b>	<b>201.334.916</b>		<b>201.334.916</b>	

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

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 15 – EQUITY (Continued)

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

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

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

	31 March 2011	31 December 2010
Legal reserves	10.973.842	10.973.842
Special reserves	-	-
	<b>10.973.842</b>	<b>10.973.842</b>

#### Retained earnings

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

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

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

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

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

## **ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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#### **15 – EQUITY (Continued)**

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

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

#### **Dividend Distribution**

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

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

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

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

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**16 – OPERATING REVENUE**

Domestic sales and cost of sales are as follows:

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
<b><i>Sales Income</i></b>		
Government bond sales	239.050.291	313.234.785
Common stock sales	266.564.355	153.708.271
Treasury bill sales	2.000.180	12.012.440
<b>Total Sales</b>	<b>507.614.826</b>	<b>478.955.496</b>
<b><i>Services</i></b>		
Intermediary commissions on common stock transactions	4.786.776	4.157.691
B Type Liquid Fund management fee	491.291	640.832
Intermediary commissions on derivative transactions	331.172	406.416
Commission fee on portfolio management	497.730	210.762
Right of preference - exercise dividend payments	5.149	8.550
Intermediary commissions on bond and bill transactions	90.809	111.416
Government bond accrual income	847.793	604.013
Government bond reverse repo income	98.526	243.262
Dividend income	21.135	10.495
Priority right at no charge	25.569	40.876
Interest income	81.240	139.480
Treasury bills reverse repo income	-	15.315
Shares unrealised value increase/(decrease)	590.187	849.168
Cancellation of previous year security income accrual	(874.602)	(1.065.265)
Cancellation of previous year shares unrealised value increase/(decrease)	58.377	(1.318.997)
Other	263.772	166.054
<b>Service Income</b>	<b>7.314.924</b>	<b>5.220.068</b>
<b><i>Returns and discounts</i></b>		
Service revenue discounts	(17.169)	(81.987)
<b>Total returns and discounts</b>	<b>(17.169)</b>	<b>(81.987)</b>
<b>Total sales income</b>	<b>514.912.581</b>	<b>484.093.577</b>
<b><i>Cost of sales</i></b>		
Government bond sales	(238.827.929)	(312.589.477)
Common stock sales	(266.816.573)	(151.284.050)
Treasury bill sales	(2.000.113)	(12.009.993)
<b>Total cost of sales</b>	<b>(507.644.615)</b>	<b>(475.883.520)</b>
<b><i>Interest Income</i></b>		
Interest income from loans given to customers	417.342	219.633
	<b>417.342</b>	<b>219.633</b>

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**17 – EXPENSES BY NATURE**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
<b>General administrative expenses</b>		
Personnel	4.492.864	3.786.941
Services received from related parties (Note 22 (c))	955.034	1.445.700
Outsource service	642.624	228.433
Rent	300.937	316.146
Office	252.133	229.819
Transportation	237.937	212.148
Depreciation and amortisation (Note 10,11)	142.389	152.379
Communication	178.951	90.148
Maintenance	88.643	89.425
Other	250.273	148.898
	<b>7.541.785</b>	<b>6.700.037</b>
<b>Marketing, selling and distribution expenses</b>		
Advertising and marketing	282.164	219.251
Selling and distribution	46.191	241.611
	<b>328.355</b>	<b>460.862</b>

**18- OTHER OPERATING INCOME/EXPENSES**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
<b>Other operating income</b>		
Increase in fair value of marketable securities, net	-	3.804.007
Income from customer transaction differences	1.203.998	614.436
Dividend Income (Note 22)	-	47.053
Other	10.483	61.356
	<b>1.214.481</b>	<b>4.526.852</b>

**ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**18- OTHER OPERATING INCOME/EXPENSES (Continued)**

<b>Other operating expenses</b>	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
Impairment of marketable securities 2008 transactions	1.530.414	-
BITT provision expense (Note 12)	1.100	1.532
Other	167.357	5.638
	<b>1.698.871</b>	<b>7.170</b>

**19 - FINANCIAL INCOME/EXPENSES****Financial income:**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
Interest income from time deposits	1.249.864	1.612.929
Foreign exchange gains	997.426	643.564
Interest income from marketable securities	-	104.657
Other	81.228	71.252
	<b>2.328.518</b>	<b>2.432.402</b>

