ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

(Translated into English from the Original Turkish Report)

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Eczacıbaşı Yatırım Holding
Ortaklığı Anonim Şirketi

We have audited the accompanying consolidated financial statements of Eczacıbaşı Yatırım Holding Ortaklığı Anonim Şirketi ("the Company") and its subsidiaries (together the "Group") which comprise the consolidated balance sheet as at 31 December 2010, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards published by Capital Markets Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards published by Capital Markets Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Eczacıbaşı Yatırım Holding Ortaklığı Anonim Şirketi and its subsidiaries as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting standards published by Capital Markets Board.

Without qualifying our conclusion we would like to draw attention to the following matter:

The audit of the consolidated financial statements for the year ended 31 December 2009 was performed by another audit firm. The predecessor audit firm expressed an unqualified opinion in the auditor's report dated 9 April 2010 on consolidated financial statements as of 31 December 2009. In their audit report for the year ended 31 December 2009, the predecessor auditor drew attention to the matter without qualifying their opinion. These matters are explained in note 25. Moreover, as explained in note 2.2.1, the Group restated the financial statements by reconsidering control power at their investments as of 31 December 2009.

İstanbul, 8 April 2011

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Sibel Türker
Partner

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ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010, 2009 AND 2008

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

	Notes	Current Period (Audited) 31 December 2010	Restated Prior Period (Audited) 31 December 2009	Restated Prior Period (Audited) 31 December 2008
ASSETS				
Current Assets		**175.668.898**	**171.224.283**	**130.983.398**
Cash and cash equivalents	3	85.034.399	103.162.039	93.761.988
Financial assets	4	75.135.073	60.030.624	29.966.331
Trade receivables	6	14.077.995	6.633.854	3.590.353
Other receivables	7	169.000	213.278	977.449
Other current assets	14	1.252.431	1.184.488	2.687.277
Non-current assets		**842.283.213**	**733.492.907**	**579.749.748**
Other receivables	7	5.600	5.341	5.309
Financial assets	4	376.512.812	319.620.544	246.639.483
Investments in associates	8	447.637.692	411.349.158	330.588.092
Investment property	9	15.000.000	-	-
Tangible assets	10	536.652	641.742	968.524
Intangible assets	11	139.541	92.802	103.012
Deferred tax assets	20	335.509	-	-
Other non-current assets	14	2.115.407	1.783.320	1.445.328
TOTAL ASSETS		**1.017.952.111**	**904.717.190**	**710.733.146**

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

CONSOLİDATED BALANCE SHEETS
AS AT 31 DECEMBER 2010, 2009 AND 2008

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

	Notes	Current Period (Audited) 31 December 2010	Restated Prior Period (Audited) 31 December 2009	Restated Prior Period (Audited) 31 December 2008
Liabilities		**29.513.890**	**22.240.508**	**15.755.413**
Current liabilities		**11.587.980**	**7.551.903**	**7.357.672**
Financial liabilities	5	145.486	131.011	139.238
Trade payables	6	4.882.128	3.862.555	1.943.937
- Due to related parties	22	632.788	588.061	451.493
- Other trade payables		4.249.340	3.274.494	1.492.444
Other payables	7	2.288.888	30.575	197.812
- Due to related parties	22	2.281.027	25.015	197.812
- Other payables		7.861	5.560	-
Current income tax	20	1.500	-	2.167.987
Short term provisions	12	80.516	240.848	281.069
Employee benefit provisions	13	3.233.322	2.353.860	1.129.054
Other current liabilities	14	956.140	933.054	1.498.575
Non-current liabilities		**17.925.910**	**14.688.605**	**8.397.741**
Employee benefit provisions	13	1.016.973	861.324	719.402
Deferred tax liabilities	20	16.908.937	13.827.281	7.678.339
EQUITY		**988.438.221**	**882.476.682**	**694.977.733**
Share capital	15	70.000.000	70.000.000	70.000.000
Share premium		30.633	30.633	30.633
Inflation adjustment to capital	15	131.334.916	131.334.916	131.334.916
Financial assets' fair value reserve		492.631.942	405.177.958	296.467.157
Restricted reserves	15	10.973.842	9.943.875	5.669.912
Translation reserve		(355.087)	(7.527)	(77.451)
Retained earnings		233.913.421	164.827.487	164.365.186
Net income for the year		19.669.921	73.615.901	9.811.264
Attributable to equity holders of the parent		**958.199.588**	**854.923.243**	**677.601.617**
Non-controlling interest		**30.238.633**	**27.553.439**	**17.376.116**
TOTAL LIABILITIES AND EQUITY		**1.017.952.111**	**904.717.190**	**710.733.146**

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

CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIODS FROM 1 JANUARY TO 31 DECEMBER 2010 AND 2009

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

	Notes	Current Period (Audited) 1 January- 31 December 2010	Restated Prior Period (Audited) 1 January- 31 December 2009
CONTINUING OPERATIONS			
Sales income, net	16	2.032.641.086	1.990.089.478
Sales		2.010.986.195	1.966.235.018
Service income		21.798.326	24.136.302
Deductions from service income (-)		(143.435)	(281.842)
Cost of sales (-)	16	(2.003.370.944)	(1.955.474.523)
Interest income	16	1.099.347	720.848
Gross profit		**30.369.489**	**35.335.803**
Marketing, Selling and distribution expenses (-)	17	(1.474.350)	(1.574.739)
General administrative expenses (-)	17	(29.899.723)	(25.188.795)
Other operating income	18	6.996.135	17.268.447
Other operating expenses (-)	18	(1.015.380)	(908.553)
Operating profit/(loss)		**4.976.171**	**24.932.163**
Share of profit of associates	8	13.711.026	53.810.208
Financial income	19	10.107.583	13.011.768
Financial expenses (-)	19	(3.962.468)	(3.563.009)
Income before tax		**24.832.312**	**88.191.130**
Taxes on income	20	(813.587)	(1.297.270)
Deferred tax expenses	20	(474.477)	(3.100.636)
Net income for the year		**23.544.248**	**83.793.224**
Attributable to			
- Non-controlling interest		3.874.327	10.177.323
- Equity holders of the parent		19.669.921	73.615.901
Net income for the year	21	**23.544.248**	**83.793.224**
Earnings per share for 1 TL nominal value	21	0,281	1,052

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS FROM 1 JANUARY TO 31 DECEMBER 2010 AND 2009

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

	Notes	Current Period (Audited) 1 January- 31 December 2010	Prior Period (Audited) 1 January- 31 December 2009
Net income for the year		**23.544.248**	**83.793.224**
Other comprehensive income:			
Changes in financial assets' fair value reserve		89.725.654	110.319.099
Changes in translation reserve	8	(347.560)	69.924
Group's share in the associates' comprehensive income	8	33.214.287	42.524.012
Tax expense of other comprehensive income items	20	(2.271.670)	(3.049.674)
Other comprehensive income (after tax)		**120.320.711**	**149.863.361**
Total comprehensive income		**143.864.959**	**233.656.585**
Attributable to:			
- Non-controlling interest		3.874.327	10.177.323
- Equity holders of the parent		139.990.632	223.479.262
Earnings per share for 1 TL nominal value		2,000	3,193

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 DECEMBER 2010 AND 20009

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

		Shareholder of the Parent										
	Notes	**Share capital**	**Inflation Adjustment to capital**	**Share premium**	**Financial assets fair value reserve**	**Restricted reserves**	**Translation reserves**	**Retained earning**	**Net Income for the year**	**Attributable to equity holders of the parent**	**Non-controlling interest**	**Total equity**
1 January 2009 (Previously reported)		70.000.000	131.334.916	-	296.271.147	5.496.021	(77.451)	161.796.454	9.432.087	674.253.174	363.764	674.616.938
Correction made as per TAS 8		-	-	30.633	196.010	173.891	-	2.568.732	379.177	3.348.443	17.012.352	20.360.795
1 January 2009 (As restated)		70.000.000	131.334.916	30.633	296.467.157	5.669.912	(77.451)	164.365.186	9.811.264	677.601.617	17.376.116	694.977.733
Increase in fair value of available-for-sale financial assets, net		-	-	-	107.269.425	-	-	-	-	107.269.425	-	107.269.425
Effect of transfer of shares under common control		-	-	-	1.441.376	-	-	-	-	1.441.376	-	1.441.376
Transfers		-	-	-	-	4.273.963	-	5.537.301	(9.811.264)	-	-	-
Dividends paid		-	-	-	-	-	-	(5.075.000)	-	(5.075.000)	-	(5.075.000)
Currency translation differences		-	-	-	-	-	69.924	-	-	69.924	-	69.924
Net income for the year	21	-	-	-	-	-	-	-	73.615.901	73.615.901	10.177.323	83.793.224
31 December 2009		**70.000.000**	**131.334.916**	**30.633**	**405.177.958**	**9.943.875**	**(7.527)**	**164.827.487**	**73.615.901**	**854.923.243**	**27.553.439**	**882.476.682**
1 January 2010	15	**70.000.000**	**131.334.916**	**30.633**	**405.177.958**	**9.943.875**	**(7.527)**	**164.827.487**	**73.615.901**	**854.923.243**	**27.553.439**	**882.476.682**
Increase in fair value of available-for-sale financial assets, net		-	-	-	87.453.984	-	-	-	-	87.453.984	-	87.453.984
Transfers		-	-	-	-	1.029.967	-	72.585.934	(73.615.901)	-	-	-
Currency translation differences		-	-	-	-	-	(347.560)	-	-	(347.560)	-	(347.560)
Dividends paid		-	-	-	-	-	-	(3.500.000)	-	(3.500.000)	(1.189.133)	(4.689.133)
Net income for the year	21	-	-	-	-	-	-	-	19.669.921	19.669.921	3.874.327	23.544.248
31 December 2010	15	**70.000.000**	**131.334.916**	**30.633**	**492.631.942**	**10.973.842**	**(355.087)**	**233.913.421**	**19.669.921**	**958.199.588**	**30.238.633**	**988.438.221**

