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

TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2011

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

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CONDENSED CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2011

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

	Notes	*Not Reviewed* 31 March 2011	*Independently Audited* 31 December 2010
ASSETS			
Current assets			
Cash and cash equivalents	5	670,605	656,127
Financial investments	6	3,836	3,419
Trade receivables			
- Due from related parties	26	3,355	2,487
- Other trade receivables	8	223,666	190,609
Other receivables		787	746
Inventories	10	101,207	96,156
Other current assets	9	20,186	16,626
Total current assets		**1,023,642**	**966,170**
Non-current assets			
Trade receivables			
- Other trade receivables	10	4,607	3,234
Other receivables		68	75
Financial investments	6	1,274,436	1,275,898
Investments accounted for using equity method	11	25,065	25,349
Investment properties	12	201,805	203,193
Property, plant and equipment	13	72,002	72,021
Intangible assets	14	26,044	25,875
Goodwill		32,574	32,574
Deferred income tax assets	24	8,042	7,408
Other non-current assets	9	51,570	50,427
Total non-current assets		**1,696,213**	**1,696,054**
Total assets		**2,719,855**	**2,662,224**

The condensed consolidated financial statements as of and for three months period ended 31 March 2011 were approved for issue by the Board of Directors on 13 May 2011 and signed on its behalf by Bülent Avcı, Financial Director and by Gülnur Günbey Kartal, Internal Audit Manager.

CONDENSED CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2011

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

	Notes	*Not Reviewed* 31 March 2011	*Independently Audited* 31 December 2010
LIABILITIES			
Current liabilities			
Financial liabilities			
- Due to related parties	26	-	-
- Other financial liabilities	7	22,121	34,668
Trade payables			
- Due to related parties	26	84,297	70,256
- Other trade payable	8	74,054	59,202
Other payable	9	1,006	1,116
Current income tax liabilities	24	5,073	1,302
Provisions	15	752	738
Provisions for employee benefits	16	5,590	5,957
Other current liabilities	9	9,988	10,945
Total current liabilities		**202,881**	**184,184**
Non-current liabilities			
Financial liabilities			
- Due to related parties		-	-
- Other financial liabilities	7	10,703	10,451
Provisions for employee benefits	16	7,984	7,293
Deferred income tax liabilities	24	59,562	59,952
Other non-current liabilities		28,758	13,033
Total non-current liabilities		**107,007**	**90,729**
EQUITY			
Share capital	17	548,208	548,208
Adjustments to share capital	17	105,777	105,777
Financial assets fair value reserve		1,069,122	1,069,322
Restricted reserves		245,415	245,415
Cumulative translation reserve		(766)	(1,894)
Retained earnings		401,702	341,322
Net profit for the year		21,547	60,380
Attributable to equity holders of the Company		**2,391,005**	**2,368,530**
Non-controlling interests		**18,962**	**18,781**
Total equity		**2,409,967**	**2,387,311**
Total liabilities and equity		**2,719,855**	**2,662,224**

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

CONDENSED CONSOLIDATED INCOME STATEMENT
AS OF 31 MARCH 2011

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

	Notes	*Not Reviewed* 31 March 2011	*Not Reviewed* 31 March 2010
Net sales	18	239,824	214,516
Cost of sales (-)	18	(171,224)	(153,328)
Gross profit		**68,600**	**61,188**
Marketing, selling and distribution expenses (-)	19	(33,679)	(29,894)
General administrative expenses (-)	19	(25,750)	(21,473)
Research and development expenses (-)		(1)	(3)
Other operating income	21	2,181	13,411
Other operating expenses (-)	21	(2,019)	(1,161)
Operating profit		**9,332**	**22,068**
Share of profit / (loss) of associates	11	(1,931)	2,694
Financial income	22	32,529	23,577
Financial expenses (-)	23	(11,953)	(23,482)
Profit before tax		**27,977**	**24,857**
Current income tax charge	24	(7,244)	(5,309)
Deferred income tax benefit	24	1,012	(144)
Net profit for the year		**21,745**	**19,404**
Attributable to			
- Non-controlling interests		198	(348)
- Equity holders of the parent	25	21,547	19,752
Net profit for the year		**21,745**	**19,404**
Weighted average number of ordinary shares with face value of Kr 1 each		54,820,800,000	54,820,800,000
Basic and diluted earnings per share (Kr)	**25**	**0.04**	**0.04**

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

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT AS OF 31 MARCH 2011

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

	Notes	*Not Reviewed* 31 March 2011	*Not Reviewed* 31 March 2010
Net profit for the year		**21,745**	**19,404**
Other comprehensive income / (expense)			
Changes in financial assets' fair value reserve		(242)	433
Changes in currency translation differences		1,128	(1,224)
Group's share in the associates' comprehensive income	11	-	29
Tax expenses of other comprehensive income items (-)	24	12	(21)
Other comprehensive income (after tax)		**898**	**(783)**
Total comprehensive income		**22,643**	**18,621**
Attributable to			
- Non-controlling interests		168	(148)
- Equity holders of the parent		22,475	18,769
Total comprehensive income		**22,643**	**18,621**

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2011

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

	Equity attributable to equity holders of the Company									
	Share capital	Adjustments to share capital	Financial assets' fair value reserve	Restricted reserves	Cumulative translation reserve	Retained earnings	Net profit for the year	Total	Non-controlling interests	Total equity
1 January 2010	**548,208**	**105,777**	**892,146**	**25,571**	**(40)**	**309,292**	**290,249**	**2,171,203**	**19,022**	**2,190,225**
Transfers	-	-	-	-	-	290,249	(290,249)	-	-	-
Reasonable value increases of financial assets available for sale, net	-	-	241	-	-	-	-	241	200	441
Changes in currency translation differences	-	-	-	-	(1,224)	-	-	(1,224)	-	(1,224)
Total comprehensive income	-	-	-	-	-	-	19,752	19,752	(348)	19,404
31 March 2010	**548,208**	**105,777**	**892,387**	**25,571**	**(1,264)**	**599,541**	**19,752**	**2,189,972**	**18,874**	**2,208,846**
1 January 2011	**548,208**	**105,777**	**1,069,322**	**245,415**	**(1,894)**	**341,322**	**60,380**	**2,368,530**	**18,781**	**2,387,311**
Transfers	-	-	-	-	-	60,380	(60,380)	-	-	-
Ratio change effect	-	-	-	-	-	-	-	-	13	13
Total comprehensive income	-	-	(200)	-	1,128	-	21,547	22,475	168	22,643
31 March 2011	**548,208**	**105,777**	**1,069,122**	**245,415**	**(766)**	**401,702**	**21,547**	**2,391,005**	**18,962**	**2,409,967**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2011

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

	Notes	*Not Reviewed* 31 March 2011	*Not Reviewed* 31 March 2010
Cash flows from operating activities:			
Net profit before tax		27,977	24,857
Adjustments:			
Depreciation and amortisation	12, 13, 14	4,905	4,693
Provision for employment termination benefits and actuarial loss	16, 19	1,368	461
Provision for unused vacation	16, 19	693	630
Provision for doubtful receivables	8, 19, 26	105	112
Loss / (gain) on sale of property, plant and equipment and intangible assets, net	21	(4)	30
Provision for diminution in value of inventories, net	10, 21	1,238	257
Group's share in the associates' loss / (profits), net	11	1,931	(1,678)
Interest and credit finance income, net	22, 23	(9,182)	(8,191)
Accruals for salaries and premiums	9	-	1,038
Accruals for sales returns and sales discounts		-	930
Portfolio value decreases	22, 23	458	-
Provision for litigations		14	18
Expense accruals		539	1,607
Unrealised foreign exchange loss / (income)		(13,643)	8,140
Changes in working capital:			
Accounts receivable		(34,628)	(6,035)
Due from and due to related parties, net		13,170	(2,519)
Inventories		(6,289)	(5,546)
Accounts payable		14,516	(2,927)
Other current assets and liabilities, net		9,382	(10,906)
Effect of unrealized FX gain/losses on other working capital		-	(1,224)
Net cash provided from operations		**12,550**	**3,747**
Taxes paid		(3,473)	(3,287)
Employment termination benefits paid	16	(676)	(317)
Unused vacation payments	16	(1,060)	(19)
Collections of doubtful receivables	8, 21, 26	96	106
Net cash provided from operating activities		**7,437**	**230**
Investing activities:			
Purchases of property, plant and equipment and intangible assets	12, 13, 14	(3,963)	(4,247)
Proceeds from sale of property, plant and equipment and intangible assets		331	15
Affiliates capital advance payments		(184)	-
Changes in financial assets		314	79
Net cash (used in) / provided from investing activities		**(3,502)**	**(4,153)**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2011

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

	Notes	*Not Reviewed* 31 March 2011	*Not Reviewed* 31 March 2010
Financing activities:			
Repayment of bank borrowings		(12,295)	(9,970)
Interest and credit finance charges paid		(384)	(2,903)
Interest received		10,213	11,597
Changes in non-controlling interests		13	-
Net cash used in financing activities		**(2,453)**	**(1,276)**
Net (decrease) / increase in cash and cash equivalents		**1,482**	**(5,199)**
Exchange gains on cash and cash equivalents		13,643	(9,059)
Cash and cash equivalents at the beginning of the year	5	653,895	679,232
Cash and cash equivalents at the end of the year	**5**	**669,020**	**664,974**

The accompanying notes form an integral part of these condensed 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: 5 Levent 34394, Istanbul.

