EİS ECZACIBAŞI İLAÇ, SINAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT (ORIGINALLY ISSUED IN TURKISH)

PRICEWATERHOUSECOOPERS

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITORS REPORT

To the Board of Directors of
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.

1. We have audited the accompanying consolidated financial statements of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and its subsidiaries (together, the "Group") which comprise the consolidated balance sheet as of 31 December 2009 and the related consolidated statement of income, consolidated statement of comprehensive income, changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for financial statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the financial reporting standards endorsed by the Capital Markets Board of Turkey ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards endorsed by the CMB. 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 audit procedures to obtain audit evidence regarding 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 controls 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 controls. 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

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. as of 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with financial reporting standards endorsed by the CMB (defined as "CMB Financial Reporting Standards" in Note 2 to the consolidated financial statements).

Additional paragraph for convenience translation into English

5. 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 between 1 January - 31 December 2005. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, performance and cash flows in accordance with IFRS.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Originally issued and signed in Turkish

Murat Sancar, SMMM

Istanbul, 8 April 2010

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CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2009 AND 2008

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

	Notes	2009	2008
ASSETS			
Current assets			
Cash and cash equivalents	7	678,245	330,948
Financial assets	8	8,170	14,825
Trade receivables			
- Due from related parties	29	817	26,085
- Other trade receivables	10	186,094	162,440
Other receivables		870	370
Inventories	12	85,640	83,919
Other current assets	11	25,184	33,453
Total current assets		**985,020**	**652,040**
Non-current assets			
Trade receivables			
- Other trade receivables		-	125
Other receivables		59	64
Financial assets	8	1,092,291	860,794
Investments accounted for using the equity method	13	24,429	114,308
Investment properties	14	207,876	212,047
Property, plant and equipment	15	68,051	67,283
Intangible assets	16	25,955	28,791
Goodwill	17	32,574	32,057
Deferred income tax assets	27	7,062	7,758
Other non-current assets	11	45,738	42,918
Total non-current assets		**1,504,035**	**1,366,145**
Total assets		**2,489,055**	**2,018,185**

The consolidated financial statements as at and for the year ended 31 December 2009 were approved for issue by the Board of Directors on 8 April 2010 and signed on its behalf by Bülent Avcı, Financial Director and by Gülnur Günbey Kartal, Internal Audit Manager. The consolidated financial statements are subject to approval of the General Assembly.

CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2009 AND 2008

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

	Notes	2009	2008
LIABILITIES			
Current liabilities			
Financial liabilities			
- Due to related parties	29	23,256	23,340
- Other financial liabilities	9	40,734	39,737
Trade payables			
- Due to related parties	29	71,457	58,662
- Other trade payables	10	79,578	64,845
Other payables	11	2,521	1,836
Current income tax liabilities	27	2,164	3,538
Provisions	18	885	725
Provisions for employee benefits	19	5,904	4,635
Other current liabilities	11	15,737	17,310
Total current liabilities		**242,236**	**214,628**
Non-current liabilities			
Financial liabilities			
- Due to related parties	29	-	23,059
- Other financial liabilities	9	664	1,829
Other payables	11	-	1,830
Provisions for employee benefits	19	4,394	4,373
Deferred income tax liabilities	27	51,527	41,000
Other non-current liabilities		9	33
Total non-current liabilities		**56,594**	**72,124**
EQUITY			
Share capital	20	548,208	548,208
Adjustment to share capital	20	105,777	105,777
Financial assets fair value reserve		892,146	665,309
Legal and special reserves	20	25,571	18,671
Cumulative translation reserve		(40)	(413)
Retained earnings		309,292	306,209
Net income for the year		290,249	71,917
Attributable to equity holders of the Company		**2,171,203**	**1,715,678**
Minority interest		**19,022**	**15,755**
Total equity		**2,190,225**	**1,731,433**
Total liabilities and equity		**2,489,055**	**2,018,185**

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

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

	Notes	2009	2008
Net sales	21	874,700	805,315
Cost of sales (-)	21	(628,723)	(586,662)
Gross operating profit		**245,977**	**218,653**
Marketing selling and distribution expenses (-)	22	(132,021)	(130,960)
General administrative expenses (-)	22	(86,823)	(83,168)
Research and development expenses (-)	22	(191)	(459)
Other operating income	24	4,051	4,783
Other operating expenses (-)	24	(15,550)	(12,424)
Operating profit / (loss)		**15,443**	**(3,575)**
Share of (loss) / profit of associates	13	(5,818)	10,757
Financial income	25	612,283	354,416
Financial expenses (-)	26	(302,882)	(272,847)
Income before taxes		**319,026**	**88,751**
Taxes on income	27	(27,231)	(18,301)
Deferred income tax credits	27	388	1,960
Net income		**292,183**	**72,410**
Attributable to:			
- Minority interest		1,934	493
- Equity holders of the parent	28	290,249	71,917
Net income for the year		**292,183**	**72,410**
Weighted average number of ordinary shares with face value of 1 kuruş each		54,820,800,000	54,820,800,000
Basic and diluted earnings per share (kuruş)	**28**	**0.53**	**0.13**

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

	2009	2008
Net income for the year	**292,183**	**72,410**
Other comprehensive income / (expense):		
Changes in financial assets' fair value reserve	238,432	81,238
Changes in currency translation differences	373	(310)
Group's share in the associates' comprehensive income (Note 13)	1,053	1,748
Tax expenses of other comprehensive income items (Note 27)	(11,611)	(4,364)
Other comprehensive income (after tax)	**228,247**	**78,312**
Total comprehensive income	**520,430**	**150,722**
Attributable to:		
- Minority interest	2,971	(93)
- Equity holders of the parent	517,459	150,815

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

	Equity attributable to equity holders of the Company									
	Share capital	**Inflation adjustment to capital**	**Financial assets' fair value reserve**	**Restricted reserves**	**Translation reserve**	**Retained earnings**	**Net income for the year**	**Total**	**Minority interests**	**Total equity**
1 January 2008	**182,736**	**105,777**	**586,101**	**375,060**	**(103)**	**315,471**	**93,761**	**1,658,803**	**18,049**	**1,676,852**
Transfers	365,472	-	-	(356,389)	-	84,678	(93,761)	-	-	-
Increase in fair value of available-for-sale financial assets, net	-	-	79,208	-	-	-	-	79,208	(586)	78,622
Effect of transfer of shares under common control	-	-	-	-	-	(66,529)	-	(66,529)	-	(66,529)
Capital contribution by minority interest	-	-	-	-	-	-	-	-	926	926
Change due to purchase of minority interest	-	-	-	-	-	-	-	-	(110)	(110)
Dividends paid	-	-	-	-	-	(27,411)	-	(27,411)	(3,017)	(30,428)
Currency translation differences	-	-	-	-	(310)	-	-	(310)	-	(310)
Net income for the year	-	-	-	-	-	-	71,917	71,917	493	72,410
31 December 2008	**548,208**	**105,777**	**665,309**	**18,671**	**(413)**	**306,209**	**71,917**	**1,715,678**	**15,755**	**1,731,433**
1 January 2009	**548,208**	**105,777**	**665,309**	**18,671**	**(413)**	**306,209**	**71,917**	**1,715,678**	**15,755**	**1,731,433**
Transfers	-	-	-	6,900	-	65,017	(71,917)	-	-	-
Increase in fair value of available-for-sale financial assets, net	-	-	221,376	-	-	-	-	221,376	1,037	222,413
Loss recognised in consolidated statement of income due to the sale of available-for-sale financial assets, net	-	-	5,461	-	-	-	-	5,461	-	5,461
Change due to purchase of minority interest	-	-	-	-	-	-	-	-	48	48
Capital contribution by minority interest	-	-	-	-	-	-	-	-	1,670	1,670
Dividends paid	-	-	-	-	-	(61,934)	-	(61,934)	(1,422)	(63,356)
Currency translation differences	-	-	-	-	373	-	-	373	-	373
Net income for the year	-	-	-	-	-	-	290,249	290,249	1,934	292,183
31 December 2009	**548,208**	**105,777**	**892,146**	**25,571**	**(40)**	**309,292**	**290,249**	**2,171,203**	**19,022**	**2,190,225**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

	Notes	2009	2008
Cash flows from operating activities:			
Net income before tax		319,026	88,751
Adjustments:			
Depreciation and amortisation	14, 15, 16	20,284	18,384
Provision for employment termination benefits and actuarial loss	19, 22	1,266	1,076
Provision for unused vacation	19, 22	1,416	2,534
Provision for doubtful receivables	10, 22, 29	2,434	2,009
Loss / (gain) on sale of property, plant and equipment and intangible assets, net	24	533	(2,073)
Loss from sales of financial asset	8	6,043	-
Provision for diminution in value of inventories, net	12, 24	2,948	1,380
Group's share in the associates' loss / (profits), net	13	5,572	(10,757)
Interest and credit finance income, net	25, 26	(29,251)	(29,629)
Accruals for salaries and premiums	11	3,461	1,393
Accruals for sales returns and sales discounts		358	155
Gain on sale of associates	25	(275,752)	-
Goodwill recognised in consolidated statement of income		(37)	-
Forward accruals, net	11	(21)	(381)
Provision for litigations	18	160	279
Dividend income	25	(2,771)	(2,814)
Licence transfer accruals	11	3,742	3,138
Unrealised foreign exchange income		(7,628)	(19,800)
Expense accruals	11	836	1,018
Changes in operating capital:			
Accounts payable		7,764	(5,281)
Due from and due to related parties, net		22,771	(11,439)
Inventories		(4,561)	(15,092)
Accounts receivable		1,765	5,764
Other assets and liabilities, net		(7,400)	(5,443)
Net cash provided from operations		**72,958**	**23,172**
Taxes paid		(28,021)	(8,279)
Employment termination benefits paid	19	(1,245)	(945)
Unused vacation payments	19	(147)	(53)
Collections of doubtful receivables	10, 24, 29	1,151	1,801
Net working capital adjustment paid		-	(109,936)
Net cash provided from / (used in) operating activities		**44,696**	**(94,240)**
Investing activities:			
Purchases of property, plant and equipment and intangible assets	14, 15, 16	(14,712)	(13,975)
Proceeds from sale of property, plant and equipment and intangible assets		1,036	8,252
Acquisition of joint venture shares		(802)	(47,363)
Proceeds from sale of associates	25	361,112	-
Proceeds from the sale of available-for-sale financial assets		5,740	-
Acquisition of shares in associates		-	(85,855)
Changes in financial assets		2,533	(11,138)
Net cash provided from / (used in) investing activities		**354,907**	**(150,079)**
Financing activities:			
Repayment of bank borrowings		(22,236)	(47,999)
Interest and credit finance charges paid		(4,161)	(17,867)
Interest received		25,248	51,350
Dividends received		2,771	2,907
Dividends paid to minority		(1,422)	(3,017)
Capital contribution by minority interest		1,670	926
Dividends paid		(61,934)	(27,411)
Net cash used in financing activities		**(60,064)**	**(41,111)**
Translation reserve		373	(310)
Net increase / (decrease) in cash and cash equivalents		**339,912**	**(285,740)**
Cash and cash equivalents at the beginning of the year	7	332,885	584,959
Exchange gains on cash and cash equivalents		6,435	33,666
Cash and cash equivalents at the end of the year	**7**	**679,232**	**332,885**

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

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. ("the Company") was established on 24 October 1951. The Company has no production activity; but has a holding structure with its subsidiaries, joint ventures and associates. The Company directly operates in the real estate development industry and in health, personal care and cosmetics industries through its joint ventures, subsidiaries and associates.

The Company's registered address is as follows:

Büyükdere Caddesi, Ali Kaya Sokak No:7 Levent 34394, İstanbul.

The Company is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been quoted on the İstanbul Stock Exchange ("ISE") since 1990. At 31 December 2009, 29.33% of total shares are quoted on the ISE (31 December 2008: 30.23%). The ultimate parent company of the Group is Eczacıbaşı Holding A.Ş., which possesses 50.62% shares of the Company as of 31 December 2009 (31 December 2008: 50.62%) (Note 20).

Subsidiaries

The Company's subsidiaries (the "Subsidiaries"), the nature of businesses of the Subsidiaries and their business segments are as follows:

Subsidiaries	Nature of business	Segment
EİP Eczacıbaşı İlaç Pazarlama A.Ş. ("EİP")	Marketing and selling of pharmaceuticals	Health
Eczacıbaşı İlaç Ticaret A.Ş. ("EİT")	Marketing and selling of pharmaceuticals	Health
Eczacıbaşı İlaç (Cyprus) Ltd. ("Eczacıbaşı Cyprus") (*)	Marketing and selling of pharmaceuticals	Health
EHP Eczacıbaşı Health Care Products Joint Stock Co. ("EHP") (*)	Marketing and selling of pharmaceuticals	Health
Girişim Pazarlama Tüketim Ürünleri Sanayi ve Ticaret A.Ş. ("Girişim")	Marketing and selling of personal care products	Personal care
Eczacıbaşı İnşaat ve Ticaret A.Ş. ("İnşaat")	Construction	Real estate development

(*) All Subsidiaries of the Company, except for Eczacıbaşı Health Care Products Joint Stock Co. registered in the Russian Federation and Eczacıbaşı İlaç (Cyprus) Ltd. registered in Northern Cyprus Turkish Republic, are registered in Turkey.

Joint Ventures

The Company's joint ventures (the "Joint Ventures") are listed below. All Joint Ventures are registered in Turkey. The nature of business of the Joint Ventures and their respective businesses segments for the purpose of the consolidated financial statements are as follows:

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

Joint Ventures	Nature of business	Partner	Segment
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. ("EBX")	Pharmaceuticals and serum production	Baxter S.A.	Health
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş. ("Eczacıbaşı-Monrol")	Production and sales of radiopharmaceuticals	Uğur and Şükrü Bozluolçay	Health
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş. ("ESK")	Sale of personal care products	Hans Schwarzkopf Gmbh & Co. KG	Personal care
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş. ("EBC")	Sale of personal care products	Beiersdorf AG	Personal care

Associates

The associates of the Group ("Associates") and their respective business segments are as follows:

Associates	Nature of business
Ekom Eczacıbaşı Dış Ticaret A.Ş. ("Ekom")	Export services
Vitra Karo Sanayi ve Ticaret A.Ş. ("Vitra Karo")	Production of ceramic tiles
Eczacıbaşı Sağlık Hizmetleri A.Ş. ("ESH")	Special care and nursing services

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Accounting policies

The consolidated financial statements of EİS Eczacıbaşı İlaç Sanayi ve Ticaret A.Ş. have been prepared in accordance with the accounting and reporting principles published 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 the 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.

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 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.

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

As the differences of the IAS/IFRS endorsed by the European Union from the ones issued by the IASB have not been announced by TASB as of the date of preparation of these consolidated financial statements, the consolidated financial statements have been prepared within the framework of Communiqué Serial XI No. 29 and related promulgations to this Communiqué as issued by the CMB, in accordance with the CMB Financial Reporting Standards which are based on IAS/IFRS. The consolidated financial statements and the related notes to them are presented in accordance with the formats recommended by the CMB, with the announcements dated 14 April 2008 and 9 January 2009, including the compulsory disclosures. Accordingly, necessary reclassifications made in consolidated financial statements have been presented in Note 2.4.

EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TRL 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. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. 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 3.28.

2.2 Financial statements of foreign subsidiaries

The financial statements of the foreign subsidiaries are prepared in accordance with the laws and regulations in force in the countries in which they operate with adjustments and reclassifications made to conform to CMB Financial Reporting Standards and presentation formats. The assets and liabilities of foreign subsidiaries are translated into Turkish lira at the closing rate and the income and expenses are translated into Turkish lira at the average rate for the year. Exchange differences arising on the retranslation of the opening net assets of foreign subsidiaries and differences between the average and period-end rates are included in the translation reserve under equity.

2.3 Group accounting

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

a) The consolidated financial statements include the accounts of the parent company, EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. (the "Parent") its Subsidiaries, Joint Ventures and Associates (together referred to as the "Group"). 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, Joint Ventures and Associates are either included in or excluded from the consolidation from the date of their acquisition or disposal, respectively.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

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

b) Subsidiaries are companies in which EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. has power to control the financial and operating policies for the benefit of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret 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 certain Eczacıbaşı Family members and companies whereby EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret 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. Proportion of ownership interest represents the effective shareholding of the Group through the shares held by EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and indirectly by its Subsidiaries.