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

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

	Notes	Current Period (Audited) 1 January- 31 December 2010	Prior Period (Audited) 1 January- 31 December 2009
Cash flows from operating activities:			
Net profit for the period		19.669.921	73.615.901
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortisation	10, 11	423.921	512.077
Provision for employment termination benefits	13	466.806	175.740
Unused vacation provision	13	498.271	93.468
Employee premium provision	13	2.340.850	1.930.877
BITT penalty provision	12	8.208	10.800
Tax expense	20	1.288.064	4.397.906
Loss due to business combination	2.1.6(iii)	-	373.473
Interest income		(7.702.047)	(9.407.981)
Dividend income	18	(1.880.290)	(1.389.388)
Share in associates accounted by equity method	8	(13.711.026)	(53.810.208)
Loss from the sale of associates		875.247	-
Loss from the sale of tangible assets		79	6.595
Changes in operating assets and liabilities:			
Change in short-term financial assets		(15.104.449)	(30.064.293)
Change in trade receivables		(7.444.141)	(3.043.501)
Change in other receivables		44.278	764.171
Change in other long-term receivables		(259)	(32)
Change in other current assets		1.595.312	3.710.983
Change in other non-current assets		(332.087)	(337.992)
Change in trade payables		1.019.573	1.918.618
Change in other payables		69.296	(167.237)
Change in other liabilities		2.926.849	2.057.912
Corporate tax paid		(1.004.305)	(2.625.145)
Personnel premium paid	13	(1.930.877)	(790.620)
Employment termination benefits paid	13	(311.157)	(45.184)
Vacations paid	13	(28.782)	(8.919)
Net cash used in operating activities		**(18.222.745)**	**(12.121.979)**

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

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

Investing activities:			
Change in available-for-sale financial assets and investment in associates		2.269.731	5.799.132
Tangible asset purchases	10	(196.681)	(123.094)
Proceeds from tangible assets		29	34.127
Intangible asset purchases	11	(168.997)	(79.600)
Purchases of investment property	9	(12.810.983)	-
Changes in non controlling interest		3.874.327	10.177.323
Dividends received	18	1.880.290	1.389.388
Proceeds from disposal of associates	8	2.220.000	-
Net cash provided from investing activities		**(2.932.284)**	**17.197.276**
Financing activities:			
Interest received		7.883.036	9.602.080
Dividends paid (Including the affect of non controlling interests)		(4.689.133)	(5.075.000)
Change in financial liabilities		14.475	(8.227)
Net cash provided from financing activities		**3.208.378**	**4.518.853**
Net increase in cash and cash equivalents		(17.946.651)	9.594.150
Cash and cash equivalents at the beginning of the year		**102.892.462**	**93.298.312**
Cash and cash equivalents at the end of the year	**3**	**84.945.811**	**102.892.462**

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

1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

At 31 December 2010, 40,74% of total shares of the Company are publicly listed (31 December 2009: 40,74%). The ultimate parent of the Company is Eczacıbaşı Holding A.Ş., which possesses 59,26% shares of the Company as of 31 December 2010 (31 December 2009: 59,26%) (Note 15).

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

Eczacıbaşı Portföy Yönetimi A.Ş. (formerly Eczacıbaşı-UBP Portföy Yönetimi A.Ş.) is a subsidiary of Eczacıbaşı Menkul Değerler A.Ş. which used to be subject to joint management until 31 March 2009 and which is subject to consolidation on a line-by-line basis after the non-remunerative transfer of shares of Switzerland Union Bancaire Prievéee resulting in its owning 99,99% of the shares as of 31 March 2009. The nature of operations of Eczacıbaşı Portföy Yönetimi A.Ş. is to manage the capital market instrument portfolio by making portfolio management contracts with clients and act as proxy in accordance with Capital Markets Law and related regulatory provisions. Eczacıbaşı Portföy Yönetimi A.Ş. also manages local and foreign funds, investment trusts and portfolios of local and foreign legal persons within the context of portfolio management activities in accordance with regulatory provisions (Note 2.1.6(iii)).

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.

The Group has 147 employees at 31 December 2010 (31 December 2009: 140).

The Company's registered address is as follows:

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

The consolidated financial statements for the period ended 31 December 2010 have been approved by the Board of Directors on 8 April 2011. General Assembly and specific regulatory institutions have the power to amend the financial statements.

2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 BASIS OF PRESENTATION

2.1.1 Accounting Policies

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

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

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

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

2.1.2 Presentation Currency

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

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

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

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.

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

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

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

2.1.6 Basis of Consolidation (continued)

The paid-in capital of the parent company and subsidiary and 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 income statement for the period from 1 January to 31 March 2009 was consolidated according to the proportional consolidation method and the balance sheet as of 31 December 2009 and income statement for the period from 31 March to 31 December 2009 were consolidated on line-by-line basis as a result of free-of-charge acquisition by Eczacıbaşı Portföy Yönetimi A.Ş. of its shares held by Switzerland Union Bancaire Privée as of 31 March 2009.

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

	31 December 2010		31 December 2009	
	Nominal capital	Shareholding (%)	Nominal capital	Shareholding (%)
Eczacıbaşı Portföy Yönetimi A.Ş.	6.000.000	99,99	6.000.000	99,99

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

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

The paid equity 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. As of the transfer date, the current values of liabilities and the assets which were transferred from Eczacıbaşı Portföy Yönetimi A.Ş. to Group are as follows:

	Notes	31 March 2009
Cash and cash equivalents		362.522
Other current assets		178.195
Property, plant and equipment	10	8.333
Intangible assets	11	4.780
Other non-current assets		2.348
Total Assets		**556.178**
Short-term liabilities		118.125
Long-term liabilities		11.366
Capital advance		800.160
Total Liabilities		**929.651**
Net Value		**(373.473)**

The equity of Eczacıbaşı Portföy Yönetimi A.Ş. as of 31 December 2009 in the amount of TL 1.766.727 is less than one third of its capital in the amount of TL 6.000.000, two-thirds of the Company capital remained unsubscribed. Eczacıbaşı Portföy Yönetimi A.Ş. took some actions according to Article 324 of the Turkish Commercial Code. The parent Eczacıbaşı Menkul Değerler A.Ş. took share capital advance amounting to TL 1.600.000 and TL 1.850.000 in May, November 2008 and in June , December 2009 consequently. As the legal transactions about capital increase were not completed as of 31 December 2009, capital advance amounting to 3.450.000 TL was presented in capital account at the previous year financial. 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.

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

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 December 31, 2010 and 2009 are as follows:

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

31 December 2009 Associates	Nominal capital	Direct Shareholding of Parent company (%)
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	548.208.000	18,75(*)
Eczacıbaşı E-Kart Elektronik Kart Sistemleri ve Sanayi A.Ş.	10.839.500	31,01
İntema İnşaat ve Tesis Malzemeleri A.Ş.	4.860.000	20,86
Atlı Zincir İğne ve Makine Sanayi A.Ş.	1.000.000	30,00

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

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

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

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

Assets, liabilities, equity, net sales and profit / (loss) of the associates included in the consolidated financial statements as of 31 December 2010, 2009 and 2008 are as follows:

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

31 December 2009	**Total Assets**	**Total Liabilities**	**Equity**	**Net Sales**	**Profit/(Loss)**
Atlı Zincir İğne ve Makine Sanayi. A.Ş.	13.909.613	11.665.071	2.244.542	6.312.568	(2.314.230)
İntema İnşaat ve Tesis Malzemeleri A.Ş.	128.671.238	110.883.191	17.788.047	328.532.631	(961.675)
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	2.489.055.000	298.830.000	2.171.203.000	874.700.000	290.249.000
Eczacıbaşı E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	33.911.934	28.294.514	5.617.420	45.827.664	2.890.651

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

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

2.2. 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.

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

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

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 December 2010 in comparison with the consolidated balance sheet prepared as of 31 December 2009; the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the period 1 January – 31 December 2010 in comparison with 1 January – 31 December 2009.

As explained in Note 2.1.6 (iii), in financial statements dated 31 December 2009 Eczacıbaşı Portföy Yönetimi A.Ş. was fully consolidated while in financial statements dated 31 December 2008 it was proportionally consolidated.

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 2009 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 equity is as follows:

	As previously reported 1 January 2009	Eczacıbaşı Yatırım Ortaklığı Consolidation effect	Restated 1 January 2009
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

2.2.2 Convenience translation of financial statements originally issued in Turkish

The accounting principles described in Note 2 to the financial statements (defined as CMB Financial Reporting Standards) differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting for the period from 1 January to 31 December 2005. Accordingly, the financial statements are not intended to present the financial position and results of operations of the Company in accordance with IFRS.

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

2.2.3 Changes in International Financial Reporting Standards

New or Revised International Financial Reporting Standards Adopted by the Group

None

The standards, amendments and interpretations to existing standards effective in 2010 and not relevant to the Group

Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRSs issued in 2009)	The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require a) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations b) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the consolidated financial statements.
Amendments to IAS 7 Statement of Cash Flows (as part of Improvements to IFRSs issued in 2009)	The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The application of the amendments to IAS 7 has resulted in a change in the presentation of cash outflows in respect of development costs that do not meet the criteria in IAS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset.
Amendments to 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.