The Company is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1990. As of 31 March 2011, 29.33% of total shares are quoted on the ISE (31 December 2010: 29.33%). The ultimate parent company of the Group is Eczacıbaşı Holding A.Ş., which possesses 50.62% (31 December 2010: 50.62%, Note 17) shares of the Company as of 31 December 2010.

The Company and its consolidated subsidiaries, joint ventures and associates are referred to as "the Group" in this report. The operations of the subsidiaries, joint ventures and associates included in the consolidation are stated below:

Subsidiaries

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

Companies accounted by line by line consolidation:

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 Gayrimenkul Geliştirme ve Yatırım A.Ş. ("Eczacıbaşı Gayrimenkul")	Real estate development	Construction

(*) 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.

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS (Continued)

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:

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 Bozluolçay 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 condensed 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 of Turkey ("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 Serial: XI, No: 29"). 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" ("the Communiqué Serial: XI, No: 25"). According to the Communiqué Serial: XI, No: 29, 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.

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

2.1 Accounting policies (continued)

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" ("IAS 29"), issued by the IASB, has not been applied in the financial statements for the accounting year commencing 1 January 2005.

In accordance with the Communiqué Serial: XI, No: 29, companies have an option to prepare their interim financial statements as full set financial statements or a set of condensed financial statements as described in IAS 34 Interim Financial Reporting. In this respect, the Group elected to publish set of condensed financial statements for interim periods and these condensed financial statements are prepared in accordance with CMB Financial Reporting Standards.

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 condensed consolidated interim financial statements, the condensed consolidated interim financial statements have been prepared within the framework of the 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 condensed consolidated interim 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.

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 condensed consolidated interim 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 condensed consolidated interim 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.

2.2 Changes in International Financial Reporting Standards

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 accordingly.

a) New and revised IFRSs affecting presentation and disclosures

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

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

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

None.

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

2.2 Adoption of new and revised standards (continued)

c) New and revised IFRSs applied valid from 2011 with no material effect on the consolidated financial statements

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

In November 2009, IAS 24 Related Party Disclosures was revised. The revision to the standard provides government related entities with a partial exemption from the disclosure requirements of IAS 24. The revised standard is mandatory for annual periods beginning on or after 1 January 2011.

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

The amendments to IAS 32 and IAS 1 are effective for annual periods beginning on or after 1 February 2010. The amendments address the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Previously, such rights issues were accounted for as derivative liabilities. However, the amendment requires that, provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated.

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

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

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

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

IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments"

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

Annual Improvements, May 2010

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

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

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

2.2 Adoption of new and revised standards (continued)

d) New and revised IFRSs in issue but not yet effective

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

On 20 December, IFRS 1 is amended to provide relief for first-time adopters of IFRSs from having to reconstruct transactions that occurred before their date of transition to IFRSs and to provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.

These amendments are not relevant to the Group, as it is an existing IFRS preparer.

IFRS 7, "Financial Instruments: Disclosures"

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

IFRS 9, "Financial Instruments: Classification and Measurement"

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

IAS 12, "Income Taxes"

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

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

2.3 Summary of significant accounting policies

The Group's significant accounting policies that are used for the preparation of condensed consolidated financial statements as of 31 March 2011 are consistent with accounting policies presented in the consolidated financial statements as 31 December 2010.

Condensed consolidated interim financial statements should be considered together with consolidated financial statements as of 31 December 2010.

2.4 Comparatives

In order to give accurate trend analysis regarding the financial position and performance of the Group, the consolidated balance sheet as of 31 March 2011 is comparatively presented with balance sheet as of 31 December 2010 and the consolidated statements of income, comprehensive income, cash flows and changes in equity for the interim period ended 31 March 2011 are comparatively presented with the consolidated statements of income, comprehensive income, cash flows and changes in equity for the interim period ended 31 March 2010.

Where necessary, comparative figures have been reclassified to conform to the presentation of the current year consolidated financial statements. In the current year foreign exchange gains and losses arisen from the identical currencies of each class of accounts are netted-off and presented in accordance with IAS 1, Presentation of Financial Statements. In this context, foreign exchange gains and losses amounting to TRL 76,919 thousand are netted-off in consolidated financial statements for the interim period ended 31 March 2010.

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

NOTE 3 - 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 March 2011**	**31 December 2010**
Current assets	130,601	121,331
Non-current assets	79,292	78,248
Total assets	**209,893**	**199,579**
Current liabilities	46,921	40,189
Non-current liabilities	20,355	20,068
Equity	142,617	139,322
Total liabilities and equity	**209,893**	**199,579**

Statements of Income:	**2011**	**2010**
Net sales	71,930	62,803
Cost of sales (-)	(42,180)	(33,453)
Gross profit	**29,750**	**29,350**
Operating expenses (-)	(24,702)	(22,128)
Operating profit	**5,048**	**7,222**
Financial income, net	83	528
Profit before tax	**5,131**	**7,750**
Taxes (-)	(1,159)	(1,755)
Net profit for the year	**3,972**	**5,995**

NOTE 4 - 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 March 2011:

1. Health:

Production and sale of human health and veterinary medicine.

2. Personal care:

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

2. Real estate development:

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.

Ormanada project:

On 31 December 2007, the Company acquired half of the 22 pieces of land with a total area of 196,409.74 m² in Yorgancı Çiftliği Mevkii, Uskumru Mahallesi, Sarıyer district in Istanbul. 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 90 thousand m². Architectural practices with various architecture groups works within the scope of the project development operations, interior decoration and infrastructure practices have been completed for this construction project. Construction licences for the buildings in first phase has been observed. Sales and construction have been started in the last quarter of 2010. Acquisition value of the land and the costs attributable to this project are presented in inventories in the consolidated financial statements (Note 10).

Ayazağa facilities leased to EBX:

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

Eczacıbaşı Gayrimenkul:

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 March 2011 and 31 December 2010:

	31 March 2011		**31 December 2010**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Health	290,753	85,573	275,795	(75,063)
Personal care	165,713	128,469	157,482	(122,525)
Real estate development	268,393	33,068	264,874	(16,899)
Undistributed	1,995,002	62,784	1,964,085	(60,438)
Inter-segment elimination	(6)	(6)	(12)	12
Total	**2,719,855**	**309,888**	**2,662,224**	**(274,913)**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Capital expenditures and non-cash expenses of segments for the interim periods ended 31 March:

1 January - 31 March 2011	**Health**	**Personal care**	**Real estate development**	**Undistributed**	**Inter-segment elimination**	**Total**
Capital expenditures (Notes 12, 13 and 14)	3,152	726	85	-	-	**3,963**
Non-cash expenses:						
- Depreciation and amortisation (Notes 12, 13 and 14)	2,713	724	1,468	-	-	**4,905**
- Provision for employment termination benefits (Note 16)	1,192	222	(45)	-	-	**1,369**
- Provision for diminution in value of inventories (Note 10)	1,150	88	-	-	-	**1,238**
- Provision for unused vacation (Note 16)	550	95	48	-	-	**693**
- Expense accruals (Note 9)	506	33	-	-	-	**539**
- Provision for doubtful receivables (Note 19)	105	-	-	-	-	**105**
- Provision for litigations (Note 15)	-	-	-	-	-	**14**
	6,230	**1,162**	**1,471**	-	-	**8,863**
1 January - 31 March 2010						
Capital expenditures (Notes 12, 13 and 14)	3,720	467	60	-	-	**4,247**
Non-cash expenses:						
- Depreciation and amortisation (Notes 12, 13 and 14)	2,678	562	1,453	-	-	**4,693**
- Expense accruals	1,141	12	454	-	-	**1,607**
- Accruals for salaries and premiums	450	588	-	-	-	**1,038**
- Accruals for sales returns and sales discounts	-	930	-	-	-	**930**
- Provision for unused vacation (Note 16)	362	255	13	-	-	**630**
- Provision for employment termination benefits (Note 16)	412	50	(1)	-	-	**461**
- Provision for diminution in value of inventories (Note 10)	54	400	-	-	-	**454**
- Provision for doubtful receivables (Note 19)	18	94	-	-	-	**112**
- Provision for litigations (Note 15)	18	-	-	-	-	**18**
	5,133	**2,891**	**1,919**	-	-	**9,943**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Segment results for the interim periods ended 31 March:

1 January - 31 March 2011	**Health**	**Personal care**	**Real estate development**	**Undistributed**	**Inter-segment Elimination**	**Total**
Total sales	90,320	153,996	11,023	4	-	**255,343**
Elimination of sales within the Group (-)	(986)	(13,891)	(632)	-	(10)	**(15,519)**
Sales to third parties	89,334	140,105	10,391	4	(10)	**239,824**
Cost of sales (-)	(52,062)	(115,046)	(4,126)	-	10	**(171,224)**
Gross profit	**37,272**	**25,059**	**6,265**	**4**	**-**	**68,600**
Marketing, sales and distribution expenses (-)	(17,377)	(14,495)	(1,767)	(40)	-	**(33,679)**
General administrative expenses (-)	(16,703)	(8,026)	(82)	(939)	-	**(25,750)**
Research and development expenses (-)	(1)	-	-	-	-	**(1)**
Other operating income	1,100	1,055	-	26	-	**2,181**
Other operating expenses (-)	(1,435)	(579)	-	(5)	-	**(2,019)**
Operating profit / (loss)	**2,856**	**3,014**	**4,416**	**(954)**	**-**	**9,332**
1 January - 31 March 2010						
Total sales	90,297	114,412	10,042	-	-	**214,751**
Elimination of sales within the Group (-)	(6)	-	(229)	-	-	**(235)**
Sales to third parties	90,291	114,412	9,813	-	-	**214,516**
Cost of sales (-)	(54,937)	(94,695)	(3,717)	-	21	**(153,328)**
Gross profit	**35,354**	**19,717**	**6,096**	**-**	**21**	**61,188**
Marketing, sales and distribution expenses (-)	(15,696)	(11,734)	(1,898)	(570)	4	**(29,894)**
General administrative expenses (-)	(14,942)	(5,119)	(156)	(1,486)	230	**(21,473)**
Research and development expenses (-)	(3)	-	-	-	-	**(3)**
Other operating income	13,241	134	-	95	(59)	**13,411**
Other operating expenses (-)	(466)	(519)	(4)	(208)	36	**(1,161)**
Operating profit / (loss)	**17,488**	**2,479**	**4,038**	**(2,169)**	**232**	**22,068**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Confirmation of operating profits related to operating segments with profit before tax:

	31 March 2011	31 March 2010
Operating profits related to operating segments	10,286	24,005
Undistributed expenses (-)	(954)	(2,169)
Inter-segment elimination	-	232
Profit / (loss) shares from associates	(1,931)	2,694
Financial income	32,529	23,577
Financial expenses (-)	(11,953)	(23,482)
Profit before tax	**27,977**	**24,857**

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 March 2011	31 December 2010
Cash in hand	81	76
Banks	670,395	656,018
- demand deposits	8,054	7,847
- time deposits	662,341	648,171
Other liquid assets	129	33
	670,605	**656,127**

Maturities of time deposits are as follows:

Less than 1 month	525,771	642,558
1 to 3 months	144,624	13,460
	670,395	**656,018**

Interest rates for TRL-denominated time deposits vary between 6.50% and 8.90% (31 December 2010: 6.50% - 9.40%), whereas interest rates for foreign currency denominated time deposits vary between 3.73% and 4.45% (31 December 2010: 0.60%- 3.65%). The weighted average interest rates per annum for TRL, USD and EUR denominated time deposits are 8.57%, 4.28% and 4.26%, respectively (31 December 2010: 8.62%, 3.27% and 3.20%).

Cash and cash equivalents included in the consolidated statements of cash flows for the interim periods ended 31 March are presented below:

	31 March 2011	31December 2010	31 March 2010	31 December2009
Cash and cash equivalents	670,605	656,127	666,865	678,245
Financial assets (Note 6)	-	-	-	4,066
Interest accruals (-)	(1,585)	(2,232)	(1,891)	(3,079)
	669,020	**653,895**	**664,974**	**679,232**

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

NOTE 6 - FINANCIAL ASSETS

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

	31 March 2011	31 December 2010
Financial assets at fair value through profit and loss	3,836	3,419
Financial assets, current	**3,836**	**3,419**
Financial assets available-for-sale	1,272,915	1,273,157
Financial assets at fair value through profit and loss	1,521	2,741
Financial assets, non-current	**1,274,436**	**1,275,898**

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 March 2011	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	3,836	-	3,836
Financial assets, current	**-**	**3,836**	**-**	**3,836**
Financial assets available-for-sale	127,957	225,918	919,040	1,272,915
Financial assets at fair value through profit and loss	-	1,521	-	1,521
Financial assets, non-current	**127,957**	**227,439**	**919,040**	**1,274,436**

31 December 2010	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	3,419	-	3,419
Financial assets, current	**-**	**3,419**	**-**	**3,419**
Financial assets available-for-sale	128,051	225,918	919,188	1,273,157
Financial assets at fair value through profit and loss		2,741	-	2,741
Financial assets, non-current	**128,051**	**228,659**	**919,188**	**1,275,898**

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

NOTE 6 - FINANCIAL ASSETS (continued)

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

Financial assets at fair value related to income statements portfolio consist of international financial investment instruments and national liquid funds.

The Group expects to transfer the investments in foreign portfolio accounts amounted to TRL 3,836 thousand (31 December 2010: TRL 3,419 thousand) in one year period from balance sheet date, remaining balance of TRL 1,521 thousand (31 December 2010: TRL 2,741 thousand) in following periods to the depository accounts in Turkey.

b) Available-for-sale financial assets:

Long-term available-for-sale financial assets:

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

Listed:	**31 March 2011**	**%**	**31 December 2010**	**%**
Eczacıbaşı Yatırım Ortaklığı A.Ş. (*)	3,171	15	3,213	15
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. (*)	529	2	579	2
Türkiye İş Bankası A.Ş. (*)	37	<1	39	<1
Ak Enerji Elektrik Üretim A.Ş. (*) (**)	<1	<1	<1	<1
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş. (*) (**)	<1	<1	<1	<1
	3,738		**3,832**	
Not listed:				
Eczacıbaşı Holding A.Ş. (***)	1,268,859	37	1,268,859	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (***)	139	14	287	14
Eczacıbaşı Menkul Değerler A.Ş. (***)	166	1	166	1
Other (***)	13		13	
	1,269,177		**1,269,325**	
Total	**1,272,915**		**1,273,157**	

(*) Fair values of financial assets in listed companies are calculated based on current market prices.

(**) Market prices of Ak Enerji Elektrik Üretim A.Ş. and Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş as of 31 March 2011 are TRL 361 and TRL 476 respectively.

(***) Based on the impairment analysis performed for available for sale investments during the interim period, the Group concluded that there isn’t any indication for impairment. In this respect, fair value determination study performed as of 31 December 2010, has not been updated for interim period.

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

NOTE 7 - FINANCIAL LIABILITIES

	31 March 2011			31 December 2010		
	Effective interest rate (%) per annum (**)	**Original amount**	**TRL**	**Effective interest rate (%) per annum (**)**	**Original amount**	**TRL**
TRL denominated bank borrowings	7.50 - 9.61	-	8,484	7.50 - 9.61	-	7,058
EUR denominated bank borrowings	Euribor + (1.75 - 2.5)	1,394	3,041	Euribor + 1.75 - 2.50	1,179	2,416
USD denominated bank borrowings	Libor + (1.75 - 2)	230	356	Libor + 1.75 - 2.00	229	355
Short-term bank borrowings			**11,881**			**9,829**
Factoring liabilities (*)			10,240			24,785
Short-term financial lease liabilities			-			54
Total short-term financial liabilities			**22,121**			**34,668**
EUR denominated bank borrowings	Euribor + 2.5	4,779	10,425	Euribor + 2.50	4,918	10,077
USD denominated bank borrowings	Libor + 2	145	223	Libor + 2.00	173	267
TRL denominated bank borrowings	-	-	55	-	-	107
Long-term bank borrowings			**10,703**			**10,451**
Long-term financial lease liabilities			-			-
Total long-term financial liabilities			**10,703**			**10,451**

(*) As at 31 March 2011, the Group has endorsed some of its receivables to a factoring company amounting to TRL 10,240 thousand (31 December 2010: TRL 24,785 thousand). These endorsed receivables are included both in trade receivables (Note 8) and financial liabilities.

(**) Annual weighted interest rates of TRL, EUR and USD denominated short-term bank borrowings are 8.37% and 3.60% respectively. (31 December 2010: 9.04%, 3.62% and 1.81%). Annual weighted interest rates of EUR, USD and TRL denominated long-term bank borrowings are 9.43%, 5.15% and 3.78% respectively (31 December 2010: 3.67% and 1.81%).

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

NOTE 7 - FINANCIAL LIABILITIES (Continued)

Redemption schedule of long-term bank borrowings at 31 March 2011 and 31 December 2010 are presented below:

	31 March 2011	31 December 2010
Between 1 - 2 years	2,940	2,480
Between 2 - 3 years	2,681	2,752
Between 3 - 4 years	2,032	1,997
Between 4 - 5 years	1,440	1,372
5 years and thereafter	1,610	1,850
Total	**10,703**	**10,451**

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

	31 March 2011	31 December 2010
6 months and less	32,824	45,065
6 - 12 months	-	-
Total	**32,824**	**45,065**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables:

Short-term trade receivables:	31 March 2011	31 December 2010
Trade receivables	181,407	162,793
Notes receivables	51,029	35,936
	232,436	**198,729**
Deferred credit finance income (-)	(1,632)	(588)
Provision for doubtful receivables (-)	(7,138)	(7,532)
Short-term trade receivables, net	**223,666**	**190,609**

Average maturity of the Group's receivables is 72 days (31 December 2010: 65 days) and TRL denominated trade receivables are amortised at 7.59% per annum (31 December 2010: 6.10%).

As of 31 March 2011, trade receivables include receivables endorsed to a factoring company amounting to TRL 10,240 thousand (31 December 2010: TRL 24,785 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.

	2011	2010
As of 1 January	7,532	6,037
Current year additions (Note 19)	105	112
Collections (Note 21)	(93)	(24)
Reversal of provisions	(406)	-
As of 31 March	**7,138**	**6,125**

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

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

a) Trade receivables (continued):

As of 31 March 2011, long-term trade receivables amounting to TRL 4,607 thousand (31 December 2010: TRL 3,234 thousand) composed of the notes receivables obtained in exchange down payments of preliminary contracts related to real estates, which will be built as a part of "Ormanada" real estate project with 50% ownership the Group and 50% ownership of Eczacıbaşı Holding A.Ş. in the province of Istanbul and in the district of Zekeriyaköy.