The proportion of voting power held by the parent company, EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş., its Subsidiaries and Eczacıbaşı family members and the total proportion of ownership interests at 31 December are presented below:

	Proportion of voting power held by the Company and its Subsidiaries (%)		Proportion of voting power held by Eczacıbaşı Family members (%)		Total proportion of voting power held (%)		Total proportion of ownership interests (%)	
Subsidiaries	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
EHP	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Eczacıbaşı Cyprus	100.00	100.00	-	-	100.00	100.00	99.96	99.96
EİP	99.94	99.94	0.02	0.02	99.96	99.96	99.93	99.93
EİT	99.80	99.80	-	-	99.80	99.80	99.74	99.74
İnşaat	99.49	99.49	0.02	0.02	99.51	99.51	99.49	99.49
Girişim	48.13	48.13	8.00	8.00	56.13	56.13	48.13	48.13

The financial statements and statements of income of the Subsidiaries are consolidated on a line-by-line basis and the carrying values of the investments held by EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and its Subsidiaries are eliminated against the related equity. Intercompany transactions and balances between EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and its Subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. in its Subsidiaries are eliminated from equity and income for the year, respectively.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

c) Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and one or more other parties. EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. exercises such joint control through the power to exercise voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by certain Eczacıbaşı Family members and related parties whereby EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them. The Group's interest in Joint Ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its share of assets, liabilities, income and expenditure of each Joint Venture in the relevant components of the financial statements (Note 5).

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

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

The proportion of voting power held by the parent company, EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş., its Subsidiaries and Eczacıbaşı Family members and total proportion of ownership interests on Joint Ventures at 31 December are presented below:

	Proportion of voting power held by the Company and its Subsidiaries (%)		Proportion of voting power held by Eczacıbaşı Family members (%)		Total proportion of voting power held (%)		Total proportion of ownership interests (%)	
Joint Ventures	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
EBX (*)	50.00	50.00	-	-	50.00	50.00	50.00	50.00
EBC	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Eczacıbaşı-Monrol	50.00	50.00	-	-	50.00	50.00	50.00	50.00
ESK	47.00	47.00	-	-	47.00	47.00	47.00	47.00

(*) The subsidiaries consolidated in the financial statements of Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. are as follows:

	Direct or indirect control of EBX (%)		Total proportion of ownership interest of EBX (%)	
	2009	**2008**	**2009**	**2008**
RTS Renal Tedavi Hizmetleri Sanayi ve Ticaret A.Ş. ("RTS Renal")	100.00	100.00	60.00	60.00
Transmed Diyaliz ve Tıbbi Hizmetler Ticaret A.Ş. ("Transmed")	100.00	100.00	60.00	60.00
Onur Diyaliz Hizmetleri A.Ş. ("Onur Diyaliz")	100.00	100.00	59.99	59.99
Ren-Tıp Özel Sağlık Hizmetleri Ltd. Şti. ("Ren-Tıp")	100.00	100.00	60.00	60.00
RTS İzmit Renal Tedavi Hizmetleri A.Ş. ("RTS İzmit")	100.00	100.00	60.00	60.00
RTS Gaziantep Renal Tedavi Hizmetleri A.Ş. ("RTS Gaziantep")	100.00	100.00	60.00	60.00
RTS Antalya Renal Tedavi Hizmetleri A.Ş. ("RTS Antalya")	100.00	97.45	60.00	58.47
Mentaş Sağlık İnşaat Eğitim Gıda Otomotiv Ticaret A.Ş. ("Mentaş")	100.00	79.90	60.00	47.94
Özel Deva Sağlık Gıda Otomotiv Eğitim A.Ş. ("Özel Deva")	100.00	79.90	60.00	45.00
Meltem Diyaliz Yazılım Sağlık Eğitim İhracat A.Ş. ("Meltem Diyaliz")	100.00	79.90	60.00	47.94
Renal Tedavi Sistemleri A.Ş. ("Renal")	99.40	99.40	59.64	59.64
Güneydoğu Özel Sağlık Hizmetleri Ltd. Şti. ("Özel Güneydoğu")	85.00	85.00	51.00	51.00
Almet Sağlık Hizmetleri Ticaret A.Ş. ("Almet")	80.00	80.00	48.00	48.00
RTS Beyhekim Renal Tedavi Servisleri A.Ş. ("RTS Beyhekim")	80.00	75.00	48.00	45.00
Özel Başar Tıp Teşhis ve Tedavi Kliniği Hizmetleri A.Ş. ("Özel Başar")	79.98	79.98	47.98	47.99
RTS Seyhan Renal Tedavi Hizmetleri A.Ş. ("RTS Seyhan")	73.00	60.00	43.80	36.00

d) Investments in Associates are accounted for using the equity method. These are undertakings over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Unrealised gains on transactions between the Group and its Associates are eliminated to the extent of the Group's interest in the Associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate or the significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

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

The proportion of voting power held by the parent company, EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş., its Subsidiaries and Eczacıbaşı family members and the total proportion of ownership interests in Associates accounted for using the equity method at 31 December are presented below:

	Proportion of voting power held by the Company and its Subsidiaries (%)		Proportion of voting power held by Eczacıbaşı family members (%)		Total proportion of voting power held (%)		Total proportion of ownership interests (%)	
Associates	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
ESH	46.46	46.46	-	-	46.46	46.46	46.46	46.46
Ekom	26.36	26.36	1.72	1.72	28.08	28.08	26.36	26.36
Vitra Karo (*)	25.00	25.00	0.92	0.92	25.92	25.92	25.00	25.00
EZSÜ	-	25.00	-	-	-	25.00	-	25.00
EZKÜ	-	25.00	-	-	-	25.00	-	25.00

(*) The subsidiaries consolidated in the financial statements of Vitra Karo Sanayi ve Ticaret A.Ş. are as follows:

	Country that subsidiary operates	Direct or indirect control of Vitra Karo (%)	
		2009	**2008**
Engers Keramik Gmbh & Co. KG	Germany	100.00	100.00
Engers Keramik Verwaltungs GmbH	Germany	100.00	100.00
Vitra Tiles LLC	Russia	100.00	100.00
Vitra Ireland Ltd.	Ireland	89.36	89.36
Villeroy & Boch Fliesen Gmbh	Germany	51.00	51.00
ZAO Vitra Bath and Tiles JSC	Russia	50.00	50.00

e) Financial assets, in which the Group has controlling interests below 20% or above 20% but over which the Group does not have a significant influence, are accounted for as "available-for-sale assets" (Note 3.6 and 8).

f) The minority shareholders' share in the net assets and results of operations of the Subsidiaries are separately classified in the consolidated balance sheets and statements of income as "Minority Interest". Certain Eczacıbaşı Family members and companies controlled by them, who are shareholders of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş., have interests in the share capital of certain Subsidiaries. In the consolidated financial statements, their interests are treated as minority interests and are not included in the Group's net assets and profits attributable to the shareholders of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.

2.4 Comparatives

In order to give accurate trend analysis regarding the financial position and performance, the consolidated financial statements as of 31 December 2009 and 31 December 2008 of the Group together with the consolidated statements of; income, comprehensive income, cash flows and equity for the years ended 31 December 2009 and 2008 are prepared on a comparative basis.

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

Where necessary, comparative figures have been reclassified to conform to the presentation of the current year consolidated financial statements. In this context, taxes, fees and other deductions amounting to TRL5,665 thousand which are presented under "other current liabilities" in 31 December 2008 dated consolidated financial statements are netted-off with Value Added Tax receivables presented under "other current assets" in the financial statements presented comparatively with 31 December 2009 dated consolidated balance sheet.

2.5 Offsetting

Each material class of similar items according to their nature or function is presented separately in the financial statements. If a line item is not individually material, it is aggregated with other similar items according to their nature or function. If the essence of the transaction and events requires offsetting, presentation of these transactions and events at their net values or following up of the assets at their amounts after the deduction of impairment, is not evaluated as a breach of the non-deductibility rule.

2.6 Changes in International Financial Reporting Standards (IFRS)

a) Standards, amendments and interpretations of International Financial Reporting Standards Interpretations Committee ("IFRIC"), effective in 2009

IAS 23 (Amendment), "Borrowing costs" (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The Group applied IAS 23 (Amendment) starting from 1 January 2009.

IAS 1 (Amendment), "Presentation of financial statements" (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 (Amendment) from 1 January 2009. The Group presented separately both the income statement and statement of comprehensive income.

IFRS 8, "Operating segments" is effective for the periods starting on or after 1 January 2009. IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, "Disclosures regarding segments of an enterprise and related information". The IFRS 8 effects on the Group financial statements have been explained in Note 6.

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

IFRS 7 "Financial Instruments: Disclosures", (effective from 1 January 2009). Amendment, Fair value measurements requires classification of data used in fair value calculation in a sequence reflecting their importance. This classification should be based on whether the data that is used in valuation methods of fair value measurements is observable, or not. Group discloses fair value sequence of financial investments carried by fair values and fair value explanations in Note 8.

b) Standards, amendments and interpretations to existing standards that are not yet effective in 2009 but not relevant to the Group's financial statements.

- IAS 19 (Amendment), "Employee Benefits
- IAS 32 (Amendment), "Financial Instruments: Presentation"
- IAS 36 (Amendment), "Impairment of Assets"
- IAS 38 (Amendment), "Intangible Assets"
- IAS 39 (Amendment), "Financial Instruments: Recognition and Measurement"
- IFRS 1 (Amendment) "First-time Application of IFRS" and IAS 27 "Consolidated and Separate Financial Statements"
- IFRS 2 (Amendment), "Share-Based Payment"
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"

The above amendments and interpretations do not have significant impact on the consolidated financial statements.

c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 July 2009.

- IAS 27 (Amendment), "Consolidated and Separate Financial Statements
- IFRS 1 (Amendment) "First-time Application of IFRS
- IFRS 3 (Amendment), "Business Combinations"
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IFRIC 18, "Transfers of Assets from Customers"

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010.

- IAS 1 (Amendment), "Presentation of Financial Statements"
- IFRS 2 (Amendment), "Share-Based Payment"
- IFRIC 15, "Agreements for the Construction of Real Estate"

Effects of the aforementioned amendments to the consolidated financial statements will be evaluated and applied from 1 January 2010.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Where necessary, accounting policies for Subsidiaries, Joint Ventures and Associates have been changed to ensure consistency with the policies adopted by the Group. Except for the consolidation policies mentioned in "Group accounting" (Note 2.3), the significant accounting policies applied in the preparation of these consolidated financial statements are summarised below:

3.1 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 7). 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.

3.2 Trade receivables and provision for doubtful receivables

Trade receivables that are originated by the Group by way of providing goods or services directly to a debtor are carried at amortised cost using the effective interest method. Short-term trade receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant (Note 10).

A credit risk provision for trade receivables 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 the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

3.3 Credit finance income/expenses

Credit finance income/expenses represent imputed finance income/expenses on credit sales and purchases. Such income/expenses are recognised as financial income or expenses over the term of credit sale and purchases, and included under financial income and expenses (Notes 25 and 26).

3.4 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, Joint Ventures and Subsidiaries are considered and referred to as related parties (Note 29).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Inventories

Inventories are valued at the lower of cost or net realisable value. Costs of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The unit cost of inventories is determined using the moving weighted average and weighted average methods. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 12).

The Group accounts for the cost of real estate purchased for development under inventories until the time a project for future use is developed (Note 6 and 12).

3.6 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. The gains or losses that result from this measurement are recognised in consolidated statement of income (Note 8).

"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 8).

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 values 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 8).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3.7 Business combinations and goodwill

A business combination (Note 4), is the bringing together of separate entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method in the scope of IFRS 3.

The acquisition cost consists of fair value of assets given at the date of exchange, equity instruments issued by the acquirer, liabilities incurred or assumed at the date of exchange and any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer shall include the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill (Note 17).

Goodwill acquired in a business combination is not amortised and instead is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

In share acquisitions under common control, assets and liabilities subject to the acquisition are recognised at their respective carrying amounts in the consolidated financial statements. Income statements are consolidated beginning from the date of share transfer. As a result of these transactions, no goodwill or negative goodwill is recognised. The difference arising elimination of the investment amount and the Group's share in the acquiree's equity is accounted directly in equity as "effect of share transfers under common control" under "Retained earnings".

3.8 Investment properties

Buildings and land held to earn rent 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 (Note 14). Investment properties are carried at cost less accumulated depreciation. Investment properties (except land) are depreciated on a straight-line basis.

In the Kanyon complex, different useful lives are assigned for each part of the complex (includes building, lift, escalator, parking lot equipments, heat and cooling system and many other property, plant and equipment) and each part of the complex is depreciated separately.

The depreciation periods for investment properties, which approximate the useful lives of the Kanyon complex concerned, are as follows:

Buildings	50 years
Machinery, plant and equipment	4-15 years
Furniture and fixtures	4-15 years

Investment properties are reviewed for impairment losses and when 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 the higher of the asset's net selling price or value in use.

3.9 Property, plant and equipment and related depreciation

Property, plant and equipment acquired prior to 31 December 2004 are carried at acquisition costs adjusted for inflation; whereas those purchased after 2004 are carried at acquisition costs less accumulated depreciation. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets (Note 15).

The depreciation periods for property, plant and equipment, which approximate the useful lives of assets concerned, are as follows:

Land improvements	5-50 years
Buildings	10-50 years
Machinery, plant and equipment	3-20 years
Motor vehicles	4-5 years
Furniture and fixtures	3-20 years
Leasehold improvements	5-10 years
Other tangible assets	2-20 years

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land is not depreciated due to having infinite useful life.

Gains or losses on disposals of property, plant and equipment determined by comparing proceeds with carrying amounts are included in the related income and expense accounts, as appropriate.

Where the carrying amount of the asset is greater than its recoverable amount, it is written down immediately to its recoverable amount and the impairment loss is recorded in the income statement.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the statement of income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

3.10 Intangible assets and amortisation

Intangible assets comprise acquired computer software, intellectual property, capitalised development costs and other identifiable rights. These are recorded at their acquisition costs and amortised using the straight-line method over their estimated useful lives for a period not exceeding 20 years from the date of acquisition. When the carrying amount of any intangible asset is greater than its recoverable amount, it is immediately written down to its recoverable amount (Note 16).

Group has estimated 25, 15 and 10 years of useful lives for the customer relations, brand name and licences. These intangibles are amortised based on the estimates regarding the economic benefits that will be provided to the Group in the future periods.

3.11 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 carried forward tax losses, provision for employment termination benefits, the differences between the tax base and the carrying amounts of property, plant and equipment, investment properties, inventories and available-for-sale financial assets, deferred finance income and expenses on credit sales and purchases.

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 27).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3.12 Financial liabilities

Financial liabilities are recognised initially at proceeds received, net of transaction costs incurred. In subsequent periods, financial liabilities are stated at amortised cost using the effective interest method. Any difference between proceeds (net of transaction costs) and redemption value is recognised in the consolidated statements of income over the period of the financial liabilities (Note 9).

Financial liabilities are classified as current liabilities unless the Group has the unconditional right to defer the corresponding payment for 12 months since balance sheet date.

3.13 Leases

Finance leases

Leases of property, plant and equipment where the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Finance leases are included in the property, plant and equipment 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 payments. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate. The property, plant and equipment acquired under finance leases are depreciated over the useful life of the asset. An impairment loss is recognised when a decrease in the carrying amount of the leased property is identified. Interest expenses and foreign exchange losses related to the finance lease liabilities are accounted in the income statement. Lease payments are deducted from finance lease liabilities (Notes 9 and 15).

Operational leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operational leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

There is no legal decision regarding the renewals in operational leasing contracts or escalation of buying options.

Operational leases - Group as the lessor

Assets leased out under operational leases are classified under property, plant and equipment in the consolidated balance sheet and rental income is recognised on a straight-line basis over the lease term.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Employment termination benefits

Provision for employment termination benefits is provided as a requirement of Turkish Labour Law to each employee who has completed one year of service and retires, whose employment is terminated without due cause, who is called up for military service, or who dies; and represents the present value of the estimated total reserve of the future probable obligation of the Group (Note 19).