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

2.2.3 Changes in International Financial Reporting Standards (continued)

<u>The standards, amendments and interpretations to existing standards effective in 2010 and not relevant to the Group (Continued)</u>

IFRS 3 (revised in 2008) Business Combinations

IFRS 3 (revised), "Business Combinations" and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The main impact of the adoption is as follows:

a) to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquire.

b) to change the recognition and subsequent accounting requirements for contingent consideration.

c) to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred.

d) in step acquisitions, previously held interests are to be remeasured to fair value at the date of the subsequent acquisition with the value included in goodwill calculation. Gain or loss arising from the re-measurement shall be recognized as part of profit or loss.

e) IFRS 3 (2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquire.

There are no business combinations within the context of IFRS 3 (revised).

IAS 27 (revised in 2008) Consolidated and Separate Financial Statements

The application of IAS 27(2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

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

2.2.3 Changes in International Financial Reporting Standards (continued)

The standards, amendments and interpretations to existing standards effective in 2010 and not relevant to the Group (continued)

IAS 27 (revised in 2008) Consolidated and Separate Financial Statements (continued)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes in accounting policies have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

Since there is no change in the ownership interest in Group's subsidiaries, this interpretation is not applied.

IAS 28 (2008) Investments in Associates

The principle adopted under IAS 27(2008) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendments to IAS 28. Therefore, when significant influence over an associate is lost, the investor measures any investment retained in the former associate at fair value, with any consequential gain or loss recognised in profit or loss.

As part of Improvements to IFRSs issued in 2010, IAS 28(2008) has been amended to clarify that the amendments to IAS 28 regarding transactions where the investor loses significant influence over an associate should be applied prospectively.

Since there is no change in the ownership interest in Group's subsidiaries, this interpretation is not applied.

IFRIC 17, "Distributions of non-cash assets to owners", effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

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

2.2.3 Changes in International Financial Reporting Standards (continued)

<u>The standards, amendments and interpretations to existing standards effective in 2010 and not relevant to the Group (continued)</u>

"Additional exemptions for first-time adopters" (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.

IFRS 2, "Share-based Payments – Group Cash-settled Share Payment Arrangements" is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as the Group does not have share-based payment plans.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Improvements in relation with International Financial Reporting Standards are published in April 2009. Improvements contain below presented standards and interpretations. IFRS 2 Share-based Payments, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 8 Operating Segments, IAS 1 Presentation of Financial Statements, IAS 7 Statement of Cash Flows, IAS 17 Leases, IAS 18 Revenue, IAS 36 Impairment of Assets, IAS 38 Intangible Assets, IAS 39 Financial Instruments: Recognition and Measurement, IFRIC 9 Reassessment of Embedded Derivatives, IFRIC 16 Hedges of Net Investment in a Foreign Operation. The effective dates vary standard by standard but most are effective by 1 January 2010.

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

2.2.3 Changes in International Financial Reporting Standards (continued)

Standards and interpretations that are not yet effective and have not been early adopted by the Group and amendments and interpretations to existing previous standards (continued)

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.

On 20 December, 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 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 (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendment will be effective for annual periods beginning on or after 1 July 2011. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

IFRS 9 '*Financial Instruments: Classification and Measurement*'

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

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

2.2.3 Changes in International Financial Reporting Standards (continued)

Standards and interpretations that are not yet effective and have not been early adopted by the Group and amendments and interpretations to existing previous standards (continued)

IAS 12 Income Taxes

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

IAS 24(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. The Group has not yet had an opportunity to consider the potential impact of the adoption of this revised standard.

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.

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. The Group does not expect any impact of the adoption of this amendment on the financial statements.

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

2.2.3 Changes in International Financial Reporting Standards (Continued)

Standards and interpretations that are not yet effective and have not been early adopted by the Group and amendments and interpretations to existing previous standards (continued)

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. The Group has not yet had an opportunity to consider the potential impact of the adoption of this amendment to the standard.

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 7 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 1 Presentation of Financial Statements; 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 Group has not yet had an opportunity to consider the potential impact of the adoption of these amendments to the standards.

2.3 CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the net profit or loss in the current and future periods prospectively . There has not been any change in the accounting estimates and assumptions for the period from 1 January to 31 December 2010.

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) Revenue

(i) Fee and commission income and expenses

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

(ii) Interest income and expense

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

(b) Property and equipment

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

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

Furniture and fixtures	3-5 years
Motor vehicles	5 years

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

The residual value and useful life of the assets are investigated as of the balance sheet date and adjustments are performed if necessary.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(c) Intangible assets

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

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

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

(d) Financial assets

The Group classifies its financial assets in two groups.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

(e) Sale and repurchase agreements

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Originated loans and provisions for loan impairment

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

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

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

(g) Foreign exchange transactions

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

(h) Earnings per share

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

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

(i) Subsequent events

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

(j) Provisions

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Finance leases - as lessee

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

(l) Related parties

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

(m) Income taxes

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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. As a result, the estimates used in the analysis, may not be indicative for the value the Group may be obtained in a current market transaction, and actual values may significantly deviate from those estimates (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 December 2010.

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

3 - CASH AND CASH EQUIVALENTS

	31 December 2010	31 December 2009	31December 2008
Cash in hand	61.429	26.277	26.078
Banks			
- Demand deposit	128.264	1.403.338	2.252.740
- Time deposit	74.330.235	85.566.388	77.045.151
- Reverse repo receivables	10.339.765	14.502.879	12.755.380
Receivables from money market	-	368.021	417.160
Other liquid assets	174.706	1.295.136	1.265.479
	85.034.399	**103.162.039**	**93.761.988**

As of 31 December 2010, interest rates for Turkish lira denominated time deposits vary between 8,50% - 9,00% (31 December 2009: 8,70% - 10,85% - 31 December 2008: 15,50% - 22,00%), whereas interest rates for foreign currency denominated time deposits vary between 3,15% - 3,65% (31 December 2009: 3,20% - 3,60% - 31 December 2008: 5,75% - 7,00%).

TL 1.249.883 (31 December 2009: TL 1.188.050 -31 December 2008: TL 982.215) of the securities with a commitment to buy-back ("reverse repo") is used in the contracts signed with the clients (Note 6).

As of 31 December 2010, 2009 and 2008, cash and cash equivalents included in the consolidated statements of cash flows are presented below:

	31 December 2010	31 December 2009	31 December 2008
- Cash and cash equivalents	85.034.399	103.162.039	93.761.988
- Interest Accruals	(88.588)	(269.577)	(463.676)
	84.945.811	**102.892.462**	**93.298.312**

4 - FINANCIAL ASSETS

The details of financial assets as of 31 December 2010, 2009 and 2008 are as follows:

	31 December 2010	31 December 2009	31 December 2008
Financial assets at fair value through profit and loss	75.135.073	60.030.624	29.966.331
Financial assets, current	**75.135.073**	**60.030.624**	**29.966.331**
Available-for-sale financial assets	376.512.812	319.620.544	246.639.483
Financial assets, non-current	**376.512.812**	**319.620.544**	**246.639.483**

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

4 - FINANCIAL ASSETS (Continued)

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

The list of short-term financial assets at fair value through profit and loss as of 31 December 2010, 2009 and 2008 is as follows:

	31 December 2010	**31 December 2009**	**31 December 2008**
Government Bonds	18.019.089	10.605.515	10.365.711
Common Stocks	55.006.698	48.703.203	15.315.437
- EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş	17.766.150	17.837.500	1.966.800
- Eczacıbaşı Yapı Gereçleri A.Ş.	8.288.000	7.280.000	2.744.000
- İntema İnşaat ve Tesis Malzemeleri A.Ş.	7.741.070	2.570.389	-
- Other (*)	21.211.478	21.015.314	10.604.637
Capital secured funds	1.219.332	721.906	3.866.550
A Type investment funds	889.954	-	418.633
Total	**75.135.073**	**60.030.624**	**29.966.331**

(*) Contains unlisted and non-group stocks.

Government bonds have an average interest rate of 6,11% (31 December 2009: 7,45% - 31 December 2008: 14,85%).

As of 31 December 2010 government bonds of the Group amounting to TL 6.952.677 (31 December 2009: TL 6.816.118 - 31 December 2008: TL 6.521.084) with a nominal value of TL 7.130.000 (31 December 2009: TL 7.060.000 - 31 December 2008: TL 6.829.994) are submitted as collateral.