Credit risk and aging analysis related to trade receivables are explained in note 27.

b) Trade payables:

Short-term trade payables	**31 March 2011**	**31 December 2010**
Trade payables	74,672	59,524
Deferred credit finance expenses (-)	(618)	(322)
Short-term trade payables, net	**74,054**	**59,202**

Average maturity of the Group's payables is 65 days (31 December 2010: 61 days) and TRL denominated trade payables are amortised at 7.42% per annum (31 December 2010: 6.11%), EUR denominated trade payables are amortised at 1.04% per annum (31 December 2010: 0.82%) and USD denominated payables are amortised at 0.27% per annum (31 December 2010: 0.28%).

NOTE 9 - OTHER CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

Other current assets	**31 March 2011**	**31 December 2010**
VAT receivables	11,379	13,137
Prepaid expenses	6,608	1,219
Due from personnel	1,348	15
Advances given	573	259
Income accruals	174	579
Prepaid taxes and withholding taxes	62	1,405
Other	42	12
	20,186	**16,626**

Other non-current assets	**31 March 2011**	**31 December 2010**
VAT receivables	47,555	46,333
Advances given for purchase of property, plant and equipment	3,321	3,372
Prepaid expenses	237	350
Others	457	372
	51,570	**50,427**

Short-term other liabilities	**31 March 2011**	**31 December 2010**
Deposits and collaterals received	782	909
Other	224	207
	1,006	**1,116**

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

NOTE 9 - OTHER CURRENT/ NON-CURRENT ASSETS AND LIABILITIES (Continued)

Other current liabilities	**31 March 2011**	**31 December 2010**
Taxes payable	7,489	7,464
Due to personnel	774	836
Advances received from customers	667	254
Expense accruals	539	1,198
Unearned revenue	398	715
Accruals for salaries and premiums	-	319
Other	121	159
	9,988	**10,945**

As of 31 March 2011, other non-current liabilities amounting to TRL 28,738 thousand (31 December 2010: TRL 13.033 thousand) composed of down payments of preliminary contracts related to real estates, which will be built as a part of "Ormanada" real estate project with 50% ownership the Group and 50% ownership of Eczacıbaşı Holding A.Ş. in the province of Istanbul and in the district of Zekeriyaköy.

NOTE 10 - INVENTORIES

	31 March 2011	**31 December 2010**
Raw materials and supplies	9,187	12,180
Work in progress	1,520	2,206
Finished goods	11,767	10,439
Merchandise	19,442	15,977
Scrap goods	5,940	5,629
Other inventories	3,410	1,310
Goods in transit	6,469	6,732
Land	51,102	48,505
	108,838	**102,978**
Provision for diminution in value of inventories (-)	(7,631)	(6,822)
	101,207	**96,156**

The land in inventories refers to the land purchased by the Group in Zekeriyaköy as part of real estate development activities and project development costs incurred amounting to TRL 14,065 thousand (31 December 2010: TRL 11,468 thousand).

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

	2011	**2010**
As of 1 January	6,822	6,932
Charge for the period (Note 21)	1,238	454
Reversal of provisions (-)	(421)	(197)
Inventories destroyed (-)	(8)	-
As of 31 March	**7,631**	**7,189**

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

NOTE 11 - INVESTMENTS IN ASSOCIATES

Associates	**31 March 2011**	**31 December 2010**
Vitra Karo	13,004	13,107
Ekom	11,913	11,838
ESH	148	404
	25,065	**25,349**

Movements of investments in associates during the year are as follows:

	31 March 2011	**31 March 2010**
As of 1 January	25,349	24,429
The Group's share in associates' profit / (loss)	(1,931)	2,694
Classification of non-current assets available for sale	-	-
Capital contribution to associates	185	-
Change in the fair value of available-for-sale financial assets	-	29
Increases / (decreases) due to currency translation differences	1,462	(1,016)
As of 31 March	**25,065**	**26,136**

The Group's share in the assets, liabilities as of 31 March 2011 and 31 December 2010, net sales of the associates for the periods ended 31 March are presented below:

	31 March 2011				
Associates	**Assets**	**Liabilities**	**Net sales**	**Net profit / (loss) for the year**	**Total proportion of ownership interest (%)**
Ekom	781,970	736,767	151,264	75	26.36
Vitra Karo	615,760	556,114	87,858	(1,566)	25.00
ESH	3,665	3,376	3,950	(440)	46.46
				(1,931)	

	31 December 2010		**31 March 2010**		
Associates	**Assets**	**Liabilities**	**Net sales**	**Net profit / (loss) for the year**	**Total proportion of of ownership interest (%)**
Ekom	706,028	661,108	120,369	1	26.36
Vitra Karo	516,207	463,780	144,761	3,056	25.00
ESH	4,373	3,513	3,112	(363)	46.46
				2,694	

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

NOTE 12 - INVESTMENT PROPERTİES

Cost	**1 January 2011**	**Additions**	**Disposals**	**31 March 2011**
Kanyon (*)	224,091	3	-	224,094
Buildings	7,208	6	-	7,214
Lands and land improvements	523	-	-	523
	231,822	**9**	**-**	**231,831**
Accumulated depreciation				
Kanyon	22,828	1,376	-	24,204
Buildings	5,674	20	-	5,694
Lands and land improvements	127	1	-	128
	28,629	**1,397**	**-**	**30,026**
Carrying amount	**203,193**			**201,805**

Cost	**1 January 2010**	**Additions**	**Disposals**	**31 March 2010**
Kanyon	223,975	8	-	223,983
Buildings	6,471	8	-	6,479
Lands and land improvements	498	-	-	498
	230,944	**16**	**-**	**230,960**
Accumulated depreciation				
Kanyon	17,333	1,372	-	18,705
Buildings	5,610	17	-	5,627
Lands and land improvements	125	-	-	125
	23,068	**1,389**	**-**	**24,457**
Carrying amount	**207,876**			**206,503**

(*) As of 31 December 2010, fair value of Kanyon is approximately TRL 420 million, which is calculated from net present value of estimated rent income of Kanyon shopping centre and office complex. Based on the impairment analysis performed for Kanyon during the interim period, the Group concluded that there isn't any indication for impairment. In this respect, fair value determination study performed as of 31 December 2010, has not been updated for interim period.

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

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Cost	**1 January 2011**	**Additions**	**Disposals**	**Transfers**	**31 March 2011**
Land and land improvements	5,445	-	-	-	**5,445**
Buildings	25,795	8	-	-	**25,803**
Machinery, plant and equipment	89,727	271	(248)	-	**89,750**
Motor vehicles	3,000	35	(133)	-	**2,902**
Furniture and fixtures	25,863	352	(113)	-	**26,102**
Construction in progress (*)	5,694	1,819	-	-	**7,513**
Leasehold improvements	13,823	87	(288)	-	**13,622**
Other tangible assets	5,108	185	(11)	-	**5,282**
	174,455	**2,757**	**(793)**	**-**	**176,419**
Accumulated depreciation					
Land improvements	141	4	-	-	**145**
Buildings	6,542	145	-	-	**6,687**
Machinery, plant and equipment	59,742	1,389	(118)	-	**61,013**
Motor vehicles	2,292	65	(120)	-	**2,237**
Furniture and fixtures	19,662	473	(87)	-	**20,048**
Leasehold improvements	9,713	310	(216)	-	**9,807**
Other tangible assets	4,342	149	(11)	-	**4,480**
	102,434	**2,535**	**(552)**	**-**	**104,417**
Carrying amount	**72,021**	**222**	**(242)**	**-**	**72,002**

(*) Construction in progress are composed of the Eczacıbaşı-Monrol's factory construction in Romania amounting to TRL 3,349 thousand, Eczacıbaşı Monrol's construction of the production facility in Malatya amounting to TRL 463 thousand and Eczacıbaşı Monrol's construction of the production facility in Antalya amounting to TRL 1,835 thousand.

Allocation of depreciation expenses is as follows: TRL 1,399 thousand in cost of goods sold, TRL 581 thousand in marketing, sales and distribution expenses, TRL 554 thousand in general and administrative expenses and TRL 1 thousand in research and development expenses.

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	1 January 2010	Additions	Disposals	Transfers (*)	31 March 2010
Land and land improvements	5,420	-	-	-	**5,420**
Buildings	23,138	25	-	26	**23,189**
Machinery, plant and equipment	86,397	900	(82)	16	**87,231**
Motor vehicles	6,915	111	(235)	-	**6,791**
Furniture and fixtures	26,919	338	(6)	-	**27,251**
Construction in progress (**)	2,892	1,724	-	-	**4,616**
Leasehold improvements	14,158	46	(79)	-	**14,125**
Other tangible assets	4,990	43	-	-	**5,033**
	170,829	**3,187**	**(402)**	**42**	**173,656**
Accumulated depreciation					
Land improvements	125	4	-	-	**129**
Buildings	6,062	111	-	-	**6,173**
Machinery, plant and equipment	55,314	1,243	(56)	-	**56,501**
Motor vehicles	6,533	49	(207)	-	**6,375**
Furniture and fixtures	21,064	418	(9)	-	**21,473**
Leasehold improvements	9,396	323	(79)	-	**9,640**
Other tangible assets	4,284	81	-	-	**4,365**
	102,778	**2,229**	**(351)**	**-**	**104,656**
Carrying amount	**68,051**				**69,000**

(*) As of 31 March 2010, TRL 42 thousand has been transferred from intangible assets to property, plant and equipment (Note 14).
(**) Construction in progress are composed of the Eczacıbaşı-Monrol's factory construction in Romania amounting to TRL 1,939 thousand and Eczacıbaşı Monrol's construction of the production facility in the campus of Yıldız Technical University amounting to TRL 1,851 thousand.