3.15 Foreign currency transactions

Foreign currency transactions during the period have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into new Turkish lira at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from settlement and translation of foreign currency items have been included in the consolidated statements of income (Notes 25 and 26).

3.16 Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable on an accrual basis at the time deliveries are made, the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group (Note 21). Net revenues represent the invoiced value of goods shipped less sales returns, discounts and commissions. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal value of the consideration is recognised as interest income on a time proportion basis that takes into account the effective yield on the asset (Note 25).

Rent and royalty income earned by the Group are recognised on an accrual basis. Interest income is recognised using the effective interest method. Dividend income is recognised when the right to collect the dividend is established.

3.17 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.

3.18 Research and development costs

Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets if the project will be successful considering its commercial and technical feasibility and expenditures can reliably be measured. Other development expenditures that do not meet these criteria are recognised as expense when incurred. Development costs previously recognised as expense are not capitalised as an asset in subsequent periods. Capitalised development costs are amortised in line with estimated useful life, starting from the production of the product using the straight-line method (Notes 16 and 22).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement (Note 26).

3.20 Provisions, contingent assets and liabilities

Provisions are recognised at the present value of the obligation when the Group has a present legal or constructive obligation as a result of past events, it is probable that on outflow of resources embodying economic benefits will be required to settle the obligation, and of the amount of the obligation can be reliably estimated.

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 18).

3.21 Government grants

Investment incentives can only be utilised when the Group's application for incentives is approved by the related authorities.

3.22 Financial instruments

Fair value of the 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 (Notes 3.6 and 8).

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 financial assets available for sale measured at cost and financial assets at fair value through profit or loss are described in detail in Note 8. Remaining assets and liabilities:

Monetary 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.

Monetary liabilities

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

Foreign currency denominated long-term borrowings is measured at amortised values discounted with the effective interest rates in the consolidated financial statements.

3.23 Segment Reporting

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. As the sectors merged under "Undistributed" do not meet the required quantitative thresholds to be a reportable segment, these have been merged for the purpose of segment reporting.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information regarding the segment would be useful to users of the financial statements.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.24 Earnings per share

Earnings per share disclosed in the consolidated statements of income are determined by dividing net profit for the period by the weighted average number of shares that have been outstanding during the period.

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, such bonus shares are regarded as issued shares. Accordingly, when calculating the weighted average number of shares to be used in earnings per share computations, the retroactive effect of such bonus shares is taken into consideration for comparative purposes (Note 28).

3.25 Events after the balance sheet date

Events after the balance sheet date represent events that have occurred in favour or in opposition of the Group between the balance sheet date and the date financial statements were approved. The Group adjusts the consolidated financial statements when there is evidence of events existing at or after the balance sheet date that necessitate the adjusting of the consolidated financial statements. If events after the balance sheet date do not necessitate the adjusting of the consolidated financial statements, the Group explains the events in a corresponding note to the consolidated financial statements.

3.26 Impairment of assets

The Group reviews assets, except goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount in the consolidated statements of income. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses are recognised in the consolidated income statements.

3.27 Changes in accounting policies, accounting estimates and errors

Changes in accounting policies or determined accounting errors are applied retroactively and the financial statements of the previous year are adjusted. If changes in estimates are for only one period, changes are applied to the current year but if changes in estimates are for the following periods, changes are applied both to the current and following years prospectively.

3.28 Management's estimates

The preparation of consolidated financial statements requires estimates and assumptions regarding the amounts for the assets and liabilities at the balance sheet date, explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. Although these estimates and assumptions are based on the best information held by the Group management, actual results may differ from these.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the next financial reporting period, the predictions and assumptions likely to cause significant adjustments on the recorded values on the assets and liabilities are stated below:

a) Impairment assessments on the intangible assets with infinite useful lives and goodwill

In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill, these assets are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment by the Group. The recoverable amounts of the cash-generating units are determined using the method of value in use. Certain estimates were used in these calculations. Impairment was not identified as a result of these tests. The effect of 10% negative deviation in the estimates used in calculations does not cause impairment in goodwill as of 31 December 2009.

b) Fair values of the available for sale financial assets

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 that the Group may obtain in a current market transaction and actual values may significantly deviate from those estimates (Notes 3.6 and 8).

c) Non-current Value Added Tax ("VAT") receivables

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 11). The total VAT receivables amount to TRL67,568 thousand as of 31 December 2009 (31 December 2008: TRL70,516 thousand). VAT receivables amounting to TRL45,105 thousand (31 December 2008: TRL41,303 thousand) have been classified as long-term receivables.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 4 - BUSINESS COMBINATIONS

The Group purchased 49.998% of Monrol shares on 1 July 2008 based on the Share Purchase Agreement signed on 26 March 2008. Goodwill amounting to TRL26,376 thousand has been recognised in relation to the acquisition.

The income statement of Monrol has been included in the consolidated financial statements starting from 1 July 2008. As of 1 July 2008, the fair values and the respective book values of the identifiable assets acquired, liabilities and contingent liabilities taken on, that correspond to 49.998% of total shares are as follows:

	Fair Value	**Book Value**
Cash and cash equivalents	1,419	1,419
Trade receivables	5,208	5,208
Inventories	477	477
Other current assets	123	123
Property, plant and equipment	6,924	6,061
Intangible assets	20,855	6
Deferred income tax assets	-	175
Other non-current assets	48	48
Financial liabilities	(3,372)	(3,372)
Trade payables	(681)	(681)
Provisions	(725)	(725)
Other liabilities	(640)	(640)
Provisions for employee benefits	(235)	(235)
Deferred income tax liabilities	(4,167)	-
Net assets acquired	**25,234**	**7,864**
Goodwill	26,376	
Total cash consideration	**51,610**	
Less: Cash and cash equivalents of the joint venture acquired	(1,419)	
Joint venture acquisition amount	**50,191**	

The purchase consideration for 49,998% of total shares has been calculated as TRL51,610 thousand as of 31 December 2009. TRL48,451 thousand of the total consideration was paid in cash to the shareholders of Monrol on 1 July 2008. TRL1,830 thousand (translation of EUR1 million using fixed exchange rate of 1.83 TRL/EUR) of the purchase price is accounted under "other current liabilities" as share purchase accrual (Note 11), due to the reason that such amount will be held as collateral for two years beginning from the share purchase date. Purchase consideration is inclusive of the adjustment for working capital which was calculated and refunded in 2009 in accordance with the Share Purchase Agreement amounting to TRL4,028 thousand and additional purchase price adjustment with the net amount of TRL1,329 thousand which was initially calculated as closing adjustment amounting to TRL5,357 thousand and later was paid on 29 April 2009. Net impact of the mentioned additional purchase price adjustments to consolidated financial statements as of 31 December 2008 amounts to TRL1,295 thousand.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 5 - JOINT VENTURES

The aggregate amounts of assets, liabilities and profit/loss of the Joint Ventures, which are proportionately consolidated in the consolidated financial statements, before consolidation adjustments are as follows:

Balance sheets:

	31 December 2009	31 December 2008
Current assets	118,030	107,156
Non-current assets	72,445	65,602
Total assets	**190,475**	**172,758**
Current liabilities	45,690	43,313
Non-current liabilities	10,863	12,124
Equity	133,922	117,321
Total liabilities and equity	**190,475**	**172,758**

Statements of income:

	2009	2008 (*)
Total revenue	262,088	208,082
Cost of sales (-)	(143,688)	(107,725)
Gross profit	**118,400**	**100,357**
Operating expenses (-)	(92,989)	(89,248)
Operating profit	**25,411**	**11,109**
Financial income, net	358	206
Income before tax	**25,769**	**11,315**
Taxes (-)	(6,032)	(2,370)
Profit for the period	**19,737**	**8,945**

(*) The income statement for 2008 includes financial results of Eczacıbaşı-Monrol's operations, of which 49.998% shares have been acquired at 1 July 2008, carried out between 1 July and 31 December 2008.

NOTE 6 - SEGMENT REPORTING

The Group determined its operating segments based upon the reports reviewed and used by the Board of Directors while giving strategic decisions.

During evaluations made for the requirements of IFRS 8 "Operating Segments" effective as of 1 January 2009, the Group decided that operating segments shown below in the disclosures prepared in line with CMB requirements are compatible with the reports presented to Decision Making Authorities related to current operations and that there is no new reportable segment.

The Group continues to operate primarily in three reportable segments as of 31 December 2009:

1. Health:

Production and sale of human health and veterinary medicine.

2. Personal care:

Production, marketing and sale of personal care and consumption products.

3. Real-estate:

Kanyon:

The sale and lease of the real estate constructed with a 50%-50% partnership with İş Gayrimenkul Yatırım Ortaklığı A.Ş. ("İŞ GYO") located on Büyükdere Caddesi, in the Şişli district of Istanbul. The lease regards to half of the shopping mall and whole of the office building.

Uskumruköy Project:

On 31 December 2007, the Company purchased half of the 22 pieces of land, areas of which total to 169,409.74 m^2, in Yorgancı Çiftliği Mevkii, Uskumru Mahallesi, Sarıyer district in İstanbul. The remaining half belongs to Eczacıbaşı Holding A.Ş. The aforementioned real estates are apt for residential and partially trade centre development and construction. Total planned construction area amounts to 60-70 thousand m^2. The project development has been slowed down in 2009, as the global financial crisis starting in 2008 was expected to affect the sales. The infrastructure and architectural projects have been completed and it is planned to start construction of the first phase after obtaining the construction licences in the first half of 2010. The purchase value of the land and the costs attributable to this project are presented in inventories in the consolidated financial statements.

Ayazağa facilities leased to EBX:

Lease is related to serum facilities located in Ayazağa district of İstanbul.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 6 - SEGMENT REPORTING (Continued)

İnşaat:

Providing consulting services regarding land development and project management to Eczacıbaşı Group companies which are operating in real estate development sector.

Segment assets consist of cash and cash equivalents, trade and other receivables, inventories, tangible and intangible assets and other current and non-current assets. Financial assets at fair value through profit or loss, financial assets available for sale and deferred tax assets are excluded from segment assets.

Segment liabilities consist of liabilities related to operations. Current and deferred tax liabilities, financial liabilities and financial liabilities provided by related parties are excluded from segment liabilities.

Capital expenditures consist of purchases of tangible and intangible assets, investment property and goodwill arisen as a result of acquisitions in the current year.

Financial information has not been reported in geographical segments since primary sales and purchases of the Group are performed in Turkey and the majority of the assets of the Group are in Turkey.

Segment assets and liabilities as of 31 December:

	2009		2008	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Health	252,751	(74,074)	249,600	(71,466)
Personal care	142,449	(95,599)	124,740	(71,356)
Real estate development	249,689	(2,092)	255,590	(1,934)
Undistributed	1,844,214	(127,113)	1,388,272	(142,705)
Inter-segment elimination	(48)	48	(17)	709
Total	**2,489,055**	**(298,830)**	**2,018,185**	**(286,752)**

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 6 - SEGMENT REPORTING (Continued)

Segment assets and liabilities at 31 December and capital expenditures, non-cash expenses and segment results for the year then ended:

	Health	Personal care	Real-estate	Undistributed	Inter-segment elimination	Total
31 December 2009:						
Capital expenditures (Notes 14, 15, 16 and 17)	12,308	2,509	412	-	-	15,229
Non-cash Expenses:						
- Depreciation and amortisation (Notes 14, 15 ve 16)	11,805	2,922	5,557	-	-	20,284
- Licence transfer accruals (Note 11)	-	-	-	3,742	-	3,742
- Provision for diminution in value of inventories (Note 12)	2,631	522	-	-	-	3,153
- Accruals for salaries and premiums (Note 11)	3,097	364	-	-	-	3,461
- Provision for doubtful receivables (Note 22)	1,382	1,052	-	-	-	2,434
- Provision for unused vacation (Note 19)	993	468	(45)	-	-	1,416
- Expense accruals (Note 11)	825	-	11	-	-	836
- Provision for employment termination benefits (Note 19)	622	174	(14)	-	-	782
- Accruals for sales returns and sales discounts	317	41	-	-	-	358
- Provision for litigations (Note 18)	207	-	-	-	-	207
	21,879	**5,543**	**5,509**	**3,742**	**-**	**36,673**
31 December 2008:						
Capital expenditures (Notes 14, 15, 16 ve 17)	33,394	10,526	2,711	32	(6,125)	40,538
Non-cash Expenses:						
- Depreciation and amortisation (Notes 14, 15 ve 16)	10,272	3,096	5,565	15	(564)	18,384
- Licence transfer accruals (Note 11)	-	-	-	3,138	-	3,138
- Provision for unused vacation (Note 19)	1,574	823	-	137	-	2,534
- Provision for doubtful receivables (Note 22)	1,071	938	-	-	-	2,009
- Accruals for salaries and premiums (Note 11)	1,052	341	-	-	-	1,393
- Provision for diminution in value of inventories (Note 12)	1,427	(47)	-	-	-	1,380
- Provision for employment termination benefits (Note 19)	807	239	-	35	-	1,081
- Expense accruals (Note 11)	932	86	-	-	-	1,018
- Provision for litigations (Note 18)	279	-	-	-	-	279
- Accruals for sales returns and sales discounts	155	-	-	-	-	155
	17,569	**5,476**	**5,565**	**3,325**	**(564)**	**31,371**

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 6 - SEGMENT REPORTING (Continued)

Segment results as of 31 December:

31 December 2009

	Health	Personal care	Real-estate	Undistributed	Inter-segment elimination	Total
Total sales	369,193	472,279	34,251	-	-	875,723
Elimination of sales within the Group	(77)	(20)	(926)	-	-	(1,023)
Sales to third parties	369,116	472,259	33,325	-	-	874,700
Cost of sales (-)	(226,896)	(393,513)	(8,433)	-	119	(628,723)
Gross profit	**142,220**	**78,746**	**24,892**	**-**	**119**	**245,977**
Marketing, sales and distribution expenses (-)	(76,621)	(46,278)	(8,023)	(1,146)	47	(132,021)
General administrative expenses (-)	(57,014)	(19,404)	(1,069)	(10,343)	1,007	(86,823)
Research and development expenses (-)	(36)	-	(155)	-	-	(191)
Other operating income	3,027	841	29	570	(416)	4,051
Other operating expense(-)	(8,293)	(1,863)	(7)	(5,649)	262	(15,550)
Operating profit	**3,283**	**12,042**	**15,667**	**(16,568)**	**1,019**	**15,443**

31 December 2008

	Health	Personal care	Real-estate	Undistributed	Inter-segment elimination	Total
Total sales	312,792	461,412	32,840	-	-	807,044
Elimination of sales within the Group	(850)	(65)	(814)	-	-	(1,729)
Sales to third parties	311,942	461,347	32,026	-	-	805,315
Cost of sales (-)	(192,142)	(386,932)	(8,740)	-	1,152	(586,662)
Gross profit	**119,800**	**74,415**	**23,286**	**-**	**1,152**	**218,653**
Marketing, sales and distribution expenses (-)	(73,610)	(50,142)	(6,089)	(1,094)	(25)	(130,960)
General administrative expenses (-)	(52,993)	(20,424)	(1,246)	(8,799)	294	(83,168)
Research and development expenses (-)	(300)	-	(158)	-	(1)	(459)
Other operating income	9,439	544	265	1,165	(6,630)	4,783
Other operating expense (-)	(5,531)	(727)	23	(6,193)	4	(12,424)
Operating profit	**(3,195)**	**3,666**	**16,081**	**(14,921)**	**(5,206)**	**(3,575)**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 6 - SEGMENT REPORTING (Continued)

In the current period, in order to comply with the presentation of segment-based reporting, following reclassifications have been made in the comparative financial information:

(i) The reclassifications made from "Health" segment to "Real-Estate" segment in 31 December 2008 reporting note is related to leasing of serum facilities to EBX.

1. TRL1,182 thousand which was previously classified in "Total Sales" of the "Health" Segment in the 31 December 2008 dated financial statements, have been classified as "Sales to Third Parties" under the "Real Estate Development" segment in the comparatively presented financial statement information dated 31 December 2009.

2. TRL623 thousand which was previously classified in "General administrative expenses" of the "Health" Segment and TRL175 thousand classified as "Undistributed" have been classified as "General administrative expenses" under the "Real-Estate" segment in the comparative financial information of 31 December 2009.