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

4 - FINANCIAL ASSETS (Continued)

b) Available-for-sale financial assets:

The list of long-term available-for-sale financial assets as of 31 December 2010, 2009 and 2008 is as follows:

		31 December 2010		31 December 2009		31 December 2008
	%	Amount	%	Amount	%	Amount
Listed:						
Eczacıbaşı Yapı Gereçleri A.Ş. (*), (**)	7,49	25.027.793	7,49	21.983.871	5,00	4.900.000
		25.027.793		**21.983.871**		**4.900.000**
Not Listed:						
Eczacıbaşı Holding A.Ş. (****)	11,54	323.367.372	11,54	276.313.056	11,54	217.643.700
Kaynak Tekniği San. ve Tic. A.Ş. (**)	15,86	23.131.256	14,99	16.360.784	14,82	18.766.774
İpek Kağıt San. ve Tic. A.Ş. (**)	0,99	865.649	0,99	1.293.046	0,99	1.933.404
Vitra Karo Sanayi ve Ticaret. A.Ş. (**)	0,83	1.474.257	0,83	1.137.257	0,83	745.555
Eczacıbaşı Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş. (**)	1,00	347.424	1,00	200.940	1,00	308.404
Ekom Eczacıbaşı Dış Ticaret A.Ş. (**)	1,90	142.668	1,90	144.602	1,90	137.440
Esi Eczacıbaşı Sigorta Acentalığı A.Ş. (**)	2,50	103.326	2,50	109.875	2,50	77.122
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (**)	0,29	5.805	0,29	7.307	0,29	59.343
Eczacıbaşı İlaç Pazarlama A.Ş. (**)	0,02	15.213	0,02	13.888	0,02	13.258
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. (**)	0,00	8.128	0,00	7.250	0,00	5.815
İMKB Takas ve Saklama Bankası A.Ş. (***)	1,00	2.023.668	1,00	2.023.668	1,00	2.023.668
Gelişen İşletmeler Piyasaları A.Ş. (***)	0,50	253	0,50	50.000	0,50	50.000
Capital Commitments:						
Gelişen İşletmeler Piyasaları A.Ş.		-		(25.000)		(25.000)
		351.485.019		**297.636.673**		**241.739.483**
Total		**376.512.812**		**319.620.544**		**246.639.483**

(*) As at 31 December 2010, 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 TL61.000.741. In fair value determination of Eczacıbaşı Holding A.Ş., the methods shown below are used;

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

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

4 - FINANCIAL ASSETS (Continued)

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

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

Entity Name	Portion of Ownership Interests of Eczacıbaşı Holding A.Ş (%) (*)		Fair Value Measurement Technique		Fair Value Hierarchy	
	2010	2009	2010	2009	2010	2009
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş.	62,50	62,49	(I)	(I)	3. level	3. level
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş.	82,84	82,73	(II)	(II)	1. level	1. level
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	48,32	47,54	(II)	(II)	1. level	1. level
Eczacıbaşı Yatırım Ortaklığı A.Ş.	24,59	24,59	(II)	(II)	1. level	1. level
Esan Eczacıbaşı Endüstriyel Hammaddeleri San. ve Tic. A.Ş.	99,96	99,96	(III)	(III)	3. level	3. level
Eczacıbaşı Bilişim San. ve Tic. A.Ş.	94,58	94,54	(V)	(III)	3. level	3. level
Vitra Karo San. ve Tic. A.Ş.	88,19	88,19	(III)	(III)	3. level	3. level
Engers Keramik Gmbh&Co Kg	88,19	88,19	(III)	(III)	3. level	3. level
Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri San. ve Tic. A.Ş.	73,95	73,95	(III)	(III)	3. level	3. level
EİP Eczacıbaşı İlaç Pazarlama A.Ş.	62,49	62,49	(III)	(III)	3. level	3. level
Eczacıbaşı Portföy Yönetimi A.Ş.	59,56	59,56	(III)	(III)	3. level	3. level
Eczacıbaşı Menkul Değerler A.Ş.	59,56	59,56	(III)	(III)	3. level	3. level
EKY Eczacıbaşı-Koramic Yapı Kimyasalları San. ve Tic. A.Ş.	49,37	49,38	(IV)	(III)	2. level	3. level
İpek Kağıt San. ve Tic. A.Ş.	49,30	49,30	(III)	(III)	3. level	3. level
Villeroy&Boch Fliesen Gmbh	44,97	44,97	(III)	(III)	3. level	3. level
Kaynak Tekniği San. ve Tic. A.Ş.	42,71	42,20	(III)	(III)	3. level	3. level
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	36,79	36,79	(III)	(III)	3. level	3. level
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	31,96	31,96	(III)	(III)	3. level	3. level
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler San. ve Tic. A.Ş.	31,25	31,25	(III)	(III)	3. level	3. level
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	31,25	31,25	(III)	(III)	3. level	3. level
Eczacıbaşı-Monrol Nükleer Ürünler San. ve Tic. A.Ş.	30,82	31,25	(III)	(IV)	3. level	3. level
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	96,18	98,82	(V)	(V)	3. level	3. level
Cennet Koyu Turizm İşletmeleri San. ve Tic. A.Ş.	78,88	87,64	(V)	(V)	3. level	3. level
Eczacıbaşı Havacılık A.Ş.	86,98	86,98	(V)	(V)	3. level	3. level
Eczacıbaşı Sağlık Hizmetleri A.Ş.	77,22	77,22	(V)	(V)	3. level	3. level
Eczacıbaşı İnşaat ve Ticaret A.Ş.	62,66	62,66	(V)	(V)	3. level	3. level
Eczacıbaşı İlaç Ticaret A.Ş.	62,53	62,53	(V)	(V)	3. level	3. level
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	59,26	59,26	(V)	(V)	2. level	3. level
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	50,00	50,00	(V)	(V)	3. level	3. level
Toplu Konut Holding A.Ş.	27,00	27,00	(V)	(V)	3. level	3. level
Ekom Eczacıbaşı Dış Ticaret A.Ş.	17,60	18,38	(V)	(V)	3. level	3. level
Vitra Bad Gmbh	100,00	100,00	(VI)	(VI)	3. level	3. level
Vitra UK Limited	96,46	96,46	(VI)	(VI)	3. level	3. level
Vitra Ireland Limited	82,69	82,69	(VI)	(III)	3. level	4. level

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

4 - FINANCIAL ASSETS (Continued)

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

- i) Kanyon Shopping Mall and Office Building; discounted cash flows of rent incomes (Level 3),
- ii) Financial assets; current transaction cost (Level 2) and current market prices (Level 1),
- iii) Real estates; current transaction cost, arm's length price and expertise values (Level 2 and 3) and
- 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 and 2009 there are no financial instruments listed in a stock exchange other than ISE.

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

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

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

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

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

In this context, the fair value of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has been calculated as TL 68.374.369 as of 31 December 2010 (31 December 2009: TL 76.241.386 - 31 December 2008: TL 74.319.000). As of 31 December 2010 Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has a market value of TL 355.600.000 (31 December 2009: TL 337.400.000 – 31 December 2008: TL 151.900.000).

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

4 - FINANCIAL ASSETS (Continued)

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

	31 December 2010	31 December 2009
Total fair value of Eczacıbaşı Holding A.Ş. (*)	3.071.194.186	2.624.306.389
The share of the Group within the total fair value of Eczacıbaşı Holding A.Ş. (**)	354.415.941	302.845.068
The effect of mutual subsidiary	26.016.261	22.229.116
Fair value before liquidity discount	**380.432.202**	**325.074.184**
Liquidity discount (-)	(57.064.830)	(48.761.128)
Fair value of the Group in consolidated financials	**323.367.372**	**276.313.056**

(*) 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% (31 December 2009: 11,54%).

As explained in the table above, fair value before liquidity discount amounting to TL 380.432.202 (31 December 2009: TL 325.074.184) has been calculated by using the fair value of Eczacıbaşı Holding A.Ş. amounting to TL 3.071.194.186 (2009: TL 2.624.306.389); calculating the amount TL 354.415.941 (31 December 2009: TL 302.845.068) by multiplying the fair value of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.'s proportion of ownership interest in Eczacıbaşı Holding A.Ş. equalling 11,54% and adding the effect of mutual subsidiary between Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. and Eczacıbaşı Holding A.Ş. amounting to TL 26.016.261 (31 December 2009: TL 22.229.116). The fair value presented in consolidated financial statements amounting to TL 323.367.372 (31 December 2009: TL 276.313.056) has been calculated by deducting the liquidity discount at the rate of 15% from this amount.

5 – FINANCIAL LIABILITIES

	31 December 2010		31 December 2009		31 December 2008	
	Interest Rate %	Amount	Interest Rate %	Amount	Interest Rate %	Amount
Short-term Loans						
TL-denominated loans	-	145.486	-	131.011	-	139.238
	-	**145.486**	**-**	**131.011**	**-**	**139.238**

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

6 – TRADE RECEIVABLES AND PAYABLES

	31 December 2010	31 December 2009	31 December 2008
Short-term trade receivables:			
Receivables from credit customers	13.463.130	6.014.719	3.075.270
Investors current account	394.252	403.110	397.778
Fund management and commission receivables	201.266	213.730	99.338
Doubtful receivables	206.001	206.001	206.358
Receivable from sale of securities (*)	-	-	67
Other	19.347	2.295	17.900
	14.283.996	**6.839.855**	**3.796.711**
Provision for doubtful receivables	(206.001)	(206.001)	(206.358)
	14.077.995	**6.633.854**	**3.590.353**

(*) 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...

The Group, holds common stocks with a market value of TL 53.508.145 (31 December 2009: TL 32.440.415 - 31 December 2008: TL 14.938.992) as collateral for the loans given out. Average interest rate for these borrowings is 11,40% (31 December 2009: 15,34% – 31 December 2008: 23,00%).