Allocation of depreciation expenses is as follows: TRL 865 thousand in cost of goods sold, TRL 24 thousand in cost of finished goods, TRL 56 thousand in cost of services sold, TRL 735 thousand in marketing, sales and distribution expenses and TRL 549 thousand in general and administrative expenses.

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Net book value of property, plant and equipment acquired under finance leases at 31 March 2011 is TRL 1,096 thousand (31 March 2010: TRL 1,570 thousand) and historical amounts and accumulated depreciation amounts are as follows:

	31 March 2011		
	Cost	**Accumulated depreciation**	**Carrying Amount**
Machinery, plant and equipment	7,542	(6,446)	1,096
Motor vehicles	288	(288)	-
Furniture and fixtures	151	(151)	-
	7,981	**(6,885)**	**1,096**

	31 March 2010		
	Cost	**Accumulated depreciation**	**Carrying Amount**
Machinery, plant and equipment	7,483	(5,913)	1,570
Motor vehicles	288	(288)	-
Furniture and fixtures	151	(151)	-
	7,922	**(6,352)**	**1,570**

As of the interim periods ended 31 March, there are no pledges or liens on Group's property, plant and equipment.

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

NOTE 14 - INTANGIBLE ASSETS

Cost	**1 January 2011**	**Additions**	**Disposals**	**Transfers**	**31 March 2011**
Customer relations, licences and royalty	20,901	-	-	19	20,920
Rights	4,575	113	-	-	4,688
Computer software	13,239	74	(2)	-	13,311
Construction in progress	3,581	810	(11)	(19)	4,361
Other intangible assets	4,302	200	(73)	-	4,429
	46,598	**1,197**	**(86)**	**-**	**47,709**
Accumulated amortisation					
Customer relations, licences and royalty	6,118	467	-	-	6,585
Rights	2,272	51	-	-	2,323
Computer software	9,656	388	-	-	10,043
Other intangible assets	2,677	67	-	-	2,714
	20,723	**973**	**-**	**-**	**21,665**
Carrying amount	**25,875**	**225**	**(86)**	**-**	**26,044**

Allocation of amortisation charge is as follows: TRL 537 thousand in cost of goods sold, TRL 223 thousand in marketing, sales and distribution expenses and TRL 213 thousand in general and administrative expenses.

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

NOTE 14 - INTANGIBLE ASSETS (Continued)

Cost	1 January 2010	Additions	Disposals	Transfers (*)	31 March 2010
Customer relations, licences and royalty	20,844	-	-		-
Rights	4,137	21	-	93	4,251
Computer software	14,447	347	-	69	14,863
Construction in progress	2,489	664	-	(204)	2,949
Other intangible assets	4,157	12	-	-	4,169
	46,074	**1,044**	**-**	**(42)**	**47,076**
Accumulated amortisation					
Customer relations, licences and royalty	3,956	479	-	-	4,435
Rights	3,016	131	-	-	3,147
Computer software	10,585	435	-	-	11,020
Other intangible assets	2,562	57	-	-	2,619
	20,119	**1,102**	**-**	**-**	**21,221**
Carrying amount	**25,955**		**-**	**-**	**25,855**

(*) As of 31 March 2010, TRL 42 thousand has been transferred from intangible assets to property, plant and equipment (Note 13).

Allocation of amortisation charge is as follows: TRL 507 thousand in cost of goods sold, TRL 3 thousand in cost of finished goods, TRL 6 thousands cost of services, TRL 342 thousand in marketing, sales and distribution expenses and TRL 244 thousand in general and administrative expenses.

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

NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions:

	31 March 2011	**31 December 2010**
Provision for litigations	752	738
	752	**738**

Provision for litigations:

The Group has provided provision for the lawsuits filed against the Group in the amount of TRL 752 thousand (31 December 2010: TRL 738 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:

	2011	**2010**
As of 1 January	738	885
Charge for the period	14	18
Reversal of provisions (-)	-	-
As of March, 31	**752**	**903**

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 TRL 1,211 thousand, equivalent of 7.5‰ of the net sales of 2001, has been imposed on EİP. Regarding the penalty mentioned a reduced payment of TRL 908 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 of 31 December 2007:

Upon inspections of companies in pharmaceuticals industry by the Tax Inspectors Board of the Ministry of Finance, TRL 3,656 thousand regarding the additional corporate income tax and its associated withholding tax and TRL 5,877 penalty (TRL 3,656 thousand of the penalty is attributable to additional corporate income tax and TRL 2,221 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.

As at 26 May 2009, the Company filed a lawsuit for the related tax penalties in the Tax Court of Istanbul 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.

NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Contingent liabilities (continued):

Tax penalty communicated as at 26 December 2008:

Upon inspections to companies in pharmaceuticals industry by Tax Inspectors Board of Ministry of Finance, TRL 13,344 thousand regarding the corporate income tax and its associated withholding tax and TRL 8,896 thousand of penalty (TRL 5,709 thousand of the penalty is attributable to additional corporate income tax and TRL 3,187 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 Istanbul, since no settlement was reached in the Commission for Tax Reconciliations of the Ministry of Finance and all lawsuits are concluded in favour of the Company.

The Boğaziçi Corporate Tax Administration appealed the case at Council of State. The Company corresponded to the petition and sent to Council of State and appeal is in progress.

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, TRL 7,256 thousand regarding the corporate income tax and its associated withholding tax and TRL 10,914 of penalty (TRL 2,340 thousand of the penalty is attributable to additional corporate income tax and TRL 4,916 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 2 April 2010, the Company filed a lawsuit in the Tax Court of Istanbul, since no settlement was reached in the Commission for Tax Reconciliations of the Ministry of Finance. Based on the verdict notified to the Company by the 10^{th} Tax Court of Istanbul on 7 April 2011, all lawsuits are concluded in favour of the Company.

Tax penalty communicated as at 7 April 2011:

Upon inspections of companies in pharmaceuticals industry by the Tax Inspectors Board of the Ministry of Finance, TRL 13,517 thousand regarding the corporate income tax (TRL 3,033 thousand of the penalty is attributable to corporate income tax and TRL 10,484 thousand relate to advance temporary income tax) and TRL 20,276 of penalty have been levied against the Company by the Büyük Mükellefler Tax Administration in the tax inspection reports of the Company regarding 2006 and 2007.

The Company is in the process of evaluation to apply to the Commission for Tax Reconciliations of the Ministry of Finance, to file a lawsuit as made for the similar cases in prior years, which concluded in favour of the Company, or to benefit amnesty in accordance with the Law Article 6211 and the evaluation will be concluded in the legal time frame. The Company has not provided a provision for this inspection 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 TRL 1.749 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 TRL 403 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 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

d) Guarantees given and taken:

	31 March 2011			
Guarantees given	**USD**	**EUR**	**TRL**	**Total**
Suretyship declaration for bank borrowings	-	-	2,590	2,590
Letters of guarantee	216	203	14,787	15,205
Commitments	-	-	-	-
Guaranteed bills of exchange	2	23	-	25
	218	**226**	**17,377**	**17,820**
Guarantees taken	**USD**	**EUR**	**TRL**	**Total**
Letters of guarantee	12,156	526	44,603	57,285
Mortgages	-	-	25,836	25,836
Cheques	-	-	11,740	11,740
Guaranteed bills of exchange	-	343	311	654
	12,156	**869**	**82,490**	**95,515**

	31 December 2010			
Guarantees given	**USD**	**EUR**	**TRL**	**Total**
Suretyship declaration for bank borrowings	-	-	2,500	2,500
Letters of guarantee	216	191	13,424	13,831
Guaranteed bills of exchange	2	23	-	25
	218	**214**	**15,924**	**16,356**
Guarantees taken	**USD**	**EUR**	**TRL**	**Total**
Letters of guarantee	12,193	579	45,559	58,331
Mortgages	-	-	24,797	24,797
Cheques	-	-	4,452	4,452
Guaranteed bills of exchange	227	-	5,662	5,889
	12,420	**579**	**80,470**	**93,469**

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 TRL 917 thousand (31 December 2010: TRL 917 thousand) were received from the subcontractors involved in the construction of Kanyon.

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

NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

Collateral/pledge/mortgage ("CPM") position of the majority shareholder EİS Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. as of 31 March 2011 and 31 December 2010 are as follows:

	31 March 2011	**31 December 2010**
A. CPMs given for Company's own legal personality	2,602	2,602
- *Collateral (Fully denominated in TRL)*	*2,602*	*2,602*
- *Pledge*	-	-
- *Mortgage*	-	-
B. CPMs given on behalf of fully consolidated companies	-	-
- *Collateral*	-	-
- *Pledge*	-	-
- *Mortgage*	-	-
C. CPMs given in the normal course of business activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i. Total amount of CPMs given on behalf of the parent	-	-
- *Collateral*	-	-
- *Pledge*	-	-
- *Mortgage*	-	-
ii. Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C	-	-
iii. Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-
	2,602	**2,602**

Proportion of other CPMs given to the Group's equity as of 31 March 2011 is 0% (31 December 2010: 0%).

NOTE 16 - EMPLOYEE BENEFITS

	31 March 2011	**31 December 2010**
Provision for unused vacations	5,590	5,957
Provision for employment termination benefits	7,984	7,293
	13,574	**13,250**

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). Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

As of 31 March 2011, the amount payable consists of one month's salary limited to a maximum of TRL 2,623.23 (31 December 2010: TRL 2,517.01) for each year of service.

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

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

The provision has been calculated by estimating the present value of the future probable obligation of 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.