**Financial expenses:**

	<b>1 January - 31 March 2011</b>	<b>1 January - 31 March 2010</b>
Foreign exchange losses	387.656	1.034.573
Interest expense from marketable securities	150.786	-
Commissions for guarantee letters	21.783	20.378
Other	-	2.170
	<b>560.225</b>	<b>1.057.121</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**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.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

(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 -31 March 2011 and 2010 are summarised below:

	31 March 2011	31 December 2010
- Current period corporate tax (Entity)	271.174	802.133
- Advance tax (Entity)	(178.858)	(800.633)
	<b>92.316</b>	<b>1.500</b>
- Current period corporate tax (Subsidiary)	478.561	11.454
- Advance tax (Entity)	-	(203.672)
	<b>478.561</b>	<b>(192.218)</b>
	<b>1 January -</b>	<b>1 January -</b>
	<b>31 March 2011</b>	<b>31 March 2010</b>
- Current period corporate tax (-)	(749.735)	(362.748)
- Deferred income tax (charge)/ benefit	524.320	(1.448.162)
<b>Total tax expense</b>	<b>(225.415)</b>	<b>(1.810.910)</b>

The reconciliation at 31 March 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 -	1 January -
	31 March 2011	31 March 2010
Income before tax	4.249.939	10.671.616
Current year corporation tax expense	849.988	4.966.462
Tax effect of exempt income	(1.075.403)	(6.777.372)
<b>Total tax expense</b>	<b>(225.415)</b>	<b>(1.810.910)</b>

#### 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%).

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

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#### 20 - TAX ASSETS AND LIABILITIES (Continued)

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

	<b>Temporary Differences (*)</b>	
	<b>31 March 2011</b>	<b>31 December 2010</b>
Provision for employment termination benefits	1.081.851	1.016.973
Carried forward tax losses	7.738.080	7.738.080
Provision for unused vacation	1.109.757	892.472
Other	812.500	11.938
<b>Deferred income tax assets</b>	<b>10.742.188</b>	<b>9.659.463</b>
Fair value differences of available-for-sale financial assets (**)	(279.325.737)	(278.747.863)
Marketable securities valuation difference	(13.251.839)	(14.718.459)
Net difference between the carrying value of tangible and intangible assets and their tax bases	(123.704)	(200.852)
<b>Deferred income tax liabilities</b>	<b>(292.701.280)</b>	<b>(293.667.174)</b>

(\*) 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.

**ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**20 – TAX ASSETS AND LIABILITIES (Continued)**

	<b>Deferred tax assets/(liabilities)</b>	
	<b>31 March 2011</b>	<b>31 December 2010</b>
Provision for employment termination benefits	216.370	203.395
Carried forward tax losses	1.547.616	1.547.616
Provision for unused vacation	221.951	178.494
Other	162.500	2.388
<b>Deferred income tax assets</b>	<b>2.148.437</b>	<b>1.931.893</b>
Fair value differences of		
available-for-sale financial assets (**)	(13.966.287)	(13.937.393)
Marketable securities valuation difference	(2.676.118)	(2.971.545)
Net difference between the carrying value of tangible and intangible assets and their tax bases	(24.741)	(40.170)
<b>Deferred income tax liabilities</b>	<b>(16.667.146)</b>	<b>(16.949.108)</b>
Provision for Impairment	(1.559.992)	(1.556.213)
<b>Net deferred tax liabilities</b>	<b>(16.078.701)</b>	<b>(16.573.428)</b>

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.

	<b>Deductible carried forward tax losses</b>	<b>Last Utilisation Period</b>
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
	<b>7.738.080</b>	

# ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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### 20 – TAX ASSETS AND LIABILITIES (Continued)

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

	1 January- 31 March 2011	1 January- 31 December 2010
1 January	(16.573.428)	(13.827.281)
Current year deferred income tax (charge)/credit	524.320	(1.448.162)
Deferred income tax liabilities arising from fair value increases of available-for-sale financial assets	(29.593)	(27.589)
<b>31 March</b>	<b>(16.078.701)</b>	<b>(15.303.032)</b>

### 21 - EARNINGS PER SHARE

	1 January - 31 March 2011	1 January - 31 March 2010
Net income for the period (TL) (Parent shares)	3.968.989	7.318.819
Weighted average number of ordinary shares with face value of TL1 each	70.000.000	70.000.000
<b>Earnings per share (TL)</b>	<b>0,057</b>	<b>0,105</b>