3. TRL4,133 thousand which was previously classified in "Other operating expenses" of "Health" segment as of 31 December 2008, whereas TRL1,531 thousand of this amount is classified within "Real Estate Development" segment and the remaining TRL2,603 thousand within "Undistributed" in the comparative financial information of 31 December 2009.

(ii) TRL867 thousand which was previously classified in "Other operating income" under the "Real-Estate" segment have been classified in "Health" segment as "Undistributed" amounting to TRL29 thousand and TRL838 thousand, respectively in the comparative financial information of 31 December 2009.

	2009	**2008**
Operating profits related to operating segments	30,992	16,552
Undistributed expenses (-)	(16,568)	(14,921)
Inter-segment elimination	1,019	(5,206)
Profit shares from associates	(5,818)	10,757
Financial income	612,283	354,416
Financial expenses (-)	(302,882)	(272,847)
Profit before tax	**319,026**	**88,751**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 7 - CASH AND CASH EQUIVALENTS

	2009	**2008**
Cash in hand	255	273
Banks		
- demand deposits	5,552	6,665
- time deposits	672,418	324,004
Other liquid assets	20	6
	678,245	**330,948**

Maturities of time deposits are as follows:

Less than 1 month	576,481	323,351
1 to 3 months	101,489	7,318
	677,970	**330,669**

Interest rates for TRL-denominated time deposits vary between 6% to 10.8% (2008: 10% - 22.75%), whereas interest rates for foreign currency denominated time deposits vary between 1% to 5% (2008: 1%- 7.8%). The weighted average interest rates per annum for TRL, USD and EUR-denominated time deposits are 9.61%, 2.83% and 3.01%, respectively (2008: 20.43%, 6.54% and 7.21%).

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

	2009	**2008**
Cash and cash equivalents	678,245	330,948
Financial assets (Note 8)	4,066	3,337
Interest accruals (-)	(3,079)	(1,400)
	679,232	**332,885**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 8 - FINANCIAL ASSETS

The details of financial assets included in current assets as of 31 December are as follows:

	2009	2008
Financial assets at fair value through profit and loss	8,170	5,748
Available-for-sale financial assets	-	9,077
Financial assets, current	**8,170**	**14,825**
Financial assets available-for-sale	1,088,287	855,602
Financial assets at fair value through profit and loss	4,004	5,192
Financial assets, non-current	**1,092,291**	**860,794**

The classification of financial instruments at fair value:

IFRS 7 explains the classifications of valuation techniques.

The classification of financial instruments at fair value is shown as following:

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:

31 December 2009	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	8,170	-	8,170
Short-term financial assets	**-**	**8,170**	**-**	**8,170**
Available-for-sale financial assets	111,626	160,433	816,228	1,088,287
Financial assets at fair value through profit and loss	-	4,004	-	4,004
Long-term financial assets	**111,626**	**164,437**	**816,228**	**1,092,291**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 8 - FINANCIAL ASSETS (Continued)

The reconciliation table for fair value measurement being categorised in level 3 is as follows:

	2009
As of 1 January 2009	697,407
Total revenue recognised in other comprehensive income	27,018
Current year increase	23,059
Transitions to Level 3	68,744
Transitions from Level 3 to other levels	-
As of 31 December 2009	**816,228**

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

On 26 July 2007, Eczacıbaşı Holding A.Ş. Strategic Planning and Finance Group Directorate was assigned to form an agreement with two international investment banks to manage a certain portion of cash obtained from the sale of 75% shares of the Company's subsidiaries Eczacıbaşı Sağlık Ürünleri Sanayi ve Ticaret A.Ş. and EÖS Eczacıbaşı Özgün Kimyasal Ürünler Sanayi ve Ticaret A.Ş. to Zentiva N.V. on 2 July 2007, in portfolios consisting of international financial investment instruments and funds.

The Company management has decided to transfer the assets in portfolio accounts considering their maturities and liquidity, to banks in Turkey. As of 31 December 2009, a significant portion of the funds have been transferred to banks in Turkey and transfer of remaining part of the funds is in progress. Total fair value of funds not yet transferred is TRL8,108 thousand (31 December 2008: TRL10,940 thousand). As of 31 December 2009, Group estimates to transfer TRL4,104 thousand of these funds within 2010 and the remaining TRL4,004 thousand (31 December 2008: TRL5,192 thousand) after 2010. TRL8,069 thousand (31 December 2008: TRL10,903 thousand) of the aforementioned funds are in the funds in North America.

Financial assets measured at fair value through profit and loss include liquid funds amounting to TRL4,066 thousand (31 December 2009: None) valued in Turkey.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 8 - FINANCIAL ASSETS (Continued)

b) Available-for-sale financial assets:

Short-term available-for-sale financial assets:

The Group sold the shares representing 3% of Türk Pirelli Lastikleri A.Ş. to an amount of TRL5,740 thousand to Pirelli Tyre Holland N.V. on 15 January 2009. Following the sales transactions impairment amounting to TRL6,043 thousand previously reflected to "Financial assets fair value reserve" under shareholders equity, has been charged to the income statement (Note 26).

Eczacıbaşı capital secured funds (31 December 2008: TRL3,337 thousand), previously classified as "Available-for-sale" under financial assets have been sold between 1 July and 30 September 2009. The increase in fair value amounting to TRL582 thousand classified as "Financial assets fair value reserves" under shareholders' equity have been charged to consolidated income statement (Note 25). Liquid funds were purchased with the cash received from sales, and these funds have been presented under "Financial assets at fair value through profit and loss" with an amount of TRL4,066 (31 December 2008: None).

Long-term available-for-sale financial assets:

The list of long-term available for sale financial assets as of 31 December is as follows:

	2009	%	2008	%
Listed:				
Eczacıbaşı Yatırım Ortaklığı A.Ş. (*)	2,983	15	966	15
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. (*)	413	2	183	2
Türkiye İş Bankası A.Ş. (*)	21	<1	18	<1
Ak Enerji Elektrik Üretim A.Ş. (*)	1	<1	1	<1
	3,418		**1,168**	
Not listed:				
Eczacıbaşı Holding A.Ş. (***)	1,084,224	37	852,531	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (*)	362	14	1,552	14
Eczacıbaşı Menkul Değerler A.Ş. (*)	237	1	273	1
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş. (*)	34	<1	34	<1
Other (**)	12		44	
	1,084,869		**854,434**	
Total	**1,088,287**		**855,602**	

(*) 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.

NOTE 8 - FINANCIAL ASSETS (Continued)

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

(***) As of 31 December 2009 and 2008 the acquisition cost of Eczacıbaşı Holding A.Ş. shares including the restatement effect due to inflation accounting is TRL153,320 thousand. In fair value determination, 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.

The methods used in fair value measurement of Eczacıbaşı Holding 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)

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 8 - FINANCIAL ASSETS (Continued)

	Proportion of Ownership Interests of Eczacıbaşı Holding A.Ş. (%) (*)		Fair value measurement method (**)		Fair value hierarchy (**)	
Entity name	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
EİS Eczacıbaşı İlaç. Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş.	62.49	61.45	(I)	(I)	(I)	(I)
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş.	82.73	74.93	(II)	(II)	Level 1	Level 1
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	47.54	41.05	(II)	(II)	Level 1	Level 1
Eczacıbaşı Yatırım Ortaklığı A.Ş.	24.59	13.84	(II)	(II)	Level 1	Level 1
Esan Eczacıbaşı Endüstriyel Hammaddeleri San. ve Tic. A.Ş.	99.96	99.96	(III)	(III)	Level 3	Level 3
Eczacıbaşı Bilişim San. ve Tic. A.Ş.	94.54	93.99	(III)	(III)	Level 3	Level 3
Vitra Karo San. ve Tic. A.Ş.	88.19	87.90	(III)	(III)	Level 3	Level 3
Engers Keramik Gmbh & Co Kg	88.19	87.90	(III)	(III)	Level 3	Level 3
Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri San. ve Tic. A.Ş.	73.95	73.45	(III)	(III)	Level 3	Level 3
EİP Eczacıbaşı İlaç Pazarlama A.Ş.	62.49	61.45	(III)	(III)	Level 3	Level 3
Eczacıbaşı Portföy Yönetimi A.Ş.	59.56	28.45	(III)	(III)	Level 3	Level 3
Eczacıbaşı Menkul Değerler A.Ş.	59.56	56.89	(III)	(III)	Level 3	Level 3
EKY Eczacıbaşı-Koramic Yapı Kimyasalları San. ve Tic. A.Ş.	49.38	49.36	(III)	(III)	Level 3	Level 3
İpek Kağıt San. ve Tic. A.Ş.	49.30	49.28	(III)	(III)	Level 3	Level 3
Villeroy & Boch Fliesen Gmbh	44.97	44.83	(III)	(III)	Level 3	Level 3
Kaynak Tekniği San. ve Tic. A.Ş.	42.20	41.69	(III)	(III)	Level 3	Level 3
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	36.79	35.94	(III)	(III)	Level 3	Level 3
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	31.96	31.45	(III)	(III)	Level 3	Level 3
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler San. ve Tic. A.Ş.	31.25	30.73	(III)	(III)	Level 3	Level 3
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	31.25	30.72	(III)	(III)	Level 3	Level 3
Eczacıbaşı-Monrol Nükleer Ürünler San. ve Tic. A.Ş.	31.25	30.61	(III)	(IV)	Level 3	Level 2
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	98.82	98.74	(V)	(V)	Level 3	Level 3
Cennet Koyu Turizm İşletmeleri San. ve Tic. A.Ş.	87.64	87.64	(V)	(V)	Level 3	Level 3
Eczacıbaşı Havacılık A.Ş.	86.98	83.37	(V)	(V)	Level 3	Level 3
Eczacıbaşı Sağlık Hizmetleri A.Ş.	77.22	76.74	(V)	(V)	Level 3	Level 3
Eczacıbaşı İnşaat ve Ticaret A.Ş.	62.66	61.62	(V)	(V)	Level 3	Level 3
Eczacıbaşı İlaç Ticaret A.Ş.	62.53	61.49	(V)	(V)	Level 3	Level 3
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	59.26	56.56	(V)	(V)	Level 3	Level 3
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	50.00	50.00	(V)	(V)	Level 3	Level 3
Toplu Konut Holding A.Ş.	27.00	27.00	(V)	(V)	Level 3	Level 3
Ekom Eczacıbaşı Dış Ticaret A.Ş.	18.38	18.05	(V)	(V)	Level 3	Level 3
Vitra Bad Gmbh	100.00	100.00	(VI)	(VI)	Level 3	Level 3
Vitra UK Limited	96.46	96.46	(VI)	(VI)	Level 3	Level 3
Vitra Ireland Limited	82.69	82.44	(VI)	(III)	Level 3	Level 3
Eczacıbaşı-Zentiva Kimyasal Ür. San. ve Tic. A.Ş.	-	15.30	-	(IV)	-	Level 2
Eczacıbaşı-Zentiva Sağlık Ür. San. ve Tic. A.Ş.	-	15.30	-	(IV)	-	Level 2
Vitra Küvet San. ve Tic. A.Ş.	-	88.30	-	(III)	-	Level 3

NOTE 8 - FINANCIAL ASSETS (Continued)

(*) 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.

(**) The net impact of the method change in the fair value measurement (transitions from Level 2 to Level 3) amounts to TRL2,207 thousand. Taking current conditions into consideration, a change in method has been made on the basis that the value calculated via discounted cash flows more properly represents the fair value than that calculated with transaction prices. In this context, the total fair value of the items affected by this method change is TRL68,744 thousand.

(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 cross ownership with Eczacıbaşı Holding has been taken into consideration. The following have been taken into account in the related stand-alone fair value determination:

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

In this context, the fair value has been calculated as TRL987,407 thousand as of 31 December 2009 (31 December 2008: TRL770,053 thousand). As of 31 December 2009, market/stock value of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. amounts to TRL1,370,520 thousand (31 December 2008: TRL487,905 thousand).

(II) The securities measured at market values are valued by the strike prices as at 31 December 2009 in ISE. As of 31 December 2009 and 2008 there are no financial instruments held by EİS, listed in another stock exchange market.

(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.

During performing company valuations, risk-free return rates, risk premiums and borrowing costs are determined. If as of 31 December 2009 the calculated weighted average cost of capital had been higher by 10%, the fair value would have been lower by TRL47,100 thousand. If the average cost of capital had been lower by 10%, the fair value would have been higher by TRL61,737 thousand. After calculating average cost of capital, the discount rates are determined by using "debt/equity" ratio, average cost of capital and cost of equity ratio. In this context, the discount rates used for companies of which the functional unit of currency is TRL vary between 13% - 17% (31 December 2008: 11% - 22%), whereas the discount rates used for companies of which the functional unit of currency is EUR vary between 7% - 10% (31 December 2008: 8% - 15%).

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 8 - FINANCIAL ASSETS (Continued)

(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.

The fair value of Eczacıbaşı Holding has been calculated by multiplying the proportion of ownership interest of Eczacıbaşı Holding 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:

	2009	**2008**
Total fair value of Eczacıbaşı Holding (*)	2,624,306	2,350,517
The share of the Group within the total fair value of Eczacıbaşı Holding (**)	978,369	876,297
The effect of cross ownership	297,189	260,411
Fair value before liquidity discount	**1,275,558**	**1,136,708**
Liquidity discount (-)	(191,334)	(284,177)
Fair value of the Group in consolidated financials	**1,084,224**	**852,531**

(*) Reflects the amount multiplied with the total proportion of ownership interests.
(**) As of 31 December 2009 the direct capital share of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş. within Eczacıbaşı Holding totals to 37.28% (31 December 2008: 37.28%).

As explained in the table above, fair value before liquidity discount amounting to TRL1,275,558 thousand (31 December 2008: TRL1,136,708 thousand) has been calculated by using the fair value of Eczacıbaşı Holding amounting to TRL2,624,306 thousand (2008: TRL2,350,517 thousand); calculating TRL978,369 thousand (31 December 2008: TRL876,297 thousand) by multiplying the fair value of Eczacıbaşı Holding by EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş.'s proportion of ownership interest in Eczacıbaşı Holding equalling 37.28% and adding the effect of cross ownership between EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş. and Eczacıbaşı Holding amounting to TRL297,189 thousand (31 December 2008: TRL260,411 thousand). The fair value presented in consolidated financial statements amounting to TRL1,084,224 thousand (31 December 2008: TRL852,531 thousand) has been calculated by deducting the liquidity discount at the rate of 15% from this amount.

The liquidity discount rate has been used as 25% for the period ended as of 31 December 2008. The discount rate has been determined conservatively, taking into consideration the uncertainty due to global economic crisis. The Company will continuously reassess the liquidity discount rate and will revise the rate where necessary.

The effect of a 10% change in liquidity discount rate on the fair value of the financial instruments valued by discounted cash-flow method is calculated as TRL127,556 thousand as of 31 December 2009 (31 December 2008: TRL113,671 thousand).

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 9 - FINANCIAL LIABILITIES

	2009			2008		
	Effective interest rate (%) per annum (**)	**Original amount**	**TRL equivalent**	**Effective interest rate (%) per annum (**)**	**Original amount**	**TRL equivalent**
TRL-denominated bank borrowings	8.25 - 14.25	11,965	11,965	17.10 - 24.35	6,804	6,804
USD-denominated bank borrowings	Libor+1.00 - 7.59	6,369	9,590	Libor+2.00 - 2.80	3,912	5,916
EUR-denominated bank borrowings	Euribor+4.00 - 5.00	1,457	3,148	Euribor+0.75 - 1.55	1,425	3,050
Short-term bank borrowings			**24,703**			**15,770**
Factoring liabilities (*)			15,644			23,615
Short-term financial lease liabilities			387			352
Total short-term financial liabilities			**40,734**			**39,737**
USD-denominated bank borrowings	Libor+1.00 - 2.00	401	604	Libor+2.00 - 2.80	904	1,367
TRL-denominated bank borrowings	12.50	9	9	23.40	28	28
Long-term bank borrowings			**613**			**1,395**
Long-term financial lease liabilities			51			434
Total long-term financial liabilities			**664**			**1,829**

(*) As at 31 December 2009, the Group has endorsed some of its receivables to a factoring company amounting to TRL15,644 thousand (31 December 2008: TRL23,615 thousand). These endorsed receivables are included both in trade receivables (Note 10) and financial liabilities.