IAS 19 "Employee Benefits" published by IASB 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:

	2011	2010
Discount rate (%)	4.66	4.66
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 TRL 2.623,23 effective from 1 January 2011 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 as of 31 March:

	2011	2010
As of 1 January	7,293	4,394
Charge for the period (Note 19)	1,369	228
Payments during the period (-)	(678)	(317)
Actuarial loss (Note 19)	-	233
As of 31 March	**7,984**	**4,538**

Provision for unused vacations:

Movements in the provision for unused vacation are as follows as of 31 March:

	2011	2010
As of 1 January	5,957	5,904
Charge for the period (Note 19)	693	630
Payments during the period (-)	(1,060)	(19)
As of 31 March	**5,590**	**6,515**

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

NOTE 17 - 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 March 2011 and 31 December 2010 are as follows:

	31 March 2011	31 December 2010
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 March 2011, 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	%	31 March 2011	%	31 December 2010
Eczacıbaşı Holding A.Ş.	50.62	277,476	50.62	277,476
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	20.05	109,905	20.05	109,905
Other (listed) (*)	29.33	160,827	29.33	160,827
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**

(*) Within the framework of Capital Markets Board's decision, dated 23 July 2010 and numbered 21/655, actual rates of the shares in circulation of the listed companies in Istanbul Stock Exchange are announced on a weekly basis starting from the period ended 30 September 2010, became effective as of 1 October 2010 by the Central Registry Agency ("CRA"). According to the report published by CRA on 31 March 2011, 28.48% (31 December 2010: 28.65%) of the Group's shares in circulation are presented in the other group.

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 Company'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 TRL 25,647 thousand (31 December 2010: TRL 25,647 thousand).

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:

	31 March 2011	31 December 2010
Legal reserves	25,647	25,647
Special reserves	219,768	219,768
	245,415	**245,415**

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

NOTE 18 - OPERATING REVENUE

	31 March 2011	31 March 2010
Domestic sales	357,245	305,626
Exports	1,610	1,166
Revenue from construction activities	1,803	-
Gross sales	**360,658**	**306,792**
Sales returns (-)	(5,252)	(1,860)
Sales discounts (-)	(115,582)	(90,416)
Net sales	**239,824**	**214,516**
Cost of sales (-)	(169,639)	(153,328)
Cost of construction (-)	(1,585)	-
Gross profit	**68,600**	**61,188**

NOTE 19 - OPERATING EXPENSES

Marketing, selling and distribution expenses	31 March 2011	31 March 2010
Personnel expenses	13,561	11,541
Advertisement, presentation and promotion expenses	8,652	9,556
Transportation, distribution and warehousing expenses	4,006	3,322
Rent expenses	1,646	1,123
Depreciation and amortisation expenses (Notes 13 and 14)	804	1,077
Travelling expenses	517	529
Representation and hosting expenses	402	245
Consultancy expenses	398	566
Fuel, energy and water expenses	293	544
Provision expense for doubtful receivables (Notes 8 and 26.a)	105	112
Other	3,295	1,279
	33,679	**29,894**

General and administrative expenses	31 March 2011	31 March 2010
Personnel expenses	11,247	9,155
Royalty expenses	5,343	4,644
Consultancy expenses	3,396	2,796
Provision for employment termination benefits and actuarial loss (Note 16)	1,369	461
Depreciation and amortisation expenses (Notes 13 and 14)	767	793
Rent expenses	748	734
Provision for unused vacation (Note 16)	693	630
Repair and maintenance expenses	598	286
Miscellaneous taxes	121	128
Technical service expenses	94	379
Other	1,374	1,467
	25,750	**21,473**

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

NOTE 20 - EXPENSES BY NATURE

	31 March 2011	31 March 2010
Purchase of inventories and merchandise	138,444	133,695
Personnel expenses	31,993	22,485
Changes in commercial inventories	9,768	2,287
Advertisement, presentation and promotion expense (Note 19)	8,665	9,556
Royalty expense (Note 19)	5,343	4,644
Contract manufacturing expenses	5,057	3,026
Depreciation and amortisation expense (Notes 12, 13, and 14)	4,905	4,693
Transportation, distribution and warehousing expenses (Note 19)	4.017	3,322
Consultancy expenses (Note 19)	3,830	3,362
Rent expenses (Note 19)	2,586	1,857
Other	12,405	11,822
	230,653	**204,698**

NOTE 21 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	31 March 2011	31 March 2010
Reversal of provisions	684	-
Revenue from reversal of allowance for impairment on inventory	421	197
Collections from doubtful receivables (Notes 8 and 26.a)	96	106
Gain from sales of fixed assets	48	-
Insurance refund	40	34
Compensation income (*)	15	12,508
Other	877	566
	2,181	**13,411**

(*) EIP received a compensation amounting to TRL 12,508 thousand from the licensee of the medical product distributed by EIP due to change in the nature of the supply chain agreement.

Other operating expenses	31 March 2011	31 March 2010
Provision expense for diminution in value of inventories (Note 10)	1,238	454
Donation expenses	283	146
Loss on sales of fixed assets	44	30
Inventories destroyed	26	190
Service rewards	-	205
Others	428	136
	2,019	**1,161**

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

NOTE 22 - FINANCIAL INCOME

	31 March 2011	31 March 2010
Foreign exchange gains	22,927	13,228
Interest income from bank deposits	8,831	7,496
Credit finance income	735	2,842
Forward income	-	6
Fair value changes recognised in profit and loss	-	5
Other	36	-
	32,529	**23,577**

NOTE 23 - FINANCIAL EXPENSES

	31 March 2011	31 March 2010
Foreign exchange losses	10,739	20,866
Fair value changes recognised in profit and loss	458	162
Credit finance expenses	314	1,573
Interest expense from bank borrowings	70	574
Forward expenses	42	174
Other	330	133
	11,953	**23,482**

NOTE 24 - TAX ASSETS AND LIABILITIES

a) Current income tax on profits:

	31 March 2011	31 December 2010
Corporate and income taxes payable	7,244	16,216
Corporate and income taxes payable related to previous periods	8,256	-
Prepaid taxes (-)	(10,427)	(14,914)
Current income tax liabilities (net)	**5,073**	**1,302**

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 2010 (2009: 20%). Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive allowance, etc) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed except withholding tax at the rate of 19.8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional Article 61.

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

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

a) Current income tax on profits (continued):

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 2010 and 2009.

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.

The Constitutional Court's decision numbered 2009/144 published in the Official Gazette on 8 January 2010 annulled the clause "The utilisation of allowances given from investments has been limited for years 2006, 2007 and 2008." of Temporary Article 69 of Income Tax Law 193. This arrangement has been changed according to the regulation, published in the Official Gazette on August 1, 2010 based on Law No. 6009, the investment allowance amounts can be used without a year limitation. Investment allowance amount, which will be used in the determination of the tax assessment, will not exceed 25% profit of the concerned period. In addition to this, 20% corporate tax rate will be applied on the income after the deduction of the allowance.

The taxes on income reflected to the consolidated income statement at 31 March 2011 and 2010 are summarized below:

	31 March 2011	31 March 2010
Current income tax charge (-)	(7,244)	(5,309)
Deferred income tax (charge) / benefit	1,012	(144)
Total income tax charge (-)	**(6,232)**	**(5,453)**

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

	31 March 2011	31 March 2010
Profit before tax	**27,977**	**24,857**
Tax amount calculated by considering current tax rate	(5,595)	(4,971)
Disallowable expenses	(98)	(180)
Tax effect of exempt income	36	15
Items disregarded in the calculation of deferred income tax	(575)	53
Current period tax losses	-	(370)
Total income tax charge (-)	**(6,232)**	**(5,453)**

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

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 2010: 20%).

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

	Cumulative temporary differences		Deferred income tax assets / (liabilities)	
	31 March 2011	**31 December 2010**	**31 March 2011**	**31 December 2010**
Provision for unused vacation	(5,590)	(5,957)	1,118	1,191
Provision for employment termination benefits	(7,823)	(7,148)	1,565	1,430
Provision for doubtful receivables	(4,161)	(4,355)	832	871
Sales cut-off	(2,749)	(274)	550	55
Differences between the tax base and carrying amount of inventories	(9,571)	(8,378)	1,914	1,676
Deferred credit finance income	(1,796)	(980)	359	196
Provision for litigations	(595)	(338)	119	68
Tax losses carried forward	(158)	(158)	32	32
Accruals for salaries and premiums	(143)	(319)	29	64
Other	(2,410)	(1,523)	480	302
Deferred income tax assets (**)	**(34,996)**	**(29,430)**	**6,998**	**5,885**
Fair value differences of available-for-sale financial assets (*)	1,114,280	1,114,523	(55,714)	(55,726)
Difference between the tax base and carrying amount of investment property, property, plant and equipment and intangible assets	13,964	13,935	(2,588)	(2,582)
Deferred credit finance expenses	1,081	605	(216)	(121)
Deferred income tax liabilities (-) (**)	**1,129,325**	**1,129,063**	**(58,518)**	**(58,429)**
Deferred income tax liabilities, net	**1,094,329**	**1,099,633**	**(51,520)**	**(52,544)**

(*) Difference between fair value and book value amounts to TRL 1,114,280 thousand (31 December 2010: TRL 1,114,523 thousand) and based on the 75% exemption from the corporate tax denoted in Article 5, subsection (1), clause (e) of Corporate Tax Law No. 5520, deferred tax is calculated by applying 5% effective tax rate.