### 22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

#### a) Due to related parties:

	31 March 2011	31 December 2010
<b>Payables to shareholders:</b>		
Eczacıbaşı Holding A.Ş.	619.461	624.731
Other	20.376	20.448
	<b>639.837</b>	<b>645.179</b>
<b>Payables to group companies:</b>		
Eczacıbaşı Bilim Sanayi ve Ticaret A.Ş.	77.923	79.496
Ekart Eczacıbaşı kart Sistemleri Sanayi ve Ticaret A.Ş.	3.292	-
Atlı Zincir İğne ve Makine Sanayi A.Ş. (*)	-	2.189.017
	<b>81.215</b>	<b>2.268.513</b>
<b>Dividend payables to shareholders:</b>		
Other (Note 7)	122	123
	<b>122</b>	<b>123</b>
	<b>721.174</b>	<b>2.913.815</b>

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

As of 31 March 2011, the Group has classified a portion of due from related parties amounting to TL 700.676 (31 December 2010: TL 632.788) under trade payables based on its nature and TL 20.498 (31 December 2010: TL 2.281.027) under short-term other liabilities.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

##### b) Sales to related parties:

	1 January - 31 March 2011	1 January - 31 March 2010
Eczacıbaşı Holding A.Ş.	23.388	28.987
	<b>23.388</b>	<b>28.987</b>

##### c) Service purchases from related parties:

	1 January - 31 March 2011	1 January - 31 March 2010
Eczacıbaşı Holding A.Ş. (*)	938.600	1.222.615
Eczacıbaşı Spor Kulübü	-	60.000
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	8.260	142.345
Eczacıbaşı İlaç Pazarlama A.Ş.	1.842	15.869
Eczacıbaşı Sağlık Hizmetleri A.Ş.	3.040	4.871
Other	3.292	-
	<b>955.034</b>	<b>1.445.700</b>

(\*) 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.

##### d) Dividend received from related parties:

	1 January - 31 March 2011	1 January - 31 March 2010
Other	-	47.053
	<b>-</b>	<b>47.053</b>

##### e) Benefits provided to top management:

Total benefits provided to key management personnel for the year ended at 31 March 2011 amounted to TL 450.917 (31 March 2010: TL 874.415).

# ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

(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			
	Related		Related		Cash equivalents	
31 March 2011	Party	Other	Party	Other	Other(*)	(**)
<b>Maximum exposed credit risk as of reporting date</b>						
Note reference	6, 22		6	7	7	4
Net book value of financial assets either are not due or not impaired						3
	-	16.832.788	-	501.014	18.743.957	82.635.162
	-	<b>16.832.788</b>	-	<b>501.014</b>	<b>18.743.957</b>	<b>82.635.162</b>

	Trade Receivables		Other Receivables			
	Related		Related		Cash equivalents	
31 December 2010	Party	Other	Party	Other	Other(*)	(**)
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.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

##### (ii) Liquidity Risk

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

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

##### 31 March 2011

	<b>Carrying Value</b>	<b>Contractual Cash-flows</b>	<b>Less than 3 months</b>	<b>3 months 12 month</b>	<b>1 year- 5 years</b>	<b>More than 5 years</b>
Note References	5,6,7					
Financial						
Liabilities	191.803	191.803	191.803	-	-	-
Trade Payables	4.088.159	4.088.159	4.088.159	-	-	-
Other Payables	1.011.805	1.011.805	1.011.805	-	-	-
<b>Total Liabilities</b>	<b>5.291.767</b>	<b>5.291.767</b>	<b>5.291.767</b>	-	-	-

##### 31 December 2010

	<b>Carrying Value</b>	<b>Contractual Cash-flows</b>	<b>Less than 3 months</b>	<b>3 months 12 month</b>	<b>1 year- 5 years</b>	<b>More than 5 years</b>
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	-	-	-
<b>Total Liabilities</b>	<b>7.316.502</b>	<b>7.316.502</b>	<b>7.316.502</b>	-	-	-

# ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

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

### 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### (iii) Market Risk

##### (a) Foreign Exchange Risk

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

31 March 2011	USD	EUR	GBP	Total
Cash and cash equivalents	10.950.754	10.075.597	1.242	21.027.593
Financial Liabilities	(77.923)	-	-	(77.923)
<b>Net foreign currency position</b>	<b>10.872.831</b>	<b>10.075.597</b>	<b>1.242</b>	<b>20.949.670</b>