	31 December 2010	31 December 2009	31 December 2008
Short term trade payables			
Funds received from the repo contracts (Note 3)	1.249.883	1.188.050	982.215
Payable from purchase of securities (*)	2.030.108	1.204.800	-
Investors current account	802.708	709.189	295.148
Suppliers	761.161	720.448	591.594
Payables to ISE	31.967	32.448	19.980
Other	6.301	7.620	55.000
	4.882.128	**3.862.555**	**1.943.937**

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

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

7 - OTHER RECEIVABLES AND PAYABLES

	31 December 2010	31 December 2009	31 December 2008
Deposits and guarantees given	80.076	179.127	69.517
Receivables from Turkish Derivatives Exchange (net) (*)	4.320	11.781	7.552
Personnel advance instalments	57.458	400	29.200
Receivables from associates	-	-	853.554
Other	27.146	21.970	17.626
	169.000	**213.278**	**977.449**

(*) 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 December 2010	31 December 2009	31 December 2008
Long-term other receivables:			
Deposits and guarantees given	5.600	5.341	35
Derivatives exchange collaterals	-	-	5.274
	5.600	**5.341**	**5.309**

Short-term other payables:

	31 December 2010	31 December 2009	31 December 2008
Payables to the related parties (*)	2.281.027	25.015	197.812
Other	7.861	5.560	-
	2.288.888	**30.575**	**197.812**

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

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

8 - INVESTMENTS IN ASSOCIATES

Associates:

	31 December 2010		31 December 2009		31 December 2008	
	%	**Amount**	**%**	**Amount**	**%**	**Amount**
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	18,75	444.016.536	18,75	407.024.641	18,75	321.629.543
İntema İnşaat ve Tesis Malzemeleri A.Ş.	20,86	1.209.571	20,86	1.909.387	20,86	2.110.025
Atlı Zincir İğne ve Makina Sanayi A.Ş.	(*)	-	30	673.363	30,00	1.371.571
Eczacıbaşı E-Kart Elektronik Kart Sistemleri Sanayi ve Ticaret A.Ş.	31,01	2.411.585	31,01	1.741.767	31,01	845.476
Vitra Küvet Sanayi ve Ticaret A.Ş.			-	-	26,93	4.631.477
		447.637.692		**411.349.158**		**330.588.092**

(*) 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 December 2010	**1 January-31December 2009**
At 1 January	411.349.158	330.588.092
Group's share in the associate's profit	13.711.026	53.810.208
Change in the fair value of available-for-sale financial assets	33.214.287	42.524.012
Eliminated dividends from associates	(7.193.972)	(11.610.385)
Disposal from associates	(3.095.247)	(4.032.693)
Effect of currency translation	(347.560)	69.924
At 31 December	**447.637.692**	**411.349.158**

As of 31 December 2010, Group's shares in its subsidiaries, EİS Eczacıbaşı İlac, Sinai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and İntema İnşaat ve Tesis Malzemeleri A.Ş. are 20,05% and 41,93 respectively considering purchases from publicly held shares (31 December 2009: 20,05% and 30,84%). Shares related to purchase from publicly held are accounted for under fair value through profit and loss.

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

9 – INVESTMENT PROPERTY

Cost	**1 January 2010**	**Additions(*)**	**Disposals**	**31 December 2010**
Factory building and land	-	15.000.000	-	15.000.000
	-	**15.000.000**	**-**	**15.000.000**
Accumulated Depreciation				
Factory building and land	-	-	-	-
	-	**-**	**-**	**-**
Net book value	**-**			**15.000.000**

(*) As of 31 December 2010, factory building and land registered to Atlı Zincir İğne ve Tesis Malzemeleri A.Ş. was bought with value of expertise made amounting to TL 15.000.000. As of 31 December 2010, TL 12.810.983 of related value was paid, remaining amount is followed at short term payables.

10 – PROPERTY AND EQUIPMENT

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

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

10 – PROPERTY AND EQUIPMENT (Continued)

	1 January 2009	Adjustment (*)	Additions	Disposals	31 December 2009
Cost					
Furniture and fixtures	6.244.362	104.023	115.946	(40.389)	6.423.942
Vehicles	114.138	-	-	(67.315)	46.823
Leasehold improvements	1.114.203	-	7.148	(87.847)	1.033.504
Machinery and Equipment	605.909	-	-	-	605.909
	8.078.612	**104.023**	**123.094**	**(195.551)**	**8.110.178**
Accumulated Depreciation					
Furniture and Fixtures	(5.580.275)	(95.690)	(314.077)	29.263	(5.960.779)
Vehicles	(111.531)	-	(783)	65.491	(46.823)
Leasehold improvements	(829.093)	-	(97.765)	60.075	(866.783)
Machinery and Equipment	(589.189)	-	(4.862)	-	(594.051)
	(7.110.088)	**(95.690)**	**(417.487)**	**154.829**	**(7.468.436)**
Net book value	**968.524**				**641.742**

(*) As explained in Note 2.1.6 (iii), it denotes the adjustment caused by the non-remunerative transfer of common shares of Eczacıbaşı Portföy Yönetimi A.Ş. to Eczacıbaşı Menkul Değerler A.Ş. as of 31 March 2009.

Cost	1 January 2008	Adjustments (*)	Additions	Disposals	31 December 2008
Furniture and fixtures	6.136.372	-	140.025	(32.035)	6.244.362
Vehicles	165.705	-	-	(51.567)	114.138
Leasehold improvements	1.104.912	-	9.291	-	1.114.203
Machinery and Equipment	605.909	-	-	-	605.909
	8.012.898	**-**	**149.316**	**(83.602)**	**8.078.612**
Accumulated Depreciation					
Furniture and Fixtures	(5.133.123)	-	(475.162)	28.010	(5.580.275)
Vehicles	(140.271)	-	(22.827)	51.567	(111.531)
Leasehold improvements	(658.651)	-	(170.442)	-	(829.093)
Machinery and equipment	(575.802)	-	(13.387)	-	(589.189)
	(6.507.847)	**-**	**(681.818)**	**79.577**	**(7.110.088)**
Net book value	**1.505.051**				**968.524**

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

11 - INTANGIBLE ASSETS

	1 January 2010	Additions	Disposals	31 December 2010
Cost				
Computer software	2.865.665	168.219	-	3.033.884
Rights	362	778	-	1.140
	2.866.027	**168.997**	**-**	**3.035.024**
Accumulated depreciation				
Computer software	(2.772.863)	(121.995)	-	(2.894.858)
Rights	(362)	(263)	-	(625)
	(2.773.225)	**(122.258)**	**-**	**(2.895.483)**
Net book value	**92.802**		**-**	**139.541**

	1 January 2009	Adjustments (*)	Additions	Disposals	31 December 2009
Cost					
Computer software	2.718.594	67.471	79.600	-	2.865.665
Rights	362	-	-	-	362
	2.718.956	**67.471**	**79.600**	**-**	**2.866.027**
Accumulated depreciation					
Computer software	(2.615.582)	(62.691)	(94.590)	-	(2.772.863)
Rights	(362)	-	-	-	(362)
	(2.615.944)	**(62.691)**	**(94.590)**	**-**	**(2.773.225)**
Net book value	**103.012**				**92.802**

(*) As explained in Note 2.1.6 (iii), it denotes the adjustment caused by the non-remunerative transfer of common shares of Eczacıbaşı Portföy Yönetimi A.Ş. to Eczacıbaşı Menkul Değerler A.Ş. as of 31 March 2009.

	1 January 2008	Additions	Disposals	31 December 2008
Cost				
Computer software	2.624.695	93.899	-	2.718.594
Rights	362	-	-	362
	2.625.057	**93.899**	**-**	**2.718.956**
Accumulated depreciation				
Computer software	(2.505.543)	(110.039)	-	(2.615.582)
Rights	(362)	-	-	(362)
	(2.505.905)	**(110.039)**	**-**	**(2.615.944)**
Net book value	**119.152**			**103.012**

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

12 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2010	31 December 2009	31 December 2008
Provisions:			
BITT provision related to 2008 (Note 12 (d))	64.144	55.936	-
Provision for litigation (Note 12 (d))	5.500	5.500	99.478
Provision for expense	2.907	179.412	178.350
Other	7.965	-	3.241
	80.516	**240.848**	**281.069**

a) As of 31 December 2010 government bond with a nominal value of TL 7.130.000 (31 December 2009: TL 7.060.000 – 31 December 2008: TL 6.829.994) in the Group's, is in the blocked account by Takasbank and CBRT in remuneration for stock exchange transactions limit and as capital blockage.

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

	31 December 2010	31 December 2009	31 December 2008
Securities held in custody in Takasbank			
Investment funds- unit	8.944.993.766	8.860.952.344	9.303.168.565
Common stocks	613.016.832	589.190.059	580.458.344
Customer portfolio - Government bonds and treasury bills	8.214.254	12.951.761	25.858.609
Group portfolio - Government bonds and treasury bills	7.315.851	7.199.795	7.233.907
Group portfolio - Government bonds - Repos	165.465	1.131.347	3.691.291
Group portfolio - Common stocks	1.975	54	-

c) As of 31 December 2010, 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 17.234.486 and USD 32.250 (31 December 2009: 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 - 31 December 2008: letters of guarantee are received from various banks to be given to CMB, ISE, İzmir Telekom Başmüdürlüğü, Tekfen Holding A.Ş. and Foreks amounting to TL 15.950.986 and USD32.250).

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

12 – COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, pledges and mortgages "CPM" given by the Parent Company, Eczacıbaşı Yatırım Holding Ortaklığı A.Ş., as of 31 December 2010, 2009 and 2008 are as follows:

	31 December 2010	**31 December 2009**	**31 December 2008**
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	60.559	60.559
C.CPM`s given for continuation of its economic activities on behalf of the third parties	-	-	-
D.Total amount of other CPM`s	-	-	-
i.Total amount of CPM`s given on behalf of the majority shareholder	-	-	-
ii.Total amount of CPM`s given on behalf of the other group companies which are not in the scope of B and C (**)	950.000	-	-
iii.Total amount of CPM`s given on behalf of third parties which are not in the scope of C	-	-	-
	980.000	**60.559**	**60.559**

(*) 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 as at 31 December 2010 (31 December 2009: 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 64.144 for possible tax payments regarding BITT for the year 2008 (2009: TL 55.936, 2008: none).

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 2009: TL 5.500, 31 December 2008: TL 99.478).