(**) Since deferred tax assets and deferred tax liabilities in the schedule above are summarized by nature of the temporary differences subject to deferred tax, they express the offset of deferred tax asset amounting to TRL 59,562 thousand (31 December 2010: TRL 59,952 thousand) and deferred tax liability amounting to TRL 8,042 thousand (31 December 2010: TRL 7,408 thousand) presented in the financial statements, which are calculated on a separate entity basis for all companies included in the scope of consolidation.

Based on the assessment made, it has been concluded that the Group will not be able to utilise deductible temporary differences amounting to TRL 438 thousand (31 December 2010: TRL 238 thousand) and deferred income tax assets have not been recognised on these deductible temporary differences as of 31 March 2011.

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

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred income tax (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 of 31 March 2011 and 31 March 2010 are as follows:

	31 March 2011	31 March 2010
As of 1 January	(52,544)	(44,465)
Current year deferred income tax (charge) / benefit	1,012	(144)
Deferred income tax liabilities resulting from sales and acquisitions of the shares of the Joint Ventures and Subsidiaries	12	(21)
As of March, 31	**(51,520)**	**(44,630)**

NOTE 25 - EARNINGS PER SHARE

	31 March 2011	31 March 2010
Net income attributable to equity holders of the Company	21,547	19,752
Weighted average number of ordinary shares with face value of Kr 1 each	54,820,800,000	54,820,800,000
Basic and diluted earnings per share (Kr)	**0.04**	**0.04**

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties at 31 March 2011 and 31 December 2010:

Short-term due from related parties	**31 March 2011**	**31 December 2010**
Due from shareholders		
Eczacıbaşı Holding A.Ş.	1,663	1,540
	1,663	**1,540**
Due from Joint Ventures		
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	822	309
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	24	30
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	-	-
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	-	-
	846	**339**
Due from Associates		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	383	448
Vitra Karo Sanayi ve Ticaret A.Ş.	-	38
Eczacıbaşı Sağlık Hizmetleri A.Ş.	-	1
	383	**487**
Due from other related parties		
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	438	132
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	32	-
İpek Kağıt Sanayi ve Ticaret A.Ş.	71	71
Other	117	116
	658	**319**
	3,550	**2,685**
Deferred credit finance income (-)	-	-
Provision for doubtful receivables (-)	(195)	(198)
Short-term due from related parties	**3,355**	**2,487**

Average maturity of the Group's receivables from related parties is 42 days (31 December 2010: 32 days) and is amortised at 7.25% per annum (31 December 2010: 6.13%).

Movement of provision for doubtful receivable is as follows:

	31 March 2011	**31 March 2010**
As of 1 January	198	316
Charge for current period (Note 19)	-	-
Collections (Note 21)	(3)	(82)
As of 31 March	**195**	**234**

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

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Balances with related parties at 31 March 2011 and 31 December 2010 (continued):

Short-term due to related parties	31 March 2011	31 December 2010
Due to shareholders		
Eczacıbaşı Holding A.Ş.	4,381	4,567
	4,381	**4,567**
Due to Joint Ventures		
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	14,379	9,726
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	1,266	1,225
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	402	-
	16,407	**10,951**
Due to Associates		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	2	7
Ekom Eczacıbaşı Dış Ticaret A.Ş.	3	10
	5	**17**
Due to other related parties		
İpek Kağıt Sanayi ve Ticaret A.Ş.	61,736	53,719
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	1,712	111
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	468	357
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	14	18
Other	221	739
	64,151	**54,944**
	84,584	**70,479**
Deferred credit finance expenses (-)	(287)	(223)
Short-term due to related parties	**84,297**	**70,256**

Average maturity of the Group's payables to related parties is 95 days (31 December 2010: 63 days) and is amortised at 7.73% per annum (31 December 2010: 6.11%).

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Transactions with related parties for three months period ended 31 March:

Product sales	**31 March 2011**	**31 March 2010**
Ekom Eczacıbaşı Dış Ticaret A.Ş.	427	570
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	491	240
	918	**810**

Service sales	**31 March 2011**	**31 March 2010**
İpek Kağıt Sanayi ve Ticaret A.Ş.	4,403	3,769
EBC Eczacıbaşı Beiersdorf Kozmetik Ürünleri Sanayi ve Ticaret A.Ş.	1,386	1,226
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	274	241
Eczacıbaşı Holding A.Ş.	-	459
Other	153	7
	6,216	**5,702**

Product purchases	**31 March 2011**	**31 March 2010**
İpek Kağıt Sanayi ve Ticaret A.Ş.	54,728	58,378
EBC Eczacıbaşı Beiersdorf Kozmetik Ürünleri Sanayi ve Ticaret A.Ş.	12,101	13,996
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	1,815	2,015
Other	282	169
	68,926	**74,558**

Service purchases	**31 March 2011**	**31 March 2010**
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	1,704	1,849
Eczacıbaşı Holding A.Ş.	372	179
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	237	-
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	46	-
Eczacıbaşı Spor Kulübü	40	849
Other	192	154
	2,591	**3,031**

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

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Transactions with related parties for three months period ended 31 March (continued):

Financial income	**31 March 2011**	**31 March 2010**
Eczacıbaşı Holding A.Ş.		
Foreign exchange gains	-	648
	-	**648**

Financial expenses	**31 March 2011**	**31 March 2010**
Eczacıbaşı Holding A.Ş.		
Foreign exchange losses	-	107
Interest expenses	-	142
Ekom Eczacıbaşı Dış Ticaret A.Ş.		
Foreign exchange losses	-	18
	-	**267**

c) Other transactions with related parties for three months period ended 31 March:

Management and royalty fees paid to related parties	**31 March 2011**	**31 March 2010**
Eczacıbaşı Holding A.Ş. (*)	3,910	4,172
	3,910	**4,172**

(*) 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.

Rent income received from related parties	**31 March 2011**	**31 March 2010**
Eczacıbaşı Holding A.Ş.	676	627
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	180	173
İpek Kağıt Sanayi ve Ticaret A.Ş.	180	167
İntema İnşaat ve Tesisat Mlz. Yatırım ve Paz. A.Ş.	18	137
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	-	251
Others	131	135
	1,165	**1,490**

Rent expenses paid to related parties	**31 March 2011**	**31 March 2010**
Eczacıbaşı Holding A.Ş.	79	352
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	3	-
Ekom Eczacıbaşı Dış Ticaret A.Ş	-	11
	82	**363**

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

NOT 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Other transactions with related parties for three months ended period 31 March (continued):

Other expenses paid to related parties	**31 March 2011**	**31 March 2010**
Eczacıbaşı Holding A.Ş.	38	312
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	32	27
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	13	37
Other	90	28
	173	**404**

Donations paid to related parties	**31 March 2011**	**31 March 2010**
Dr. Nejat F. Eczacıbaşı Vakfı	35	3
	35	**3**

Benefits provided to top management:

Total benefits provided to key management personnel for three months period ended 31 March 2011 amounted to TRL 6,579 thousand (31 March 2010: TRL 6,187 thousand).

The Group does not have any contingent assets or liabilities caused by related party transactions as of 31 March 2011 and 31 December 2010.

NOTE 27 - 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 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit risk (continued)

Details of credit and receivable risk as of 31 March 2011 and 31 December 2010 are as follows:

	Trade receivables from		**Other receivables from**			
31 March 2011	**Related parties**	**Other**	**Related parties**	**Other**	**Deposit in banks**	**Other (*)**
Maximum credit risk exposed as of balance sheet date (**)	**3,355**	**228,273**	**-**	**855**	**670,395**	**5,357**
- Secured portion of the maximum credit risk by guarantees	-	*67,277*	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	2,272	176,694	-	855	670,395	-
- Secured portion by guarantees, etc.	-	65,816	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (***)	1,083	51,580	-	-	-	5,357
- Secured portion by guarantees, etc.	-	1,411	-	-	-	-
D. Net book value of the impaired assets	2,026	7,137	-	-	-	-
- Past due (gross carrying amount)	2,026	7,137	-	-	-	-
- Impairment (-)	(2,026)	(7,137)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc	-	50	-	-	-	-
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 March 2011, 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 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit risk (continued)

	Trade receivables from		**Other receivables from**			
31 December 2010	**Related parties**	**Other**	**Related parties**	**Other**	**Deposit in banks**	**Other (*)**
Maximum credit risk exposed as of balance sheet date (**)	**2,487**	**193,843**	**-**	**821**	**656,018**	**6,160**
- Secured portion of the maximum credit risk by guarantees	-	***32,607***	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	1,430	142,393	-	821	656,018	-
- Secured portion by guarantees, etc.	-	28,973	-	-	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
- Secured portion by guarantees, etc.	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (***)	1,057	51,450	-	-	-	6,160
- Secured portion by guarantees, etc.	-	3,584	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	198	7,520	-	-	-	-
- Impairment (-)	(198)	(7,520)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc	-	50	-	-	-	-
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 2010, 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 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit risk (continued)

Details of the past due but not impaired receivables for the years ended at 31 March 2011 and 31 December 2010 are as follows:

	Trade receivables from		
31 March 2011	**Related parties**	**Other**	**Deposits in banks**
Past due up to 30 days	1,349	6,050	-
Past due 1 - 3 months	644	27,731	-
Past due 3 - 12 months	819	17,307	-
Past due 1 - 5 year (*)	111	540	-
	2,812	**51,628**	**-**
Secured portion of receivables by guarantees, etc.	**-**	**-**	**-**

	Trade receivables from		
31 December 2010	**Related parties**	**Other**	**Deposits in banks**
Past due up to 30 days	684	43,799	-
Past due 1 - 3 months	166	3,707	-
Past due 3 - 12 months	207	2,167	-
Past due 1 - 5 year (*)	-	1,777	6,160
	1,057	**51,450**	**6,160**
Secured portion of receivables by guarantees, etc.	**-**	**3,584**	**-**