31 December 2010	USD	EUR	Total
Cash and cash equivalents	10.840.825	9.270.966	20.111.791
Financial Liabilities	(77.426)	-	(77.426)
<b>Net foreign currency position</b>	<b>10.763.399</b>	<b>9.270.966</b>	<b>20.034.365</b>

	<u>Profit/Loss</u>		<u>Equity</u>	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>31 March 2011</b>				
<b>In the case of 10% fluctuation of USD against TL</b>				
1. USD net asset/liability	1.087.283	(1.087.283)	1.087.283	(1.087.283)
2. Hedged Positions (-)	-	-	-	-
3. USD Net effect (1+2)	1.087.283	(1.087.283)	1.087.283	(1.087.283)
<b>In the case of 10% fluctuation of EUR against TL</b>				
4. EURO net asset/liability	1.007.560	(1.007.560)	1.007.560	(1.007.560)
5. Hedged position (-)	-	-	-	-
6. EUR net affect (4+5)	1.007.560	(1.007.560)	1.007.560	(1.007.560)
<b>In the case of 10% fluctuation of GBP against TL</b>				
7. GBP net asset/liability	124	(124)	124	(124)
8. Hedged position (-)	-	-	-	-
9. GBP net affect (7+8)	124	(124)	124	(124)
<b>Total (3+6+9)</b>	<b>2.094.967</b>	<b>(2.094.967)</b>	<b>2.094.967</b>	<b>(2.094.967)</b>

# ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

### 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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

	<b>31 March 2011</b>	<b>31 December 2010</b>
USD	1,5483	1,546
EUR	2,1816	2,0491
GBP	2,4845	2.3886

#### *(b) Interest rate risk*

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

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

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Assets		31 March 2011	31 December 2010
Time deposits	TL	%8,00-9,00	%8,50-9,00
	USD	%4,15	%3,65
	EUR	%4,30	%3,15
Government bonds	TL	%7,74	%6,11

#### (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:

#### *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.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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#### 23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

	31 March 2011		31 December 2010	
	Fair value	Carrying value	Fair value	Carrying value
Cash and cash equivalents	82.663.352	82.663.352	85.034.399	85.034.399
Financial assets (*)	377.104.685	377.104.685	376.512.812	376.512.812
Investments in associates	271.507.632	450.962.527	286.564.623	447.637.692
Financial liabilities	191.803	191.803	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:

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

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

#### 23 –FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 March 2011	Level 1	Level 2	Level 3	Total
Financial asset at fair value through profit and loss	71.791.092	-	-	71.791.092
<b>Financial assets, current</b>	<b>71.791.092</b>	<b>-</b>	<b>-</b>	<b>71.791.092</b>

Available-for-sale financial assets	57.276.867	31.112.143	288.715.675	377.104.685
<b>Financial assets, non-current</b>	<b>57.276.867</b>	<b>31.112.143</b>	<b>288.715.675</b>	<b>377.104.685</b>

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
<b>Financial assets, current</b>	<b>75.135.073</b>	<b>-</b>	<b>-</b>	<b>75.135.073</b>

Available-for-sale financial assets	56.684.994	31.112.143	288.715.675	376.512.812
<b>Financial assets, non-current</b>	<b>56.684.994</b>	<b>31.112.143</b>	<b>288.715.675</b>	<b>376.512.812</b>

#### 24 – SUBSEQUENT EVENTS

Profit distribution proposal of the Board of Directors of the Company which is to distribute profits of the year 2010 amounting to 4.900.000 TL was approved by the General Assembly Meeting held on 6 May 2011 and dividend distribution will be started from 25 May 2011.

The Group's consolidated financial statements included in the Eczacibasi Yatırım Ortaklığı A.Ş.;

-In the period, The capital Market Boards has been applied for the aim of the capital increase by 50% covered from the entire outstanding extraordinary reserves.

-It was decided to transfer all of the distributable profit for the year 2010 to extraordinary reserves in the extraordinary general assembly meeting of the Company, held on 1 April 2011.

## ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011

(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:

	31 March 2011 (%)	31 December 2010 (%)
Eczacıbaşı Menkul Değerler A.Ş. A Tipi Değişken Analiz Fonu (*)	0,00850	0,00685
Eczacıbaşı Menkul Değerler A.Ş. A Tipi Değişken Fon (**)	0,01200	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	0,00850	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 31 March 2011 the commission of the portfolio manager has been changed to 0,012%

(\*\*\*) The portion of this fee, calculated over the net asset value of the fund, is paid to the portfolio manager.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2011**

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

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