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

13 – EMPLOYEE BENEFITS

	31 December 2010	31 December 2009	31December 2008
Provision for current liabilities			
Employee premium provision	2.340.850	1.930.877	790.620
Unused vacation provision	892.472	422.983	338.434
	3.233.322	**2.353.860**	**1.129.054**

Employee premium provision movements within the periods 1 January- December 2010 and 2009 are as follows;

	31 December 2010	31 December 2009
1 January Balance	1.930.877	790.620
Charge for the year	2.340.850	1.930.877
Paid during the year	(1.930.877)	(790.620)
31 December Balance	**2.340.850**	**1.930.877**

Unused vacation provision movements within the periods 1 January- December 2010 and 2009 are as follows;

	31 December 2010	31 December 2009
1 January Balance	422.983	338.434
Charge for the year	498.271	93.468
Paid during the year	(28.782)	(8.919)
31 December Balance	**892.472**	**422.983**

	31 December 2010	31 December 2009	31December 2008
Provisions for non-current liabilities:			
Provision for employment termination benefits	1.016.973	861.324	719.402
	1.016.973	**861.324**	**719.402**

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

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002 there are certain transitional provisions relating to length of service prior to retirement.

As of 31 December 2010, the amount payable consists of one month's salary limited to a maximum of TL 2.517,01 (31 December 2009: TL 2.365,16 - 31 December 2008: TL 2.173,18) for each year of service.

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

13 – EMPLOYEE BENEFITS (Continued)

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

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

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

	31 December 2010	31 December 2009	31 December 2008
Discount Rate (%)	4,66	5,92	6,26
Turnover rate to estimate the probability of retirement (%)	9,43	10,40	10,51

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 2.427,05) 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 December 2010	31 December 2009
At 1 January	861.324	719.402
Adjustment (Note 2.1.6(iii))	-	11.366
Service cost	415.977	99.746
Interest cost	50.829	75.994
Paid during the year	(311.157)	(45.184)
At 31 December	**1.016.973**	**861.324**

14 – OTHER ASSETS AND LIABILITIES

	31 December 2010	31 December 2009	31 December 2008
Other current assets			
Prepaid taxes and duties	431.373	361.254	2.046.447
Prepaid expenses	820.554	822.642	640.511
Other	504	592	319
	1.252.431	**1.184.488**	**2.687.277**
Other non-current assets			
Deferred VAT	2.068.265	1.748.115	1.441.423
Prepaid expenses	47.142	35.190	3.807
Other	-	15	98
	2.115.407	**1.783.320**	**1.445.328**
Other current liabilities			
Taxes and funds payable	899.689	901.656	1.422.421
Other	56.451	31.398	76.154
	956.140	**933.054**	**1.498.575**

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

15 – EQUITY

The Company's paid in capital is TL 70.000.000 (31 December 2009: TL70.000.000-31 December 2008: TL 70.000.000) and it was divided into 70.000.000 (31 December 2009: 70.000.000, 31 December 2008: 70.000.000) stocks each one which has TL 1 (31 December 2009: TL 1- 31 December 2008: TL 1) par value stock.

The Company has no preferred stock as of 31 December 2010 (31 December 2009: None).

The Company's registered share capital is TL 200.000.000 (31 December 2009: TL 200.000.000-31 December 2008: TL 200.000.000), and the shareholders and their shareholding percentages as of 31 December 2010, 2009 and 2008 are as follows with the historical amounts:

	31 December 2010		**31 December 2009**		**31 December 2008**	
	Amount	**Share (%)**	**Amount**	**Share (%)**	**Amount**	**Share (%)**
Eczacıbaşı Holding A.Ş.	41.479.335	59,26	41.479.335	59,26	39.593.943	56,56
Other (listed)	28.520.665	40,74	28.520.665	40,74	30.406.057	43,44
	70.000.000	**100.00**	**70.000.000**	**100.00**	**70.000.000**	**100.00**
Adjustment to share capital	131.334.916		131.334.916		131.334.916	
Total	**201.334.916**		**201.334.916**		**201.334.916**	

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

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

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

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

	31 December 2010	**31 December 2009**	**31 December 2008**
Legal reserves	10.973.842	9.943.875	5.669.912
Special reserves	-	-	-
	10.973.842	**9.943.875**	**5.669.912**

15 – EQUITY (Continued)

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”;

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.

15 – EQUITY (Continued)

Dividend Distribution

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

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

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

Accordingly, if the amount of dividend distributions calculated in accordance with the net distributable profit requirements of the CMB does not exceed the statutory net distributable profit, the total amount of distributable profit shall be distributed. If it exceeds the statutory net distributable profit, the total amount of the statutory net distributable profit shall be distributed. It is stated that dividend should not be distributed if there is a loss in either the consolidated financial statements prepared in accordance with CMB regulations or in the statutory financial statements. As of 31 December 2010, there is no plan for dividend distribution.

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

16 – OPERATING REVENUE

Sales and cost of sales are as follows:

Sales	1 January - 31 December 2010	1 January - 31 December 2009
Government bond sales	1.237.745.595	1.447.050.398
Common stock sales	710.615.369	476.386.291
Treasury bill sales	62.284.725	42.798.329
Other security sales	340.506	-
Total Sales	**2.010.986.195**	**1.966.235.018**
Services		
Intermediary commissions on common stock transactions	14.664.394	13.087.151
B Type Liquid Fund management fee	2.374.678	2.261.269
Intermediary commissions on derivative transactions	1.613.698	1.575.069
Commission fee on portfolio management	1.879.694	1.489.616
Right of preference - exercise dividend payments	26.207	232.949
Intermediary commissions on bond and bill transactions	404.319	443.681
Government bond accrual income	874.603	1.065.263
Government bond reverse repo income	745.982	944.135
Dividend income	542.543	552.889
Priority right at no charge	151.161	86.938
Interest income	228.800	331.298
Treasury bills reverse repo income	47.942	10.770
Shares unrealised value increase/(decrease)	(58.378)	1.318.997
Cancellation of previous year security income accrual	(1.065.265)	(414.458)
Cancellation of previous year shares unrealised value increase/(decrease)	(1.318.997)	776.290
Other	686.945	374.445
Service Income	**21.798.326**	**24.136.302**
Returns and discounts		
Service revenue discounts	(143.435)	(281.842)
Total returns and discounts	**(143.435)**	**(281.842)**
Total sales income	**2.032.641.086**	**1.990.089.478**
Cost of sales		
Government bond sales	(1.236.156.259)	(1.446.144.632)
Common stock sales	(704.601.410)	(466.544.549)
Treasury bill sales	(62.273.255)	(42.785.342)
Other security sales	(340.020)	-
Total cost of sales	**(2.003.370.944)**	**(1.955.474.523)**
Interest Income		
Interest income from loans given to customers	1.099.347	720.848
	1.099.347	**720.848**

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

17 – EXPENSES BY NATURE

	1 January - 31 December 2010	1 January - 31 December 2009
General administrative expenses		
Personnel	17.711.855	13.668.818
Services received from related parties (Note 22 (c))	5.638.640	5.495.145
Outsource service	1.100.455	1.214.431
Rent	1.229.240	1.174.991
Office	1.008.436	941.835
Transportation	860.269	727.868
Depreciation and amortisation (Note 10,11)	423.921	512.077
Communication	361.119	375.211
Maintenance	340.715	337.330
Other	1.225.073	741.089
	29.899.723	**25.188.795**

Marketing, selling and distribution expenses		
Advertising and marketing	567.908	1.090.884
Selling and distribution	898.250	477.864
Other	8.192	5.991
	1.474.350	**1.574.739**

18- OTHER OPERATING INCOME/EXPENSES

	1 January - 31 December 2010	1 January - 31 December 2009
Other operating income		
Increase in fair value of marketable securities, net	2.928.824	13.944.065
Income from customer transaction differences	2.077.282	1.670.268
Dividend Income (Note 22)	1.880.290	1.389.388
Gain on sale on tangible assets	27.729	-
Marketable security trading income	14.421	13.632
Income from the derivative exchange market	13.902	-
Income from services	-	76.270
Reversal of provisions	-	51.180
Other	53.687	123.644
	6.996.135	**17.268.447**

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

18- OTHER OPERATING INCOME/EXPENSES (Continued)

Other operating expenses	**1 January - 31 December 2010**	**1 January - 31 December 2009**
Loss of share sale (**)	875.247	-
2008 transactions		
BITT provision expense (Note 12)	8.208	10.800
Losses due to business combination (*)	-	373.473
Losses from the derivative exchange market	-	323.650
Tangible asset sale loss	79	6.595
Other	131.846	194.035
	1.015.380	**908.553**

(*) As explained in Note 2.1.6 (iii), it denotes the loss caused by the non-remunerative transfer of common shares of Eczacıbaşı Portföy Yönetimi A.Ş. to Eczacıbaşı Menkul Değerler A.Ş. as of 31 March 2009.

(**) Atlı Zincir İğne ve Makina Sanayi A.Ş., a Group investment which was consolidated by the equity method was sold to TL 2.220.000 and the difference between the investment amount of TL 3.095.247 and the sale amount was accounted as loss on disposal of investment amounting to TL 875.247.

19 - FINANCIAL INCOME/EXPENSES

Financial income:

	1 January - 31 December 2010	**1 January - 31 December 2009**
Interest income from time deposits	6.602.700	8.687.133
Foreign exchange gains	3.504.883	3.434.788
Interest income from marketable securities	-	643.434
Other	-	246.413
	10.107.583	**13.011.768**

Financial expenses:

	1 January - 31 December 2010	**1 January - 31 December 2009**
Foreign exchange losses	3.771.541	3.307.303
Interest expense from marketable securities	101.534	173.272
Commissions for guarantee letters	82.356	76.602
Other	7.037	5.832
	3.962.468	**3.563.009**

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 2010 (2009: 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 fiscal year 2010 and 2009.