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

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

NOTE 27 - 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 March 2011 is as follows:

	31 March 2011					
			Contractual terms			
Financial liabilities (non-derivative)	**Carrying value**	**Contractual cash outflows**	**Up to 3 months**	**3 - 12 months**	**1 - 5 years**	**More than 5 years**
Financial liabilities to related parties	-	-	-	-	-	-
Other financial liabilities	32,824	34,067	13,887	8,440	10,090	1,650
Trade payables due to related parties	84,297	84,584	84,584	-	-	-
Other trade payables	74,054	74,671	74,671	-	-	-
Other payables	1,006	1,006	91	915	-	-
Total non-derivative financial liabilities	**192,181**	**194,328**	**173,233**	**9,355**	**10,090**	**1,650**

	31 December 2010					
			Contractual terms			
Financial liabilities (non-derivative)	**Carrying value**	**Contractual cash outflows**	**Up to 3 months**	**3 - 12 months**	**1 - 5 years**	**More than 5 years**
Financial liabilities to related parties	-	-	-	-	-	-
Other financial liabilities	45,119	46,186	25,772	9,183	10,728	503
Trade payables due to related parties	70,256	70,479	68,411	2,068	-	-
Other trade payables	59,202	59,530	58,498	26	494	-
Other payables	1,116	1,116	1,100	16	-	-
Total non-derivative financial liabilities	**175,693**	**177,311**	**154,781**	**11,293**	**11,222**	**503**

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 as of 31 March 2011 and 31 December 2010 consist of TRL, USD and EUR.

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

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

i) Cash flow and fair value interest rate risk (continued)

	31 March 2011	**31 December 2010**
Financial instruments with fixed interest rates:		
Financial assets		
- Cash and cash equivalents	659,989	645,939
- Fair value changes recognised in to profit and loss	-	18
Financial liabilities		
- Financial liabilities	8,538	7,166
Financial instruments with variable interest rates:		
Financial liabilities		
- Financial liabilities	14,046	13,169
- Factoring liabilities	10,240	24,785

At 31 March 2011, if interest rates at contractual re-pricing dates of EUR denominated financial liabilities with variable interest rates has strengthened/weakened by 100 basis points (1%) against TRL with all other variables held constant, profit before tax would have been TRL 135 thousand (31 March 2010: TRL 68 thousand) higher / lower as a result of interest expenses.

At 31 March 2011, if interest rates at contractual re-pricing dates of USD denominated financial liabilities with variable interest rates has strengthened/weakened by 100 basis points (1%) against TRL with all other variables held constant, profit before tax would have been TRL 6 thousand (31 March 2010: TRL 39 thousand) higher / lower as a result of interest expenses.

At 31 March 2011, if interest rates at contractual re-pricing dates of TRL denominated financial liabilities with variable interest rates has strengthened/weakened by 100 basis points (1%) against TRL with all other variables held constant, profit before tax would have been TRL 102 thousand (31 March 2010: TRL 182 thousand) higher / lower as a result of interest expenses.

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 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

ii) Foreign exchange risk (continued)

	31 March 2011			
	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)	26,967	(26,967)	26,967	(26,967)
Secured position (-)	-	-	-	-
USD net effect	**26,967**	**(26,967)**	**26,967**	**(26,967)**
In case of 10% change in EUR against TRL:				
EUR net asset / (liability)	24,060	(24,060)	24,060	(24,060)
Secured position (-)	-	-	-	-
EUR net effect	**24,060**	**(24,060)**	**24,060**	**(24,060)**
In case of 10% change in other foreign exchange rates against TRL:				
Other foreign currency net asset / (liability)	27	(27)	27	(27)
Secured position (-)	-	-	-	-
Other foreign currencies net effect	**27**	**(27)**	**27**	**(27)**
	51,054	**(51,054)**	**51,054**	**(51,054)**

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

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

ii) Foreign exchange risk (continued)

	31 December 2010			
	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)	21,881	(21,881)	21,881	(21,881)
Secured position (-)	-	-	-	-
USD net effect	**21,881**	**(21,881)**	**21,881**	**(21,881)**
In case of 10% change in EUR against TRL:				
EUR net asset / (liability)	19,051	(19,051)	19,051	(19,051)
Secured position (-)	-	-	-	-
EUR net effect	**19,051**	**(19,051)**	**19,051**	**(19,051)**
In case of 10% change in other foreign exchange rates against TRL:				
Other foreign currency net asset / (liability)	(558)	558	(558)	558
Secured position (-)	-	-	-	-
Other foreign currencies net effect	**(558)**	**558**	**(558)**	**558**
	40,374	**(40,374)**	**40,374**	**(40,374)**

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

	31 March 2011	31 December 2010
USD	1.5483	1.5460
EUR	2.1816	2.0491

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

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

ii) Foreign exchange risk (continued)

The amounts of assets and liabilities denominated in original and foreign currencies and their TRL equivalents at 31 March 2011 were as follows:

	31 March 2011			
		Original amounts		
	Total TRL equivalent	USD	EUR	Others(*)
Current assets:				
Cash and cash equivalents	452,165	150,297	100,589	15
Financial investments	3,836	2,466	9	-
Trade receivables	6,745	3,148	858	-
Other current assets	92	7	37	1
	462,747	**155,911**	**101,456**	**15**
Non-current assets:				
Financial investments	1,522	983	-	-
Others	4,607	2,975	-	-
	6,129	**3,958**	**-**	**-**
Current liabilities:				
Financial liabilities	(3,397)	(230)	(1,394)	-
Trade payables	(9,559)	(2,265)	(2,659)	(251)
Financial liabilities due to related parties	-	-	-	-
Other current liabilities	(11)	(7)	-	-
	(12,967)	**(2,502)**	**(4,053)**	**(251)**
Non-current liabilities:				
Financial liabilities	(10,650)	(145)	(4,779)	-
Other non-current liabilities	(18,044)	(11,654)	-	-
	(28,694)	**(11,799)**	**(4,779)**	**-**
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	**510,535**	**174,170**	**110,287**	**266**
Fair value of currency derivatives held for hedging				
Net position of off-balance sheet contingent assets and liabilities				
Guarantees and pledges taken	-	-	-	-
Guarantees and pledges given	203	-	93	-
Exports	3,843	1,435	743	-
Imports	9,251	2,449	2,503	-

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

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

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

ii) Foreign exchange risk (continued)

The amounts of assets and liabilities denominated in original and foreign currencies and their TRL equivalents at 31 December 2010 were as follows:

	31 December 2010			
		Original amounts		
	Total TRL equivalent	USD	EUR	Others (*)
Current assets:				
Cash and cash equivalents	428,023	143,517	100,477	257
Financial investments	4,628	2,966	20	-
Trade receivables	5,269	2,657	567	-
	437,920	**149,140**	**101,064**	**257**
Non-current assets:				
Financial investments	2,741	1,773	-	-
	2,741	**1,773**	**-**	**-**
Non-current liabilities:				
Financial liabilities	2,821	229	1,204	-
Trade payables	18,062	5,291	1,972	5,842
Financial liabilities due to related parties	-	-	-	-
Other current liabilities	-	-	-	-
	20,883	**5,520**	**3,176**	**5,842**
Non-current liabilities:				
Financial liabilities	10,344	173	4,918	-
Other non-current liabilities	5,697	3,685	-	-
	16,041	**3,858**	**4,918**	**-**
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	**403,737**	**141,535**	**92,970**	**(5,585)**
Fair value of currency derivatives held for hedging (**)	**-**	**-**	**-**	**-**
Net position of off-balance sheet contingent assets and liabilities				
Guarantees and pledges taken	432	140	104	-
Guarantees and pledges given	12,999	8,034	283	-
Exports	5,331	2,048	1,056	-
Imports	154,808	51,879	30,320	12,474

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

NOTE 28 - SUBSEQUENT EVENTS

In the Ordinary General Assembly meeting for 2010 operations held on 6 May 2011:

a) It has been determined that the Company's net profit for the financial year ended 31 December 2010 in the consolidated financial statements, which are prepared in accordance with CMB Financial Reporting Standards and are independently audited, is TRL 58,137,881 and net profit in the statutory financial statements is TRL 42,600,262 and based on the CMB's decision dated 27 January 2010 and numbered 2/51 it has been decided that the net distributable profit calculated based on the consolidated financial statements, which are prepared in accordance with CMB's Communiqué Serial: XI, No: 29, "Principles of Financial Reporting in Capital Markets" and published to public, is taken into consideration for 2010 dividend distribution. In this respect, it has been decided to distribute dividend amounting to TRL 38,374,560 referring to 7% of share capital and 7% gross cash dividend for each equity share with a nominal value of TRL 1. The distribution of net dividend determined after deduction of withholding taxes regulated by the tax legislation will commence on 24 May 2011. The remaining amount of net profit in the statutory financial statements amounting to TRL 49,645,979 will be transferred to extraordinary reserves after deduction of legal liabilities and dividends.

b) It has been decided to receive authorization from Capital Markets Board ("CMB") and Ministry of Industry and Trade in order to amend 4th Article of the Articles of Association with the heading "Purpose and Subject" with the notification of CMB dated 11 February 2011 and numbered 1649 and related authorization has been obtained with the permission of the Ministry of Industry and Trade dated 1 March 2011 and numbered 1283.

NOT 29 - 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 on 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 2011, the Company announced in investor relations news, that collection of compulsory application information is in progress.

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