(**) Annual weighted interest rates of TRL, USD and EUR-denominated short-term bank borrowings are respectively 9.05%, 6.93% and 6.19% (31 December 2008: 20.73%, 4.01% and 5.11%). Annual weighted interest rate of USD-denominated long-term bank borrowings is 2.48% (31 December 2008: 3.89%).

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 9 - FINANCIAL LIABILITIES (Continued)

Redemption schedule of long-term bank borrowings at 31 December are presented below:

	2009	2008
Year		
2010	-	807
2011	404	1,022
2012	260	-
Total	**664**	**1,829**

As at balance sheet date, the Group's risk due to interest rate changes is as follows:

	2009	2008
Less than 6 months	40,347	39,385
Total	**40,347**	**39,385**

Financial lease liabilities of the Group are not subject to re-pricing.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables:

	2009	2008
Short-term trade receivables:		
Trade receivables	144,864	125,329
Notes receivable	48,642	44,706
	193,506	**170,035**
Deferred credit finance income (-)	(1,375)	(2,382)
Provision for doubtful receivables (-)	(6,037)	(5,213)
Short-term trade receivables, net	**186,094**	**162,440**

The Group, has sold 25% of its shares of Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. ("EZSÜ") and Eczacıbaşı-Zentiva Kimyasal Ürünler Sanayi ve Ticaret A.Ş. ("EZKÜ") to Zentiva N.V. as of 24 July 2009, (Notes 13 and 25) As of 31 December 2009, trade receivables comprise the receivable amounting to TRL205 thousand from EZSÜ.

Average maturities of the Group's receivables are 66 days (31 December 2008: 62 days) and TRL-denominated trade receivables are amortised at 7.28%, per annum (31 December 2008:15.59%).

As of 31 December 2009, trade receivables include receivables endorsed to a factoring company amounting to TRL15,644 thousand (31 December 2008: TRL23,615 thousand). These receivables are included both in trade receivables and financial liabilities, as the collection risk regarding these endorsed trade receivables belongs to the Group.

Amounts expressed in thousands of Turkish lira (“TRL”) unless otherwise indicated.)

NOTE 10 - TRADE RECEIVABLES AND PAYABLES (Continued)

Movement of provision for doubtful receivables for the years ended at 31 December is as follows:

	2009	2008
At 1 January	5,213	4,177
Current year additions (Note 22)	2,434	1,304
Collections (Note 24)	(1,091)	(292)
Reversal of provisions	(519)	-
Other	-	24
At 31 December	**6,037**	**5,213**

Maximum credit risk and aging analysis related to trade receivables are included in Note 30.

b) Trade payables:

	2009	2008
Short-term trade payables:		
Trade payables	79,879	65,358
Deferred credit finance expenses (-)	(301)	(513)
Short-term trade payables (net)	**79,578**	**64,845**

The Group has sold 25% of its shares of EZSÜ and EZKÜ to Zentiva N.V. as of 24 July 2009 (Notes 13 and 25). As of 31 December 2009, trade payables include the payable to EZSÜ amounting to TRL5,507 thousand. As of 31 December 2008, Group’s trade payable amount to EZSÜ amounts to TRL8,413 thousand and the amount has been classified in “Short-term liabilities to related parties” in the 31 December 2008 dated consolidated financial statements (Note 29).

Average maturities of the Group’s payables are 79 days (31 December 2008: 87 days) and TRL-denominated trade receivables are amortised at 7.39% per annum (31 December 2008: 15.63%), EUR-denominated trade receivables are amortised at 0.59% per annum (31 December 2008: 2.89%) and USD-denominated receivables are amortised at 0.25% per annum (31 December 2008: 1.43%).

NOTE 11 - OTHER CURRENT/ NON-CURRENT ASSETS AND LIABILITIES

	2009	2008
Other current assets:		
VAT receivables (Note 3.28.c)	22,463	29,213
Prepaid expenses	1,075	911
Prepaid taxes and withholding taxes	1,023	2,417
Forward accruals	21	381
Other	602	531
	25,184	**33,453**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 11 - OTHER CURRENT/ NON-CURRENT ASSETS AND LIABILITIES (Continued)

Other non-current assets:

	2009	**2008**
VAT receivables (Note 3.28.c)	45,105	41,303
Prepaid expenses	320	130
Advances given for purchase of property, plant and equipment	313	1,485
	45,738	**42,918**

Short-term other liabilities:

Collaterals received for the purchase of Monrol shares (Note 4)	1,830	-
Deposits and collaterals received	691	541
Additional purchase consideration accrual (Note 4)	-	1,295
	2,521	**1,836**

Other current liabilities:

Taxes payable	5,920	5,673
Licence transfer accruals	3,742	3,138
Accruals for salaries and premiums	3,461	1,393
Expense accruals	836	1,018
Unearned revenue	778	959
Advances received	509	4,065
Payable to personnel	278	255
Other	213	809
	15,737	**17,310**

As of 31 December 2008, other long-term liabilities consist of the collaterals received amounting to TRL1,830 thousand for the purchase of Monrol shares (Note 4).

NOTE 12 - INVENTORIES

	2009	**2008**
Raw materials and supplies	12,967	8,136
Work in progress	772	313
Finished goods	9,062	12,540
Merchandise	18,511	18,932
Scrap goods	6,254	10,683
Other inventories	1,492	1,907
Goods in transit	5,889	6,368
Land	37,625	37,037
	92,572	**95.916**
Provision for diminution in value of inventories (-)	(6,932)	(11,997)
	85,640	**83,919**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 12 - INVENTORIES (Continued)

The land in inventories refers to the land purchased by the Group in Uskumruköy as part of real estate development activities and project development costs incurred amounting to TRL588 thousand (Note 6).

Movement of provision for diminution in value of inventories is presented below:

	2009	2008
At 1 January	11,997	10,640
Current year additions (Note 24)	3,153	1,380
Reversals (-)	(205)	-
Inventories destroyed (-)	(8,013)	(23)
At 31 December	**6,932**	**11,997**

NOTE 13 - INVESTMENTS IN ASSOCIATES

Associates:	2009	2008
Vitra Karo	13,652	21,694
Ekom	10,128	9,112
ESH	649	724
EZSÜ (*)	-	72,873
EZKÜ (*)	-	9,905
	24,429	**114,308**

(*) The Group has sold 25% of its shares of EZSÜ and EZKÜ to Zentiva N.V. with an amount of TRL361,112 thousand as of 24 July 2009 and calculated gain on sales of shares amounting to TRL275,752 thousand according to the carrying amounts in consolidated financial statements (Note 25).

Current year movements of investments in associates are as follows:

	2009	2008
At 1 January	114,308	79,292
Decreases due to sales of associate's shares (Note 25)	(85,360)	-
Group's share in the associate's (loss) / profit	(5,818)	10,757
Change in the fair value of available-for-sale financial assets	1,053	1,748
Increases due to currency translation differences	246	-
Initial recognition of Vitra Karo as associate	-	21,694
Initial recognition of ESH as associate	-	910
Elimination of dividends from associates	-	(93)
At 31 December	**24,429**	**114,308**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 13 - INVESTMENTS IN ASSOCIATES (Continued)

The Group's share in the assets, liabilities, net sales and current year results of the Associates are presented below:

	2009				
Associates	**Assets**	**Liabilities**	**Net sales**	**Net profit/(loss) for the year**	**Total proportion of ownership interests (%)**
Ekom	637,414	599,211	465,129	(38)	26.36
Vitra Karo	498,059	437,224	276,935	(8,287)	25.00
EZSÜ (*)	418,455	113,039	76,373	1,769	25.00
EZKÜ (*)	46,823	3,952	8,085	813	25.00
ESH	3,743	2,229	13,648	(75)	46.46
				(5,818)	

(*) Net sales and Group's share in net incomes regarding to EZSÜ and EZKÜ consist of three months' operating results for the period ended as of 31 March 2009.

	2008				
Associates	**Assets**	**Liabilities**	**Net sales**	**Net profit/(loss) for the year**	**Total proportion of ownership interests (%)**
Ekom	583,893	556,074	506,237	62	26.36
Vitra Karo	529,438	432,790	-	-	25.00
EZSÜ	400,906	102,568	370,772	9,496	25.00
EZKÜ	43,707	4,087	29,228	1,385	25.00
ESH	2,884	1,337	1,464	(186)	46.46
				10,757	

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 14 - INVESTMENT PROPERTIES

	1 January 2009	Additions	Disposals	Transfers (*)	31 December 2009
Cost:					
Kanyon	222,577	388	-	1,010	223,975
Buildings	6,440	31	-	-	6,471
Lands and land improvements	498	-	-	-	498
	229,515	**419**	**-**	**1,010**	**230,944**
Accumulated depreciation:					
Kanyon	11,799	5,534	-	-	17,333
Buildings	5,544	66	-	-	5,610
Lands and land improvements	125	-	-	-	125
	17,468	**5,600**	**-**	**-**	**23,068**
Net book value	**212,047**				**207,876**

	1 January 2008	Additions	Disposals	Transfers (*)	31 December 2008
Cost:					
Kanyon	219,808	2,769	-	-	222,577
Buildings	6,131	-	-	309	6,440
Lands and land improvements	5,138	123	(4,763)	-	498
	231,077	**2,892**	**(4,763)**	**309**	**229,515**
Accumulated depreciation:					
Kanyon	6,424	5,375	-	-	11.799
Buildings	5,357	187	-	-	5.544
Lands and land improvements	70	55	-	-	125
	11,851	**5,617**	**-**	**-**	**17,468**
Net book value	**219,226**				**212,047**

(*) As of 31 December 2009, transfers amounting to TRL1,010 thousand are related to the advances given for the fixed asset purchases which is included in "Other non-current assets". Transfers from property, plant and equipment amounting to TRL309 thousand as of 31 December 2008 are related to the transfers of capitalised expenses to investment properties. These transfers include the capitalisation of structural reinforcements of building for roof isolation and earthquake-proof (Note 15).

As of 31 December 2009, fair value of Kanyon is approximately TRL291 million, which is calculated from net present value of estimated rent income of Kanyon shopping centre and office complex. As of 31 December 2008, fair value of Kanyon was approximately TRL409 million. In 2008, the fair value of office complex was calculated based on the realised transaction price; and fair value of shopping centre complex was calculated based on the net present value of rent income.

The current year depreciation expenses are included in cost of services sold.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2009	Additions	Disposals	Transfers (*)	31 December 2009
Cost:					
Land and land improvements	5,398	22	-	-	5,420
Buildings	22,959	181	(38)	36	23,138
Machinery, plant and equipment	82,685	5,334	(2,234)	612	86,397
Motor vehicles	7,167	242	(494)	-	6,915
Furniture and fixtures	25,222	1,110	(1,505)	183	25,010
Construction in progress	2,137	3,994	-	(1,330)	4,801
Leasehold improvements	14,028	388	(775)	517	14,158
Other tangible assets	4,790	446	(253)	7	4,990
	164,386	**11,717**	**(5,299)**	**25**	**170,829**
Accumulated depreciation:					
Land improvements	110	15	-	-	125
Buildings	5,635	441	(14)	-	6,062
Machinery, plant and equipment	51,495	5,202	(1,383)	-	55,314
Motor vehicles	6,723	200	(390)	-	6,533
Furniture and fixtures	20,504	1,667	(1,107)	-	21,064
Leasehold improvements	8,660	1,410	(674)	-	9,396
Other tangible assets	3,976	476	(168)	-	4,284
	97,103	**9,411**	**(3,736)**	**-**	**102,778**
Net book value	**67,283**				**68,051**

(*) As of 31 December 2009, TRL25 thousand has been transferred from intangible assets to property, plant and equipment (Note 16).

Allocation of current year depreciation expenses is as follows: TRL3,739 thousand in cost of goods sold, TRL93 thousand in cost of finished goods, TRL215 thousand in cost of services sold, TRL2,523 thousand in general and administrative expenses, TRL4 thousand in research and development expenses and TRL2,837 thousand in marketing, sales and distribution expenses.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT(Continued)

Net book value of property, plant and equipment acquired under finance leases at 31 December 2009 is TRL1,543 thousand (31 December 2008: TRL2,292 thousand) and historical amounts and accumulated depreciation amounts are as follows:

	31 December 2009		
	Cost	**Accumulated depreciation**	**Net book value**
Machinery, plant and equipment	7,288	(5,747)	1,541
Motor vehicles	288	(288)	-
Furniture and fixtures	151	(149)	2
	7,727	**(6,184)**	**1,543**

	31 December 2008		
	Cost	**Accumulated depreciation**	**Net book value**
Machinery, plant and equipment	7,449	(5,183)	2,266
Motor vehicles	310	(297)	13
Furniture and fixtures	151	(138)	13
	7,910	**(5,618)**	**2,292**

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2008	Additions	Disposals	Transfers (*)	Additions due to acquisitions (**)	31 December 2008
Cost:						
Land and land improvements	4,833	1	-	-	564	5,398
Buildings	20,068	536	(1)	291	2,065	22,959
Machinery, plant and equipment	5,431	3,543	(2,165)	807	5,069	82,685
Motor vehicles	8,494	120	(1,521)	-	74	7,167
Furniture and fixtures	23,419	1,792	(581)	137	455	25,222
Construction in progress	2,534	1,811	(477)	(1,731)	-	2,137
Leasehold improvements	13,926	215	(295)	182	-	14,028
Other tangible assets	4,589	344	(148)	5	-	4,790
	153,294	**8,362**	**(5,188)**	**(309)**	**8,227**	**164,386**
Accumulated depreciation:						
Land improvements	95	15	-	-	-	110
Buildings	5,105	525	-	-	5	5,635
Machinery, plant and equipment	47,163	4,826	(1,649)	-	1,155	51,495
Motor vehicles	7,735	415	(1,469)	-	42	6,723
Furniture and fixtures	19,042	1,690	(329)	-	101	20,504
Leasehold improvements	7,519	1,427	(286)	-	-	8,660
Other tangible assets	3,595	514	(133)	-	-	3,976
	90,254	**9,412**	**(3,866)**	**-**	**1,303**	**97,103**
Net book value	**63,040**					**67,283**

(*) Transfers amounting to TRL309 thousand in 2008 are related to structural reinforcements of building for roof isolation and earthquake-proof (Note 14).
(**) Additions due to acquisitions of shares in Joint Ventures.

Allocation of current year depreciation expenses is as follows: TRL3,232 thousand in cost of goods sold, TRL220 thousand in cost of services sold, TRL197 thousand in cost of finished goods, TRL3 thousand in research and development expenses, TRL2,599 thousand in general and administrative expenses, and TRL3,161 thousand in marketing, sales and distribution expenses.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 16 - INTANGIBLE ASSETS

	1 January 2009	Additions	Disposals	Transfers (*)	31 December 2009
Cost:					
Customer relations, licences and royalty	20,844	-	-	-	20,844
Rights	3,270	89	-	778	4,137
Computer software	14,073	426	(100)	48	14,447
Construction in progress	1,443	1,912	-	(866)	2,489
Other intangible assets	3,993	149	-	15	4,157
	43,623	**2,576**	**(100)**	**(25)**	**46,074**
Accumulated amortisation:					
Customer relations, licences and royalty	1,364	2,592	-	-	3,956
Rights	2,420	596	-	-	3,016
Computer software	8,708	1,971	(94)	-	10,585
Other intangible assets	2,340	222	-	-	2,562
	14,832	**5,381**	**(94)**	**-**	**20.119**
Net book value	**28,791**				**25,955**

(*) As of 31 December 2009, TRL25 thousand has been transferred from intangible assets to property, plant and equipment (Note 15).

Allocation of accumulated amortisation is as follows: TRL3,657 thousand in cost of goods sold, TRL15 thousand in cost of finished goods, TRL32 thousand in cost of services sold, TRL1,235 thousand in general and administrative expenses and TRL442 thousand in marketing, sales and distribution expenses.

If the estimations of the proportion of benefits obtained from customer relations, licences and royalty to total benefits were 10% lower / higher, profit before minority would increase / decrease by TRL231 thousand (31 December 2008: TRL271 thousand).