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.

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.

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

20 - TAX ASSETS AND LIABILITIES (Continued)

The taxes on income / (expense) reflected to the consolidated income statement as at 1 January -31 December 2010, 2009 are summarised below:

	31 December 2010	31 December 2009
- Current period corporate tax (Entity)	802.133	1.297.270
- Advance tax (Entity)	(800.633)	(1.297.270)
	1.500	**-**
- Current period corporate tax (Subsidiary)	11.454	-
- Advance tax (Entity)	(203.672)	-
	(192.218)	**-**

	1 January - 31 December 2010	1 January - 31 December 2009
- Current period corporate tax (-)	(813.587)	(1.297.270)
- Deferred income tax (charge)/ benefit	(474.477)	(3.100.636)
Total tax expense	**(1.288.064)**	**(4.397.906)**

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

	1 January - 31 December 2010	1 January - 31 December 2009
Income before tax	24.832.312	88.191.130
Current year corporation tax expense	4.966.462	17.638.226
Tax effect of exempt income	(6.254.526)	(22.036.132)
Total tax expense	**(1.288.064)**	**(4.397.906)**

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 2009: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided at 31 December 2010, 2009 and 2008 using the enacted tax rates is as follows:

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

20 – TAX ASSETS AND LIABILITIES (Continued)

	Temporary Differences (*)		
	31 December 2010	**31 December 2009**	**31 December 2008**
Provision for employment termination benefits	1.016.973	851.211	711.770
Carried forward tax losses	7.738.080	7.991.558	2.306.708
Provision for unused vacation	892.472	399.459	326.789
Marketable security valuation difference	-	-	1.598.106
Other	11.938	506	10.496
Deferred income tax assets	**9.659.463**	**9.242.734**	**4.953.869**
Fair value differences of available-for-sale financial assets (**)	(278.747.863)	(233.128.783)	(171.928.998)
Marketable securities valuation difference	(14.718.459)	(12.249.178)	-
Net difference between the carrying value of tangible and intangible assets and their tax bases	(200.852)	(272.223)	(362.715)
Other	-	-	(600)
Deferred income tax liabilities	**(293.667.174)**	**(245.650.184)**	**(172.292.313)**

(*) 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.

		Deferred tax assets/(liabilities)	
	31 December 2010	**31 December 2009**	**31 December 2008**
Provision for employment termination benefits	203.395	170.243	142.354
Carried forward tax losses	1.547.616	1.598.312	461.342
Provision for unused vacation	178.494	79.891	65.358
Marketable security valuation difference	-	-	319.621
Other	2.388	101	2.099
Deferred income tax assets	**1.931.893**	**1.848.547**	**990.774**
Fair value differences of available-for-sale financial assets (**)	(13.937.393)	(11.656.439)	(8.596.450)
Marketable securities valuation difference	(2.971.545)	(2.445.731)	-
Net difference between the carrying value of tangible and intangible assets and their tax bases	(40.170)	(54.445)	(72.543)
Other	-	-	(120)
Deferred income tax liabilities	**(16.949.108)**	**(14.156.615)**	**(8.669.113)**
Provision for Impairment	(1.556.213)	(1.519.213)	-
Net deferred tax liabilities	**(16.573.428)**	**(13.827.281)**	**(7.678.339)**

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

20 – TAX ASSETS AND LIABILITIES (Continued)

The last utilisation period of carried forward tax losses from which deferred tax assets has been recognised is 2013.

Eczacıbaşı Portföy Yönetimi A.Ş. has carried forward tax losses amounting to TL 7.738.080 (31 December 2009: TL 7.991.558 - 31 December 2008: TL 6.254.970) which deferred tax assets has not recognised.

	Deductible carried forward tax losses	**Last Utilisation Period**
2006	1.883.625	31 December 2011
2007	1.975.821	31 December 2012
2008	2.110.185	31 December 2013
2009	1.320.569	31 December 2014
2010	447.880	31 December 2015
	7.738.080	

The movement of deferred income tax liabilities as at 31 December 2010 and 2009 is as follows:

	1 Ocak- 31 December 2010	**1 Ocak- 31 December 2009**
1 January	(13.827.281)	(7.678.339)
Current year deferred income tax (charge)/credit	(474.477)	(3.100.636)
Adjustment due to business combination (*)	-	1.368
Deferred income tax liabilities arising from fair value increases of available-for-sale financial assets	(2.271.670)	(3.049.674)
31 December	**(16.573.428)**	**(13.827.281)**

(*) As explained in Note 2.1.6 (iii), it denotes the adjustment caused by the non-remunerative transfer of common shares of Eczacıbaşı Portföy Yönetimi A.Ş. to Eczacıbaşı Menkul Değerler A.Ş. as of 31 March 2009.

21 - EARNINGS PER SHARE

	1 January - 31 December 2010	**1 January - 31 December 2009**
Net income for the year (TL)	19.669.921	73.615.901
Weighted average number of ordinary shares with face value of TL1 each	70.000.000	70.000.000
Earnings per share (TL)	**0,281**	**1,052**

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

22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Due to related parties:

	31 December 2010	31 December 2009	31 December 2008
Payables to shareholders:			
Eczacıbaşı Holding A.Ş.	624.731	587.368	632.530
Other	20.448	18.958	12.703
	645.179	**606.326**	**645.233**
Payables to group companies:			
Eczacıbaşı İlaç Pazarlama Sanayi ve Ticaret A.Ş.	-	4.814	3.282
Eczacıbaşı Sigorta Acenteliği A.Ş.	-	1.465	-
Eczacıbaşı Bilim Sanayi ve Ticaret A.Ş.	79.496	-	-
Eczacıbaşı Sağlık Hizmetleri A.Ş.	-	395	790
Atlı Zincir İğne ve Makine Sanayi A.Ş. (*)	2.189.017		
	2.268.513	**6.674**	**4.072**
Dividend payables to shareholders:			
Other (Note 7)	123	76	-
	123	**76**	**-**
	2.913.815	**613.076**	**649.305**

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

As of 31 December 2010, the Group has classified a portion of due from related parties amounting to TL 632.788 (31 December 2009: TL 588.061 – 31 December 2008: TL 451.493) under trade payables based on its nature and TL 2.281.027 (31 December 2009: TL 25.015, 31 December 2008: TL 197.812) under short-term other liabilities.

b) Sales to related parties:

	1 January - 31 December 2010	1 January- 31 December 2009
Eczacıbaşı Holding A.Ş.	82.215	54.213
	82.215	**54.213**

c) Service purchases from related parties:

	1 January - 31 December 2010	1 January- 31 December 2009
Eczacıbaşı Holding A.Ş. (*)	5.194.270	5.195.683
Eczacıbaşı Spor Kulübü	170.000	174.300
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	175.821	40.583
Eczacıbaşı İlaç Pazarlama A.Ş.	54.087	44.985
Eczacıbaşı Sağlık Hizmetleri A.Ş.	44.462	32.309
Other	-	7.285
	5.638.640	**5.495.145**

(*) 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 for the related companies based on the time allocated for each of the services provided

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

22 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

d) Dividend received from related parties:

	1 January - 31 December 2010	1 January- 31 December 2009
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.	593.887	252.555
Eczacıbaşı Holding A.Ş	1.229.010	802.030
Other	57.393	334.803
	1.880.290	**1.389.388**

e) Dividend paid to related parties:

	1 January - 31 December 2010	1 January- 31 December 2009
Eczacıbaşı Holding A.Ş.	2.073.966	2.900.000
Other	-	-
	2.073.966	**2.900.000**

f) Benefits provided to top management:

Total benefits provided to key management personnel for the year ended at 31 December 2010 amounted to TL 3.567.142 (31 December 2009: TL 2.574.400 – 31 December 2008: TL 1.729.967).

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

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

(i) Credit Risk

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

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

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

	Trade Receivables		Other Receivables			
31 December 2009	**Related Party**	**Other**	**Related Party**	**Other**	**Other(*)**	**Cash equivalents (**)**
Maximum exposed credit risk as of reporting date						
Note reference	6, 22	6	7	7	4	3
Net book value of financial assets either are not due or not impaired	-	6.633.854	-	218.619	10.605.515	103.135.762
	-	**6.633.854**	-	218.619	**10.605.515**	**103.135.762**

	Trade Receivables		Other Receivables			
31 December 2008	**Related Party**	**Other**	**Related Party**	**Other**	**Other(*)**	**Cash equivalents (**)**
Maximum exposed credit risk as of reporting date						
Note reference	6, 22	6		7	4	3
Net book value of financial assets either are not due or not impaired	-	3.590.353		982.758	10.365.711	93.735.910
	-	**3.590.353**		**982.758**	**10.365.711**	**93.735.910**

(*) Item contains the government bonds measured at fair value and attributable to income statements.
(**) Item contains cash equivalents

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

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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.

(ii) Liquidity Risk

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

The distribution of expiration of the financial liabilities as of 31 December 2010, 2009 and 2008 according to their contract dates is as follows:

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

	31 December 2009					
	Carrying Value	**Contractual Cash-flows**	**Up to 3 months**	**3 months 12 month**	**1 year-5 years**	**More then 5 years**
Note References	5,6,7					
Financial Liabilities	131.011	131.011	131.011	-	-	-
Trade Payables	3.862.555	3.862.555	3.862.555	-	-	-
Other Payables	30.575	30.575	30.575	-	-	-
Total Liabilities	**4.024.141**	**4.024.141**	**4.024.141**	**-**	**-**	**-**

	31 December 2008					
	Carrying Value	**Contractual Cash-flows**	**Up to 3 months**	**3 months 12 month**	**1 year-5 years**	**More then 5 years**
Note References	5,6,7					
Financial Liabilities	139.238	139.238	139.238	-	-	-
Trade Payables	1.943.937	1.943.937	1.943.937	-	-	-
Other Payables	197.812	197.812	197.812	-	-	-
Total Liabilities	**2.280.987**	**2.280.987**	**2.280.987**	**-**	**-**	**-**

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

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market Risk

(a) Foreign Exchange Risk

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

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

31 December 2009	**USD**	**EUR**	**Total**
Cash and cash equivalents	12.059.961	10.287.133	22.347.094
Net foreign currency position	**12.059.961**	**10.287.133**	**22.347.094**

31 December 2008	**USD**	**EUR**	**Total**
Cash and cash equivalents	7.771.728	11.260.507	19.032.235
Net foreign currency position	**7.771.728**	**11.260.507**	**19.032.235**

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

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

23 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Profit/Loss		**Equity**	
31 December 2009	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In the case of 10% fluctuation of EUR against TL				
1. USD net asset/liability	1.205.996	(1.205.996)	1.205.996	(1.205.996)
2. Hedged Positions (-)	-	-		
3. USD Net effect (1+2)	**1.205.996**	**(1.205.996)**	**1.205.996**	**(1.205.996)**
In the case of 10% fluctuation of EUR against TL				
4. EURO net asset/liability	1.028.713	(1.028.713)	1.028.713	(1.028.713)
5. Hedged position (-)	-	-		
6. EUR net affect (4+5)	**1.028.713**	**(1.028.713)**	**1.028.713**	**(1.028.713)**
Total (3+6)	**2.234.709**	**(2.234.709)**	**2.234.709**	**(2.234.709)**

	Profit/Loss		**Equity**	
31 December 2008	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In the case of 10% fluctuation of EUR against TL				
1. USD net asset/liability	777.173	(777.173)	777.173	(777.173)
2. Hedged Positions (-)	-		-	
3. USD Net effect (1+2)	**777.173**	**(777.173)**	**777.173**	**(777.173)**
In the case of 10% fluctuation of EUR against TL	1.126.051	(1.126.051)	1.126.051	(1.126.051)
4. EURO net asset/liability				
5. Hedged position (-)				
6. EUR net affect (4+5)	**1.126.051**	**(1.126.051)**	**1.126.051**	**(1.126.051)**
Total (3+6)	**1.903.224**	**(1.903.224)**	**1.903.224**	**(1.903.224)**

TL equivalents of assets and liabilities held by the Group denominated in foreign currency at 31 December 2010, 2009 and 2008 in consideration of foreign exchange rates are as follows:

	31 December 2010	**31 December 2009**	**31 December 2008**
USD	1,546	1,5057	1,5123
EUR	2,0491	2,1603	2,1408

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

23 - FINANCIAL INTSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Interest rate risk

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

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

The interest rate applied to the financial assets as of the 31 December 2010 and 2009 are as follows:

Assets		**31 December 2010**	**31 December 2009**	**31 December 2008**
Time deposits	TL	8,50-9,00%	8,70 - 10,85%	15,50 - 22,00%
	USD	3,65%	3,20 - 3,60%	5,75 - 7,00%
	EUR	3,15%	3,20 - 3,50%	-
Government bonds	TL	6,11%	7,45%	14,85%

23 - FINANCIAL INTSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

(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.

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

23 - FINANCIAL INTSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

	31 December 2010		31 December 2009		31 December 2008	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
Cash and cash equivalents	85.034.399	85.034.399	103.162.039	103.162.039	93.761.988	93.761.988
Financial assets (*)	376.512.812	376.512.812	319.620.544	319.620.544	246.639.483	246.639.483
Investments in associates	286.564.623	447.637.692	280.330.774	411.349.158	116.611.683	330.588.092
Financial liabilities	145.486	145.486	131.011	131.011	139.238	139.238

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

The classification of financial assets at fair value:

IFRS 7 explains the classifications of valuation techniques.

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

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

According to the observability of the data used in fair value measurement, the fair value hierarchy of the Group's financial assets at fair value is shown as follows:

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

23 –FINANCIAL INTSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset at fair value through profit and loss	75.135.073	-	-	75.135.073
Financial assets, current	**75.135.073**	**-**	**-**	**75.135.073**
Available-for-sale financial assets	56.684.994	31.112.143	288.715.675	376.512.812
Financial assets, non-current	**56.684.994**	**31.112.143**	**288.715.675**	**376.512.812**

31 December 2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset at fair value through profit and loss	60.030.624	-		60.030.624
Financial assets, current	**60.030.624**	**-**		**60.030.624**
Available-for-sale financial assets	49.560.617	40.886.150	229.173.777	319.620.544
Financial assets, non-current	**49.560.617**	**40.886.150**	**229.173.777**	**319.620.544**

24 – SUBSEQUENT EVENTS

None.

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

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

(a) Information about the transactions regarding portfolio management

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

	31 December 2010 (%)	31 December 2009 (%)	31 December 2008 (%)
Eczacıbaşı Menkul Değerler A.Ş. A Tipi Değişken Analiz Fonu (*)	0,00685	0,00685	0,00685
Eczacıbaşı Menkul Değerler A.Ş. A Tipi Değişken Fon (**)	0,01400	0,01400	0,01400
Eczacıbaşı Menkul Değerler A.Ş. B Tipi Değişken Fon	0,00685	0,00685	0,00685
Eczacıbaşı Menkul Değerler A.Ş. B Tipi Büyüme Amaçlı Değişken Fon	0,00822	0,00822	0,00822
Eczacıbaşı Menkul Değerler A.Ş. B Tipi Tahvil ve Bono Fonu	0,00548	0,00548	0,00548
Eczacıbaşı Yatırım Ortaklığı A.Ş.	0,01000	0,01000	0,01000
Eczacıbaşı Menkul Değerler A.Ş. A Tipi Hisse Senedi Fonu	0,00850	0,00850	0,00850
Aegon Emeklilik ve Hayat A.Ş. Gelir Amaçlı Hisse Senedi Emeklilik Yatırım Fonu (***)	0,00603	0,00603	0,00603
Aegon Emeklilik ve Hayat A.Ş. Dengeli Emeklilik Yatırım Fonu (***)	0,00603	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 December 2010 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.

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 803.000 for the year ended 31 December 2010 (1 January - 31 December 2009: TL 799.000). 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 2.015.000 (31 December 2009: TL 2.006.000).

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 December 2010, the Company does not have capital deficit as per the relevant requirements of capital adequacy. (31 December 2009: None - 31 December 2008:None)

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

(c) Other

i) In the Board of Directors meeting held at 31 December 2009, it has been decided to apply to Banking Regulation and Supervision Agency within the scope of the related legislation for establishing an Investment Bank. It is also decided to associate to the equity of bank by 20% after legal process finishes and related permissions are obtained for the establishment of Investment Bank. As of 31 March 2010, by issuing investor relations news, the Company pronounced that collection of information required by regulations are in-progress

ii) The audit of the consolidated financial statements for the year ended 31 December 2009 was performed by another independent auditing firm. The predecessor auditing firm expressed an unqualified opinion in the auditor's report dated 9 April 2010 on consolidated financial statements as of 31 December 2009. In their audit report dated 31 December 2009, the predecessor auditor drew attention to the below matters without qualifying their opinion.

The matters without qualifying opinion at independent audit report for the year ended are follows:

The Group subsidiary of Eczacıbaşı Portföy Yönetimi A.Ş. was a joint venture of the Eczacıbaşı Menkul Değerler A.Ş. (the company") and Union Bancaire Privée, based in Switzerland, with a shareholding ratio of 50% each, until 31 March 2009. Union Bancaire Privée transferred all of its shares in Eczacıbaşı Portföy Yönetimi A.Ş. to Eczacıbaşı Menkul Değerler A.Ş. as of 31 March 2009 without any charge in accordance with the protocol signed. Accordingly, the Group started to control Eczacıbaşı Portföy Yönetimi A.Ş. starting from 31 March 2009. The trade name of "Eczacıbaşı-UBP Portföy Yönetimi A.Ş." has been changed as "Eczacıbaşı Portföy Yönetimi A.Ş." at 20 November 2009. The consolidated financial statements for the period ended 31 December 2009 were prepared by taking the going concern assumption of Eczacıbaşı Portföy Yönetimi A.Ş. into consideration. The Group's subsidiary incurred net losses amounting to TL1.327.782 and its accumulated losses total TL6.355.491 as of 31 December 2009. Moreover, two-thirds of the share capital of The Group's subsidiary was written down through accumulated losses incurred as of 31 December 2009. The continuity of The Group's subsidiary as going concern depends on the willingness of the Group for it and involvement of profitable activities. Recommendations and actions taken by the Group management in this respect were explained as below.

The management of Eczacıbaşı Portföy Yönetimi A.Ş. makes plans and takes actions for expansion of the activities and continuity of the entity.

The plans and actions mainly are as follows:

- Targeting the inclusion of newly issued fund types in the portfolio,
- Increasing portfolio values by adding the new financial instruments to the portfolio management.

Within the framework explained above, financial statements of the subsidiary, which is consolidated on line by line basis, accounted at these financial statements, is prepared based on the going concern principle, since Eczacıbaşı Portföy Yönetimi A.Ş and shareholders do not have a plan for discontinuing the operations within 12 months as of the balance sheet date