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 16 - INTANGIBLE ASSETS (Continued)

	1 January 2008	Additions	Disposals	Transfers	Additions due to acquisitions (*)	31 December 2008
Cost:						
Customer relations, licences and royalty	-	-	-	-	20,844	20,844
Rights	3,155	115	-	-	-	3,270
Computer software	11,779	406	(1)	1,803	86	14,073
Construction in progress	1,254	2,148	(94)	(1,865)	-	1,443
Other intangible assets	3,879	52		62	-	3,993
	20,067	**2,721**	**(95)**	**-**	**20,930**	**43,623**
Accumulated amortisation:						
Customer relations, licences and royalty	-	1,364	-	-	-	1,364
Rights	2,127	293	-	-	-	2,420
Computer software	6,875	1,759	(1)	-	75	8,708
Other intangible assets	2,130	210	-	-	-	2,340
	11,132	**3,626**	**(1)**	**-**	**75**	**14,832**
Net book value	**8,935**					**28,791**

(*) Additions due to acquisitions of shares in joint ventures.

Allocation of accumulated amortisation is as follows: TRL2,029 thousand in cost of goods sold, TRL30 thousand in cost of services sold, TRL74 thousand in cost of finished goods, TRL1,172 thousand in general and administrative expenses and TRL321 thousand in marketing, sales and distribution expenses.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 17 - GOODWILL

The amount of goodwill at the end of 31 December is stated below:

	2009	**2008**
At 1 January	32,057	5,494
Additions	517	26,563
At 31 December	**32,574**	**32,057**

31 December 2009

Purchase consideration for 49,998% of total shares of Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.is inclusive of the adjustment for working capital which was calculated and refunded in 2009 in accordance with the Share Purchase Agreement amounting to TRL4,028 thousand and additional purchase price adjustment with the net amount of TRL1,329 thousand which was initially calculated as closing adjustment amounting to TRL5,357 thousand and later was paid as of 29 April 2009. Net impact of the mentioned additional purchase price adjustments to consolidated financial statements as of 31 December 2008 amounts to TRL1,295 thousand. TRL34 thousand which is resulted from the closing adjustment is added to the positive goodwill in the current year.

The subsidiary of EBX namely; RTS Renal purchased the remaining 2.55% of the shares of Meltem Diyaliz as of 13 April 2009 for a total consideration of TRL40 thousand resulting in goodwill in the amount of TRL13 thousand. 97.45% of the shares of RTS Antalya was previously held by RTS Renal.

In addition to possessed 79.9% shares, RTS Renal purchased 20.1% of the shares of Meltem Diyaliz as of 5 May 2009 for a total consideration of TRL221 thousand resulting in goodwill in the amount of TRL123 thousand.

In addition to possessed 79.9% shares, RTS Renal purchased 20.1% of the shares of Mentaş as of 5 May 2009 for a total consideration of TRL356 thousand resulting in goodwill in the amount of TRL210 thousand.

In addition to possessed 60% shares, RTS Renal purchased 13% of the shares of RTS Seyhan as of 8 May 2009 for a total consideration of TRL270 thousand resulting in goodwill in the amount of TRL137 thousand.

31 December 2008

Group has purchased 49,998% of shares of Monrol Nükleer Ürünler Sanayi and Ticaret A.Ş. on 1 July 2008 in accordance with the Share Purchase Agreement dated 26 March 2008. Goodwill amounting to TRL26,342 thousand is recognised related to this acquisition.

In addition to possessed 80% shares, RTS Renal purchased 20% of the shares of Onur Diyaliz Hizmetleri A.Ş. as of 17 January 2008 for a total consideration of TRL270 thousand resulting in goodwill in the amount of TRL144 thousand.

In addition to possessed 95% shares, RTS Renal purchased 5% of the shares of RTS İzmit as of 17 November 2008 for a total consideration of TRL61 thousand resulting in goodwill in the amount of TRL77 thousand.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 18 - CONTINGENT ASSETS AND LIABILITIES

a) Provisions:

	2009	2008
Provision for litigations	885	725
	885	**725**

Provision for litigations:

The Group has provided provision for the lawsuits filed against the Group in the amount of TRL885 thousand (31 December 2008: TRL725 thousand) based on the legal opinions taken on juridical, labour, commercial and administrative litigations and the assessment of similar litigations' consequences in the past. Movement of the provision for litigations are stated below:

	2009	2008
At 1 January	725	280
Charge for the period (Note 24)	207	279
Reversal of provision	(47)	-
Increases due to acquisitions of shares in Joint Ventures	-	166
At 31 December	**885**	**725**

b) Contingent assets:

Appeal for return of tax penalty paid:

The Competition Authority decided to conduct an inquiry regarding the Training Hospitals bidding for the eight companies, including EİP. As a result of the inquiry, a decision was made by the Competition Board at 19 January 2007 and announced to the parties. With this decision, an administrative penalty amounting to TRL1,211 thousand, equivalent of 7.5‰ of the net sales of 2001, has been imposed on EİP. Regarding the penalty mentioned, a reduced payment of TRL908 thousand has been made for early payment; there are no additional liabilities attributable to the penalty. The Group has applied to the Council of State for the refund of the penalty.

c) Contingent liabilities:

Tax penalty communicated as at 31 December 2007:

Upon inspections of companies in pharmaceuticals industry by the Tax Inspectors Board of the Ministry of Finance, TRL3,656 thousand regarding the additional corporate income tax and its associated withholding tax and TRL5,877 penalty (TRL3,656 thousand of the penalty is attributable to additional corporate income tax and TRL2,221 thousand relate to temporary income tax) has been levied against the Company as at 31 December 2007 by Boğaziçi Corporate Tax Administration by tax inspection reports addressed to Company regarding 2002.

NOTE 18 - CONTINGENT ASSETS AND LIABILITIES (Continued)

As at 26 May 2009, the Company filed a lawsuit for the related tax penalties in the Tax Court of İstanbul since no settlement was reached in the Commission for Tax Reconciliations in the Ministry of Finance. The lawsuit resulted in favour of the Company and all penalties have been cancelled. Boğaziçi Corporate Tax Administration has applied to the Council of State related to this lawsuit. After the Group's response to the petition of the defendant was sent to the Council of State, the application of the Tax Administration was denied, approving the decision of the Tax Court. Accordingly, the lawsuit resulted in favour of the Company and all accrued income taxes and penalties have been cancelled.

Tax penalty communicated as at 26 December 2008:

Upon inspections to companies in pharmaceuticals industry by Tax Inspectors Board of Ministry of Finance, TRL13,344 thousand regarding the corporate income tax and its associated withholding tax and TRL8,896 thousand of penalty (TRL5,709 thousand of the penalty is attributable to additional corporate income tax and TRL3,187 thousand relate to temporary income tax) has been levied against the Company as at 26 December 2008 by the Boğaziçi Corporate Tax Administration in the tax inspection reports of the Company regarding 2003.

As of 24 June 2009, the Company filed a lawsuit in the Tax Court of İstanbul, since no settlement was reached in the Commission for Tax Reconciliations in the Ministry of Finance. The lawsuit is ongoing and no decision has been provided in the Tax Court yet.

The Company has not provided a provision for this amount in the consolidated financial statements, since the lawsuit on the same subject concluded in favour of the Company.

Tax penalty communicated as at 12 June 2009:

Upon inspections of companies in pharmaceuticals industry by the Tax Inspectors Board of the Ministry of Finance, TRL7,256 thousand regarding the corporate income tax and its associated withholding tax and TRL10,914 of penalty (TRL2,340 thousand of the penalty is attributable to additional corporate income tax and TRL4,916 thousand relate to temporary income tax) have been levied against the Company as at 12 June 2009 by the Boğaziçi Corporate Tax Administration in the tax inspection reports of the Company regarding 2004.

As of 02 April 2010, the Company filed a lawsuit in the Tax Court of İstanbul, since no settlement was reached in the Commission for Tax Reconciliations in the Ministry of Finance.

The Company has not provided a provision for this amount in the consolidated financial statements, since the lawsuit on the same subject concluded in favour of the Company.

The lawsuit related to price differences from market values:

Various public hospitals governed by Turkish Ministry of Health ("MoH") claimed approximately TRL1,749 thousand for the refund of price differences determined between the prices of medical supplies at which the Group sold to these public hospitals and the market values which were determined by Market Value Settlement Committee established by Social Security Institution Health Administration Department based on the vesting deed given by the Group in 1998. The Group faced lawsuits filed against it by the MoH for the collection of these claims amounting to approximately TRL403 thousand; preliminary hearings and discovery proceedings in these lawsuits are in progress. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability has been made in the consolidated financial statements.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 18 - CONTINGENT ASSETS AND LIABILITIES (Continued)

d) Guarantees given/taken:

	2009			
	USD	**EUR**	**TRL**	**Total**
Guarantees given:				
Suretyship declaration for bank borrowings	-	53,518	61	53,579
Letters	210	9,721	9,462	19,393
Notes	-	-	71	71
Guaranteed bills of exchange	2	24	25	51
	212	**63,263**	**9,619**	**73,094**
Guarantees taken:				
Letters	3,988	617	30,500	35,105
Mortgages	-	-	29,257	29,257
Cheques	-	-	8,162	8,162
Guaranteed bills of exchange	218	-	397	615
	4,206	**617**	**68,316**	**73,139**

	2008			
	USD	**EUR**	**TRL**	**Total**
Guarantees given:				
Suretyship declaration for bank borrowings	12,098	105,324	17,241	134,663
Letters	211	13,915	9,142	23,268
Cheques	-	-	246	246
Notes	-	-	188	188
Guaranteed bills of exchange	2	-	1	3
	12,311	**119,239**	**26,818**	**158,368**
Guarantees taken:				
Letters	4,225	2,583	33,976	40,784
Mortgages	-	-	26,744	26,744
Cheques	-	-	12,423	12,423
Guaranteed bills of exchange	222	-	299	521
	4,447	**2,583**	**73,442**	**80,472**

Letters and guaranteed bills of exchange were given to suppliers and government institutions

Mortgages, cheques and guaranteed bills of exchange were taken from customer for trade receivables of the Group.

Letter of guarantees taken amounting to TRL1,579 thousand (31 December 2008: TRL12,468 thousand) were received from the subcontractors involved in the construction of Kanyon.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 18 - CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals/pledge/mortgage ("CPM") position of the majority shareholder EİS Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. as of 31 December are as follows:

	2009	2008
A. CPMs given for Company's own legal personality	2,624	849
B. CPMs given on behalf of fully consolidated companies (*)	9,844	5,475
C. CPMs given in the normal course of business activities on behalf of third parties	-	-
D. Total amount of other CPMs	53,518	134,602
i) Total amount of CPMs given on behalf of the majority shareholder	53,518	94,273
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C	-	40,329
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-
	65,986	**140,926**

(*) Amounts represent CPMs given to joint ventures and associates by majority shareholder EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. in the normal course of business activities.

Proportion of other CPMs given to the Group's equity as of 31 December 2009 is 2.44% (31 December 2008: 7.77%)

NOTE 19 - EMPLOYEE BENEFITS

	2009	2008
Provision for unused vacations	5,904	4,635
Provision for employment termination benefits	4,394	4,373
	10,298	**9,008**

Under Turkish Labour Law, the Company and its Turkish Subsidiaries and Joint Ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2009, the amount payable consists of one month's salary limited to a maximum of TRL2,365.16 thousand (2008: TRL2,173.19 thousand) for each year of service.

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 EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and its subsidiaries and joint ventures registered in Turkey arising from the retirement of employees.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 19 - EMPLOYEE BENEFITS (Continued)

CMB Financial Reporting Standards require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2009	**2008**
Discount rate (%)	5.92	6.26
Turnover rate to estimate the probability of retirement (%)	96	96

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 TRL2,427.04 effective from 1 January 2010 (1 January 2009: TRL2,260.05) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Provision for employment termination benefits:

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

	2009	**2008**
At 1 January	4,373	4,131
Charge for the period (Note 22)	782	1,081
Actuarial gain/loss (Note 22)	484	(5)
Payments during the period (-)	(1,245)	(945)
Increases due to acquisitions	-	111
At 31 December	**4,394**	**4,373**

At 31 December 2009 total number of personnel employed by the Group is 2,083 (2008: 2,057).

Provision for unused vacations:

Movements in the provision for unused vacation are as follows:

	2009	**2008**
At 1 January	4,635	2,030
Charge for the period (Note 22)	1,416	2,534
Payments during the period (-)	(147)	(53)
Increases due to acquisitions	-	124
At 31 December	**5,904**	**4,635**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 20 - EQUITY

EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. There are no privileged shares. EİS Eczacıbaşı İlaç Sanayi ve Ticaret A.Ş.'s subscribed, historical and authorised share capital for the years ended at 31 December are as follows:

	2009	**2008**
Limit on registered share capital (historical value)	200,000	200,000
Authorised share capital approved with nominal value	548,208	548,208

Companies in Turkey may exceed the limit on their registered share capital if they distribute bonus shares to their shareholders.

At 31 December, the shareholders of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and their proportion of ownership interests in historical share capital are as follows:

Shareholders	**%**	**2009**	**%**	**2008**
Eczacıbaşı Holding A.Ş.	50.62	277,476	50.62	277,476
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	20.05	109,905	19.15	105,005
Other (listed)	29.33	160,827	30.23	165,727
Total	**100.00**	**548,208**	**100.00**	**548,208**
Adjustment to share capital		105,777		105,777
Total authorised share capital		**653,985**		**653,985**

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

Retained earnings in statutory accounts can be distributed except jurisdiction stated below related to legal reserves.

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. Total amount of legal reserves of the Company is TRL20,924 thousand (31 December 2008: TRL14,024 thousand).

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 20 - EQUITY (Continued)

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 are as follows:

	2009	**2008**
Legal reserves	20,924	14,024
Special reserves	4,647	4,647
	25,571	**18,671**

Retained earnings

In accordance with the CMB regulations effective previously, the inflation adjustment differences arising at the initial application of inflation accounting which were 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 and if any, undistributed prior period profits and inflation adjustment differences of extraordinary reserves, legal reserves and capital, respectively.

On the same basis, 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 by 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 Communiqué Serial XI No. 29 and related announcements of the CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences shall be classified as follows:

- the difference arising from the "Paid-in Capital" and not been transferred to capital yet, shall be classified under the "Inflation Adjustment to Share Capital";

- the difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount that has not been utilised in dividend distribution or capital increase yet, shall be classified under "Prior years' income".

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

Inflation adjustment to capital has no usage other than being added to share capital.

Amounts expressed in thousands of Turkish lira (“TRL”) unless otherwise indicated.)

NOTE 20 - 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 shall distribute their profits for the current and following years under the scope of CMB Communiqué Serial IV No. 27, based on their articles of association and their previously publicly announced 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 Serial IX No. 29, “Principles of Financial Reporting in Capital Markets” providing that the profits can be afforded by the available 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 distributions should not be made 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 2009, the distributable profit of the Company is TRL68,898 thousand and available distribtable resources amount to TRL165,816 thousand.

NOTE 21 - OPERATING REVENUE

	2009	**2008**
Domestic sales	1,241,175	1,160,752
Exports	4,955	3,341
Gross sales	**1,246,130**	**1,164,093**
Sales returns (-)	(25,474)	(28,990)
Sales discounts (-)	(345,956)	(329,788)
Net sales	**874,700**	**805,315**
Cost of sales (-)	(628,723)	(586,662)
Gross operating profit	**245,977**	**218,653**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 22 - OPERATING EXPENSES

	2009	2008
Marketing, selling and distribution expenses:		
Advertisement, presentation and promotion expenses	48,875	48,690
Personnel expenses	44,259	43,611
Transportation, distribution and warehousing expenses	14,705	14,125
Rent expenses	4,481	4,410
Depreciation and amortisation expenses (Notes 15 and 16)	3,279	3,482
Provision expense for doubtful receivables (Notes 10 and 29.a)	2,434	2,009
Travelling expenses	2,249	1,769
Consultancy expenses	2,194	2,191
Fuel, energy and water expenses	2,137	3,344
Representation and hosting expenses	1,491	1,314
Other	5,917	6,015
	132,021	**130,960**

	2009	2008
General and administrative expenses:		
Personnel expenses	32,834	32,904
Royalty expenses	19,192	16,034
Consultancy expenses	15,248	12,345
Depreciation and amortisation expenses (Notes 15 and 16)	3,758	3,771
Rent expenses	2,780	2,256
Miscellaneous taxes	1,566	1,883
Technical service expenses	1,560	1,924
Repair and maintenance expenses	1,438	1,027
Provision for employment termination benefits (Note 19)	1,416	2,534
Provision expense for employment termination benefits (Note 19)	782	1,081
Actuarial gain / (loss) (Note 19)	484	(5)
Other	5,765	7,414
	86,823	**83,168**

	2009	2008
Research and development expenses:		
Uskumruköy Project development expense	154	158
Personnel expenses	33	289
Depreciation and amortisation expenses (Notes 15 and 16)	4	3
Other	-	9
	191	**459**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 23 - EXPENSES BY NATURE

	2009	2008
Purchase and consumption of inventories	551,544	500,428
Personnel expenses	93,711	81,790
Advertisement and promotion expense	48,875	48,690
Toll manufacturing expenses	21,128	22,923
Depreciation and amortisation expense (Notes 14, 15 and 16)	20,284	18,384
Royalty expense (Note 22)	19,192	16,034
Consultancy expense (Note 22)	17,442	14,536
Cost of services	15,773	16,433
Transportation, distribution and warehousing expenses (Note 22)	14,705	14,125
Rent expense (Note 22)	7,261	6,666
Change in finished goods and work in process	(3,440)	11,247
Other	41,283	49,993
	847,758	**801,249**

NOTE 24 - OTHER OPERATING INCOME/EXPENSES

	2009	2008
Other operating income:		
Collections from doubtful receivables (Notes 10 and 29.a)	1,151	1,801
Reversal of provisions	771	-
Compensation income	440	-
Stock count differences	252	206
Technical service income	193	-
Insurance refund	176	215
Inability fees imposed by Social Security Institution	125	-
Rent income	104	93
Transportation Income	87	50
Gain from sales of fixed assets	-	2,073
Other	752	345
	4,051	**4,783**

Other operating expenses:		
Licence transfer expense	4,292	3,138
Provision expense for diminution in value of inventories (Note 12)	3,153	1,380
Compensation expenses	1,908	213
Donation expenses	1,681	2,420
Inventories destroyed	1,148	655
Service rewards	890	1,379
Loss from sales of fixed assets	533	-
Legal provisions (Note 18)	207	279
Portfolio management expense	-	977
Closed foreign office expenses	-	202
Stock count differences	-	191
Other	1,738	1,590
	15,550	**12,424**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 25 - FINANCIAL INCOME

	2009	2008
Foreign exchange gains	291,682	300,018
Gain on sales of associates (*)	275,752	-
Interest income from bank deposits	26,927	26,086
Credit finance income	14,064	21,904
Dividend income	2,771	2,814
Gain on sales of financial asset (Note 8.b)	582	-
Fair value changes recognised in profit and loss	155	3,114
Other	350	480
	612,283	**354,416**

(*) As of 24 July 2009, the Company completed the sale 25% of its shares of Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. and Eczacıbaşı-Zentiva Kimyasal Ürünler Sanayi ve Ticaret A.Ş. to Zentiva N.V. The Shareholders' Agreement signed with Zentiva N.V at 17 April 2009, it is clearly stated that the sales price of 25% of the shares will be the highest of "Adjusted Transaction Price", "Sales Multiple" and "EBITDA Multiple". The highest value has been calculated with "Adjusted Transaction Price" and amounts to EUR171,379 thousand (TRL361,112 thousand).

The carrying value of the aforementioned assets as of share transfer date is TRL85,360 thousand, the profit on sale of shares calculated is TRL275,752 thousand and cash provided from the sales is TRL361,112 thousand.

In the Board of Directors' meeting on 24 July 2009, the Board of Directors decided to classify 75% of the profit arising from the sales of shares as special reserves in order to benefit from the corporate tax exemption denoted in Article 5, subsection (1), clause (e) of Corporate Tax Law No. 5520. Explanations regarding the application of amendments to Income Tax Law No. 193 and Corporate Tax Law No. 5520 declared on 4 June 2008 in Law No. 5766, were announced in the Communiqué on 20 November 2008 in Official Gazette No. 27060. Transfer of profit arising from the sales of shares to reserves; will be made between beginning of the consecutive period of sales made and the date the corporate tax declaration is given.

NOTE 26 - FINANCIAL EXPENSES

	2009	2008
Foreign exchange losses	282,741	236,186
Credit finance expenses	7,461	13,198
Loss from sales of financial asset (Note 8.b)	6,043	-
Interest expense from bank borrowings	4,279	5,163
Fair value changes recognised in profit and loss	1,513	16,786
Forward expenses	447	949
Other	398	565
	302,882	**272,847**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 27 - TAX ASSETS AND LIABILITIES

a) Current income tax on profits for the year:

	2009	2008
Corporate and income taxes payable	27,231	18,728
Prepaid taxes (-)	(25,067)	(15,190)
Taxes payable (net)	**2,164**	**3,538**

Turkish tax legislation does not permit a parent company and its Subsidiaries, Joint Ventures 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 1 January 2006. Accordingly, corporate tax rate in Turkey is 20% for 2009 (2008: 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 1 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 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 2009 and 2008.

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.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

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 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.

Income Tax Law Article 19 regulating investment incentives has been annulled as of 1 January 2006, according to Law No. 5479, dated 30 March 2009. The utilisation of allowances given from investments has been limited until 2008, with Temporary Article 69. After this arrangement, if the investment allowance obtained cannot be utilised until the end of 2008, due insufficient income, the amount will not be further utilised. This arrangement has been subject to action for nullity, and the Constitutional Court cancelled Law No. 69 with its session on 15 October 2009. The decision of the Constitutional Court was published in the Official Gazette on 8 January 2010. Based on this decision, starting from the last quarter temporary declaration, there is no longer a burden for the deduction of utilisation of unutilised investment allowance.

The taxes on income reflected to the consolidated income statement at 31 December are summarised below:

	2009	**2008**
Current year corporation tax expense (-)	(27,231)	(18,301)
Deferred income tax credit/ (charge)	388	1,960
Total income tax expenses (-)	**(26,843)**	**(16,341)**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

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:

	2009	**2008**
Income before taxes and minority interest	319,026	88,751
Current year corporation tax expense (*)	(63,805)	(17,750)
Sales income of Subsidiaries transferred to special reserves (*)	43,024	-
Disallowable expenses	(2,317)	(921)
Tax effect of exempt income	1,943	3,148
Items disregarded in the calculation of deferred income tax	(5,797)	(556)
Profit and loss not included in income statement	109	(262)
Total tax expense	**(26,843)**	**(16,341)**

(*) In the General Assembly meeting, it was decided to classify 75% of the profit arising from the sales of 25% shares in EZSÜ and EZKÜ as of 24 July 2009 to special reserves in order to benefit from the corporate tax exemption detailed in Article 5, subsection (1), clause (e) of Corporate Tax Law No. 5520. Accordingly, 75% of the profit arising from the sales of shares amounting to TRL215,122 thousand was deducted from the tax base and realised affect of the deduction was then TRL43,024 thousand.

b) Deferred income tax:

The Group recognises deferred income 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 2008: 20%).

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

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

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	2009	**2008**	**2009**	**2008**
Provision for unused vacation	(5,904)	(4,635)	1,181	927
Provision for employment termination benefits	(4,394)	(4,360)	879	872
Differences between the tax base and carrying amount of inventories	(3,584)	(8,369)	717	1,674
Accruals for salaries and premiums	(3,097)	(873)	619	175
Provision for doubtful receivables	(3,069)	(3,505)	614	701
Tax losses carried forward	(2,023)	(177)	405	35
Deferred credit finance income	(1,397)	(4,717)	279	943
Sales cut-off	(1,194)	(977)	239	195
Provision for litigations	(836)	(725)	167	145
Fair value differences of available-for-sale financial assets (*)	(423)	(532)	85	106
Accrual for sales returns and discounts	(358)	(155)	71	31
Other	(30)	(59)	6	12
Deferred income tax assets	**(26,309)**	**(29,084)**	**5,262**	**5,816**
Fair value differences of available-for-sale financial assets (**)	232,639	174,714	(46,528)	(34,943)
Difference between the tax base and carrying amount of investment property, property, plant and equipment and intangible assets	16,539	31,413	(3,071)	(3,774)
Deferred credit finance expenses	485	1,244	(97)	(249)
Other	251	464	(31)	(92)
Deferred income tax liabilities (-)	**249,914**	**207,835**	**(49,727)**	**(39,058)**
Deferred income tax liabilities (net)			**(44,465)**	**(33,242)**

(*) Difference between fair value and book value amounts to TRL1,692 thousand (31 December 2008: TRL2,128 thousand) whereas total temporary difference amounts to TRL423 thousand (31 December 2008: TRL532 thousand).

(**) Difference between fair value and book value amounts to TRL930,556 thousand (31 December 2008: TRL698,857 thousand) whereas total temporary difference amounts to TRL232,639 thousand (31 December 2008: TRL174,714 thousand).

Based on the assessment made, it has been concluded that the Group will not be able to utilise deductible temporary differences amounting to TRL2,635 thousand (31 December 2008: TRL5,022 thousand) and deferred income tax assets have not been recognised on these deductible temporary differences as at 31 December 2009.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 27 - TAX ASSETS AND LIABILITIES (Continued)

Since each subsidiary and joint venture are separate taxpayers, net deferred income tax assets or liabilities for each of these taxpayers have been calculated; however these have not been offset in the consolidated balance sheets.

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

	2009	2008
At 1 January	(33,242)	(26,670)
Current year deferred income tax credit/ (charge)	388	1,960
Deferred income tax assets / (liabilities) resulting from sales and acquisitions of the shares of the Joint Ventures and Subsidiaries	(11,611)	(4,364)
Deferred income tax liabilities arising from fair value increases of available-for-sale financial assets	-	(4,168)
At 31 December	**(44,465)**	**(33,242)**

NOTE 28 - EARNINGS PER SHARE

	2009	2008
Net income attributable to equity holders of the Company	290,249	71,917
Weighted average number of ordinary shares with face value of Kr1 each	54,820,800,000	54,820,800,000
Basic and diluted earnings per share (Kr)	**0.53**	**0.13**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 29 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties at 31 December:

	2009	2008
Short-term due from related parties:		
Due from shareholders:		
Eczacıbaşı Holding A.Ş.	183	1,910
	183	**1,910**
Due from Joint Ventures:		
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	346	322
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	8	-
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	2	-
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	1	76
	357	**398**
Due from Associates:		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	488	1,045
Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (*)	-	23,912
	488	**24,957**
Due from other related parties:		
İpek Kağıt Sanayi ve Ticaret A.Ş.	66	63
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	11	99
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	-	665
Cennet Koyu Turizm İşletmeleri Sanayi ve Ticaret A.Ş.	-	287
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	-	122
Other	50	295
	127	**1,531**
	1,155	**28,796**
Deferred credit finance income (-)	(22)	(2,335)
Provision for doubtful receivables (-)	(316)	(376)
Short-term due from related parties	**817**	**26,085**

(*) The Group sold 25% of its shares of EZSÜ and EZKÜ to Zentiva N.V. as of 24 July 2009. As of 31 December 2009, trade receivables consist of the receivable amount of TRL205 thousand from EZSÜ.

Average maturities of the Group's receivables from related parties are 35 days (31 December 2008: 291 days) and are amortised at 7.12% per annum (31 December 2008: 16.11%).

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 29 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Movement of provision for doubtful receivables for the years ended at 31 December is as follows:

	2009	2008
At 1 January	376	1,180
Current year charge (Note 22)	-	705
Collections (Note 24)	(60)	(1,509)
At 31 December	**316**	**376**

Provisions for doubtful receivables are wholly related to the receivables from exports via Ekom Eczacıbaşı Dış Ticaret A.Ş.

Short-term due to related parties:

	2009	2008
Due to shareholders:		
Eczacıbaşı Holding A.Ş.	4,214	3,020
	4,214	**3,020**
Due to Joint Ventures:		
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	8,430	6,637
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	1,943	1,947
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	-	4
	10,373	**8,588**
Due to Associates:		
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	254	150
Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (*)	-	8,413
Eczacıbaşı-Zentiva Kimyasal Ürünler A.Ş. (*)	-	81
Other	6	123
	260	**8,767**
Due to other related parties:		
İpek Kağıt Sanayi ve Ticaret A.Ş.	56,783	39,194
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	31	36
Other	105	123
	56,919	**39,353**
	71,766	**59,728**
Deferred credit finance expenses (-)	(309)	(1,066)
Short-term due to related parties	**71,457**	**58,662**

(*) The Group sold 25% of its shares of EZSÜ and EZKÜ to Zentiva N.V. as of 24 July 2009. As of 31 December 2009, trade payables consist of the payable amount of TRL5,507 thousand to EZSÜ (Note 10).

Average maturities of the Group's payables to related parties are 69 days (31 December 2008: 51 days) and amortised at 7.31% per annum (31 December 2008:15.59%).

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 29 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Financial liabilities to related parties:

Details of financial liabilities which are obtained from several financial institutions by Eczacıbaşı Holding A.Ş. and transferred to the Group are as follows:

	2009			2008		
	Effective interest rate (%) per annum	Original amount	TRL equivalent	Effective interest rate (%) per annum	Original amount	TRL equivalent
Short-term financial liabilities:						
EUR-denominated bank borrowings	Euribor+1.75	6,047	13,064	Euribor+1.75	6,089	13,036
USD-denominated bank borrowings	Libor+1.75	6,769	10,192	Libor+1.75	6,813	10,304
Total short-term financial liabilities			**23,256**			**23,340**
Long-term financial liabilities:						
EUR-denominated bank borrowings	-	-	-	Euribor+1.75	6,000	12,844
USD-denominated bank borrowings	-	-	-	Libor+1.75	6,754	10,215
Total long-term financial liabilities			**-**			**23,059**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 29 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Repayment schedule of long-term borrowings to related parties are as follows:

	2009	2008
2010	-	23,059
Total	**-**	**23,059**

b) Transactions with related parties for the years ended 31 December:

	2009	2008
Product sales:		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	2,661	2,387
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	1,581	1,018
Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (*)	903	1,513
Other	8	21
	5,153	**4,939**
Service sales:		
İpek Kağıt Sanayi ve Ticaret A.Ş.	15,485	13,910
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	3,633	3,776
Eczacıbaşı Holding A.Ş.	3,134	3,533
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	984	1,373
Other	18	530
	23,254	**23,122**
Product purchases:		
İpek Kağıt Sanayi ve Ticaret A.Ş.	257,822	254,979
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	47,099	48,998
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	9,878	11,825
Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (*)	3,044	8,068
Other	1,144	714
	318,987	**324,584**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 29 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	2009	**2008**
Service purchases:		
Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (*)	12,331	21,739
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	7,426	6,409
Eczacıbaşı Spor Kulübü	2,504	1,937
Eczacıbaşı Holding A.Ş.	858	678
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	625	154
Ekom Eczacıbaşı Dış Ticaret A.Ş.	38	33
Other	425	248
	24,207	**31,198**

(*) For the year ended 31 December 2009, transactions made with EZSÜ and EZKÜ represent the amounts realised until 24 July 2009, the date of the shares were transferred to Zentiva N.V.

Financial income:		
Eczacıbaşı Holding A.Ş.		
Foreign exchange gains	20,136	22,537
Ekom Eczacıbaşı Dış Ticaret A.Ş.		
Foreign exchange gains	132	-
	20,268	**22,537**

Financial expenses:		
Eczacıbaşı Holding A.Ş.		
Foreign exchange losses	20,481	37,013
Interest expenses	1,611	3,365
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.		
Foreign exchange losses	153	47
Ekom Eczacıbaşı Dış Ticaret A.Ş.		
Foreign exchange losses	-	23
	22,245	**40,448**

c) Other transactions with related parties for the year ended 31 December:

Management and royalty fees paid to related parties:		
Eczacıbaşı Holding A.Ş. (*)	18,229	16,874
	18,229	**16,874**

(*) Management fees paid to Eczacıbaşı Holding A.Ş. comprise law, 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 ("TRL") unless otherwise indicated.)

NOTE 29 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	2009	2008
Dividend received from related parties:		
Eczacıbaşı Holding A.Ş.	2,591	2,382
Ekom Eczacıbaşı Dış Ticaret A.Ş.	180	-
Türk Pirelli Lastikleri A.Ş.	-	222
Eczacıbaşı Yatırım Ortaklığı A.Ş.	-	210
	2,771	**2,814**

Rent income received from related parties:

Eczacıbaşı Holding A.Ş.	2,430	2,194
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	972	878
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	717	592
İpek Kağıt Sanayi ve Ticaret A.Ş.	647	584
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	612	908
Other	530	514
	5,908	**5,670**

Rent expenses paid to related parties:

Eczacıbaşı Holding A.Ş.	1.415	1.110

Other income received from related parties:

Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (*)	69	-
Eczacıbaşı Menkul Değerler A.Ş.	33	-
Eczacıbaşı Holding A.Ş.	-	691
Other	13	75
	115	**766**

Other expenses paid to related parties:

Eczacıbaşı Holding A.Ş.	1,197	1,104
Eczacıbaşı-Zentiva Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (*)	419	805
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	352	266
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	53	-
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	-	85
Other	99	209
	2,120	**2,469**

(*) For the year ended 31 December 2009, transactions made with EZSÜ and EZKÜ represent the amounts realised until 24 July 2009, the date of the shares were transferred to Zentiva N.V.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 29 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Donations paid to related parties:

	2009	2008
Dr. Nejat F. Eczacıbaşı Vakfı	638	1,005

Benefits provided to:

Total benefits provided to key management personnel for the year ended 31 December 2009 amounted to TRL12,812 thousand (31 December 2008: TRL13,332 thousand).

d) Contingent assets and liabilities due to related parties:

TRL equivalents of the Group's share in contingent assets and liabilities denominated in USD, EUR and TRL are presented below:

	2009			
	USD	EUR	TRL	Total
Guarantees and pledges given:				
Pledges given for bank borrowings	-	53,518	61	53,579

	2008			
	USD	EUR	TRL	Total
Guarantees and pledges given:				
Pledges given for bank borrowings	12,098	105,324	17,241	134,663

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk and interest rate risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative financial instruments to hedge risk exposures. Financial risk management is carried out by the Subsidiaries and Joint Ventures of the Group under policies approved by their own Boards of Directors.

a) Credit risk

The ownership of financial assets is exposed to the risk that the counterparty complies with contractual terms. These risks are managed by credit evaluation and distribution of the total risk of a single counterparty. Credit risk is distributed via the number of institutes that form the customer database and their different fields of business activities. The Group collects its receivables before their maturity with factoring practices, as may be required. This is an application parallel to irreversible risk management.

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Details of credit and receivable risk as of 31 December are as follows:

	Receivables from		**Other receivables from**		**Deposits**	
31 December 2009	**Related parties**	**Other**	**Related parties**	**Other**	**in banks**	**Other (*)**
Maximum exposed credit risk as of reporting date (**)	**817**	**186,094**	**-**	**929**	**677,970**	**12,174**
- Secured portion of the maximum credit risk by guarantees	-	***34,154***	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	580	161,752	-	929	677,970	4,066
- Secured portion by guarantees, etc.	-	31,562	-	-	-	-
B. Financial assets with renegotiated conditions	-	974	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-
C. Net book value of the expired but not impaired financial assets (***)	237	23,368	-	-	-	8,108
- Secured portion by guarantees, etc.	-	2,576	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	316	6,037	-	-	-	-
- Impairment (-)	(316)	(6,037)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	16	-	-	-	-
- Overdue (Gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Off-balance sheet items include credit risk	-	-	-	-	-	-

(*) Item contains the financial assets measured at fair value and attributable to income statements.
(**) The area implies the sum of A, B, C, D and E. Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.
(***) As of 31 December 2009, the aging explanations related with past due but not impaired assets indicated in the aging table of "Past due but not impaired trade receivables".

(Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Receivables from		Other receivables from		Deposits	
31 December 2008	**Related parties**	**Other**	**Related parties**	**Other**	**in banks**	**Other (*)**
Maximum exposed credit risk as of reporting date (**)	**26,085**	**162,565**	**-**	**434**	**330,669**	**10,940**
- Secured portion of the maximum credit risk by guarantees	***232***	***22,559***	-	-	-	-
A. Net book value of financial assets either are not due or not impaired	2,260	145,841	-	434	330,669	-
- Secured portion by guarantees, etc.	-	18,795	-	-	-	-
B. Financial assets with renegotiated conditions	21,051	-	-	-	-	10,940
- Secured portion by guarantees, etc.	-	-	-	-	-	-
C. Net book value of the expired but not impaired financial assets (***)	2,774	16,724	-	-	-	-
- Secured portion by guarantees, etc.	232	3,748	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Overdue (Gross book value)	376	5,213	-	-	-	-
- Impairment (-)	(376)	(5,213)	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	16	-	-	-	-
- Overdue (Gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
E. Off-balance sheet items include credit risk	-	-	-	-	-	-

(*) Item contains the financial assets measured at fair value and attributable to income statements.
(**) The area implies the sum of A, B, C, D and E. Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.
(***) As of 31 December 2008, the aging explanations related with past due but not impaired assets indicated in the aging table of "Past due but not impaired trade receivables".

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Details of the past due but not impaired receivables for the years ended at 31 December are as follows:

	Receivables from		Deposits in
31 December 2009	**Related parties**	**Other**	**banks**
Past due up to 30 days	228	16,062	-
Past due 1-3 months	6	2,893	-
Past due 3-12 months	1	2,646	-
Past due 1-5 year (*)	2	1,767	-
	237	**23,368**	**-**
Secured portion of receivables by guarantees, etc.	**-**	**2,576**	**-**

	Receivables from		Deposits in
31 December 2008	**Related parties**	**Other**	**banks**
Past due up to 30 days	1,212	10,269	-
Past due 1-3 months	470	3,792	-
Past due 3-12 months	1,087	1,863	-
Past due 1-5 year (*)	5	800	-
	2,774	**16,724**	**-**
Secured portion of receivables by guarantees, etc.	**232**	**3,748**	**-**

(*) The most of past due 1-5 year receivables consist of the legal authorities and Group does not expect any recoverability risk on receivables.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Liquidity risk

Liquidity risk management consists of the holding sufficient cash and cash equivalents, funding via loans and capability to close short positions. Additionally, the Group aims to maintain flexibility in funding by maintaining the availability of committed credit lines.

The analysis of the Group's financial liabilities with respect to their maturities as of 31 December 2008 is as follows:

	31 December 2009					
Contractual terms	**Carrying value**	**Contractual cash flows**	**Up to 3 months**	**3 months-12 months**	**1 year-5 years**	**More than 5 years**
Financial liabilities (non-derivative)						
Financial liabilities due to related parties	23,256	23,643	-	23,643	-	-
Other financial liabilities	41,398	42,102	37,448	3,990	664	-
Trade payables due to related parties	71,457	71,962	69,802	2,160	-	-
Other trade payables	79,578	80,867	73,620	7,247	-	-
Other payables	2,521	2,521	102	2,419	-	-
Total non-derivative financial liabilities	**218,210**	**221,095**	**180,972**	**39,459**	**664**	**-**

	31 December 2008					
Contractual terms	**Carrying value**	**Contractual cash flows**	**Up to 3 months**	**3 months-12 months**	**1 year-5 years**	**More than 5 years**
Financial liabilities (non-derivative)						
Financial liabilities due to related parties	46,399	46,507	-	23,448	23,059	-
Other financial liabilities	41,566	42,165	34,829	5,507	1,829	-
Trade payables due to related parties	58,662	60,007	53,217	6,790	-	-
Other trade payables	64,845	65,123	54,151	10,972	-	-
Other payables	3,666	3,666	23	1,813	1,830	-
Total non-derivative financial liabilities	**215,138**	**217,468**	**142,220**	**48,530**	**26,718**	**-**

c) Market Risk

i) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed by offsetting interest rate sensitive assets and liabilities and using derivative instruments when considered necessary.

The Group is exposed to cash flow interest rate risk via borrowing credit with floating exchange rate. Additionally the Group is exposed to fair value interest rate risk via borrowing credit with fixed interest rate. The loans with floating exchange rate which are used by Group in 2009 and 2008 consist of TRL, USD and EUR.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	2009	2008
Financial instruments with fixed interest rates:		
Financial assets		
- Cash and cash equivalents	672,418	324,004
- Fair value of assets charged to profit/loss	39	37
Financial liabilities		
- Financial liabilities	18,765	12,681
Financial instruments with variable interest rates:		
Financial liabilities		
- Financial liabilities	27,705	50,018
- Factoring liabilities	15,644	23,615

At 31 December 2009, if interest rates at contractual re-pricing dates of EUR-denominated financial liabilities with variable interest rates has strengthened/weakened by 100 base points (1%) against TRL with all other variables held constant, income before taxes and minority interest would have been TRL13 thousand (31 December 2008: TRL157 thousand) lower/ higher as a result of interest expenses.

At 31 December 2009, if interest rates at contractual re-pricing dates of USD-denominated financial liabilities with variable interest rates has strengthened/weakened by 100 base points (1%) against TRL with all other variables held constant, income before taxes and minority interest would have been TRL13 thousand (31 December 2008: TRL93 thousand) lower/ higher as a result of interest expenses.

At 31 December 2009, if interest rates at contractual re-pricing dates of TRL-denominated financial liabilities with variable interest rates has strengthened/weakened by 100 base points (1%) against TRL with all other variables held constant, income before taxes and minority interest would have been TRL210 thousand (31 December 2008: TRL489 thousand) lower/ higher as a result of interest expenses.

Sensitivity analysis of fair value liquidity discount rates used for financial investments and rates used for discounted cash flows are presented in Note 8.

ii) Foreign Exchange Risk

The Group is exposed to foreign exchange risk through conversion of liabilities to functional currency. The risks get under control via analysing foreign exchange positions.

The Group provides limited protection from foreign exchange risk by using derivative financial instruments to decrease exchange risk arise from balance sheet items, also to add value to foreign exchange investments of idle cash.

The Group is exposed to foreign exchange rate risk mainly for EUR and USD. In this context, the exchange risk analyse related with main foreign currencies as follows:

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	2009			
	Profit/ loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% change in USD against TRL:				
USD net asset / (liability)	23,364	(23,364)	23,364	(23,364)
Secured position (-)	-	-	-	-
USD net effect	**23,364**	**(23,364)**	**23,364**	**(23,364)**
In case of 10% change in EUR against TRL:				
EUR net asset / (liability)	19,378	(19,378)	19,378	(19,378)
Secured position (-)	(37)	37	(37)	37
EUR net effect	**19,341**	**(19,341)**	**19,341**	**(19,341)**
In case of 10% change in other foreign exchange rates against TRL:				
Other foreign exchange net asset / (liability)	(356)	356	(356)	356
Secured position (-)	-	-	-	-
Other foreign exchange asset net effect	**(356)**	**356**	**(356)**	**356**
	42,349	**(42,349)**	**42,349**	**(42,349)**

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	2008			
	Profit/ loss		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% change in USD against TRL:				
USD net asset / (liability)	9,536	(9,536)	9,536	(9,536)
Secured position (-)	(78)	78	(78)	78
USD net effect	**9,458**	**(9,458)**	**9,458**	**(9,458)**
In case of 10% change in EUR against TRL:				
EUR net asset / (liability)	5,632	(5,632)	5,632	(5,632)
Secured position (-)	(684)	684	(684)	684
EUR net effect	**4,948**	**(4,948)**	**4,948**	**(4,948)**
In case of 10% change in other foreign exchange rates against TRL:				
Other foreign exchange net asset / (liability)	(342)	342	(342)	342
Secured position (-)	-	-	-	-
Other foreign exchange asset net effect	**(342)**	**342**	**(342)**	**342**
	14,064	**(14,064)**	**14,064**	**(14,064)**

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

	2009	2008
USD	1.5057	1.5123
EUR	2.1603	2.1408

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The amounts of assets and liabilities denominated in original and foreign currencies and their TRL equivalents at 31 December 2009 were as follows:

	31 December 2009			
		Original amounts		
	Total TRL equivalent	USD	EUR	Other (*)
Current assets:				
Cash and cash equivalents	489,177	168,283	109,137	25
Financial investment	4,085	2,700	9	-
Trade receivables	1,512	766	166	-
	494,774	**171,749**	**109,312**	**25**
Non-current assets:				
Financial investments	4,004	2,660	-	-
	4,004	**2,660**	**-**	**-**
Short-term liabilities:				
Financial liabilities	16,775	6,369	3,326	-
Trade payables	33,737	5,333	10,239	3,588
Financial liabilities due to related parties	23,192	6,770	6,017	-
Other liabilities	568	367	7	-
	74,272	**18,839**	**19,589**	**3,588**
Long-term liabilities:				
Financial liabilities	655	401	24	-
	655	**401**	**24**	**-**
Net asset/(liability) position of off-balance sheet items (A-B)				
A. Total amount of hedged assets	-	-	-	-
B. Total amount of hedged liabilities	-	-	-	-
Net foreign currency asset /(liability) position	**423,851**	**155,169**	**89,699**	**(3,563)**
Fair value of currency derivatives held for hedging (**)	367	-	170	-
Net position of off-balance sheet contingent assets and liabilities				
Guarantees and pledges taken	4,823	2,793	286	-
Guarantees and pledges given	63,475	141	29,284	-
Exports	5,459	1,687	406	1,976
Imports	165,174	41,742	42,075	10,087

(*) The amounts are presented in TRL since the original balances are denominated in various other currencies.

(**) Company has three forward contracts in order to hedge foreign exchange risk as of 31 December 2009. The aforementioned forward contracts are Euro sell contracts with the amount of EUR170 thousand and their weighted average maturities are 15 days as of 31 December 2009.

Amounts expressed in thousands of Turkish lira ("TRL") unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The original amounts of assets and liabilities denominated in original and foreign currencies and their TRL equivalents at 31 December 2008 were as follows:

	31 December 2008			
		Original balances		
	Total TRL equivalent	USD	EUR	Other (*)
Current assets:				
Cash and cash equivalents	218,151	79,705	45,592	9
Financial investment	5,748	3,788	9	-
Trade receivables	1,253	698	92	-
Receivables due from related parties	423	275	3	1
Other receivables	230	-	107	-
	225,805	**84,466**	**45,803**	**10**
Non-current assets:				
Financial investments	5,192	3,433	-	-
	5,192	**3,433**	**-**	**-**
Short-term liabilities:				
Financial liabilities	9,317	3,928	1,577	-
Trade payables	23,107	5,233	5,496	3,427
Financial liabilities due to related parties	23,340	6,814	6,089	-
	55,764	**15,975**	**13,162**	**3,427**
Long-term liabilities:				
Financial liabilities	1,736	904	172	-
Financial liabilities due to related parties	23,059	6,754	6,000	-
Trade payables	356	-	166	-
Other liabilities	1,830	1,210	-	-
	26,981	**8,868**	**6,338**	**-**
Net asset/(liability) position of off-balance sheet items (A-B)	-	-	-	-
A. Total amount of hedged assets	-	-	-	-
B. Total amount of hedged liabilities	-	-	-	-
Net foreign currency asset /(liability) position	**148,252**	**63,056**	**26,303**	**(3,417)**
Fair value of currency derivatives held for hedging	7,620	516	3,195	-
Net position of off-balance sheet contingent assets and liabilities				
Guarantees and pledges taken	7,030	2,941	1,207	-
Guarantees and pledges given	131,549	8,140	55,698	-
Exports	4,464	1,897	1,055	12
Imports	127,787	38,459	40,788	75

(*) The amounts are presented in TRL since the original balances are denominated in various other currencies.

NOTE 31 - SUBSEQUENT EVENTS

In the Board of Directors meeting held on 25 March 2010, the Company decided the Ordinary General Meeting of Shareholders to be held at Mövenpick Hotel, Büyükdere Caddesi, 4. Levent, on 4 May 2010 Tuesday, 10 a.m.

NOTE 32 - DISCLOSURE OF OTHER MATTERS, WITH MATERIAL EFFECT ON CONSOLIDATED FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS

In the Board of Directors meeting held at 31 December 2009, it was decided to make an application to Banking Regulation and Supervision Agency within the scope of the related legislation for establishing an investment bank. It was also decided to participate to the equity of bank by 40% after legal process is finalised and compulsory permissions are obtained for the establishment of an investment bank. On 31 March 2010, the Company anounced in investor relations news, that collection of compulsory application information is in progress.

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