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

CONVENIENCE TRANSLATION INTO ENGLISH OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2013

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

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CONDENSED CONSOLIDATED FINANCIAL POSITION AS OF 31 MARCH 2013

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

	Notes	*Not Reviewed* 31 March 2013	*Audited (Restated)* 31 December 2012	*Audited (Restated)* 1 January 2012
ASSETS				
Current assets				
Cash and cash equivalents	5	701,133	705,168	754,624
Financial investments	6	748	372	1,404
Trade receivables				
- Due from related parties	26	13,853	932	724
- Other trade receivables	8	223,001	172,548	128,846
Other receivables		215	264	157
Inventories	10	191,034	167,655	103,479
Other current assets	9	24,049	19,935	5,910
Total current assets		**1,154,033**	**1,066,874**	**995,144**
Non-current assets				
Trade receivables				
- Other trade receivables	8	2,669	2,916	5,659
Other receivables		63	61	14
Financial investments	6	1,755,114	1,755,762	1,463,931
Investments accounted for using equity method	11	121,178	129,618	173,454
Investment properties	12	195,401	196,663	200,358
Property, plant and equipment	13	57,537	58,549	32,847
Intangible assets	14	31,440	31,424	9,303
Goodwill		39,511	39,511	-
Deferred income tax assets	24	9,661	8,918	7,434
Other non-current assets	9	66,653	70,405	67,847
Total non-current assets		**2,279,227**	**2,293,827**	**1,960,847**
Total assets		**3,433,260**	**3,360,701**	**2,955,991**

The interim condensed consolidated financial statements for three months period ended 31 March 2013 were approved by the Board of Directors on 17 May 2013 and signed on its behalf by Bülent Avcı, Financial Director and by Gülnur Günbey Kartal, Internal Audit Manager.

CONDENSED CONSOLIDATED FINANCIAL POSITION AS OF 31 MARCH 2013

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

	Notes	*Not Reviewed* **31 March 2013**	*Audited (Restated)* **31 December 2012**	*Audited (Restated)* **1 January 2012**
LIABILITIES				
Current liabilities				
Financial liabilities	7	54,945	31,769	28,584
Trade payables				
- Due to related parties	26	105,732	96,912	118,616
- Other trade payables	8	145,131	115,450	66,232
Other payables	9	1,694	1,480	1,205
Current income tax liabilities	24	1,434	1,181	910
Provisions	15	1,107	2,154	1,159
Provision for employee benefits	16	5,600	5,032	4,014
Other current liabilities	9	101,369	90,017	31,890
Total current liabilities		**417,012**	**343,995**	**252,610**
Non-current liabilities				
Financial liabilities	7	9	63	-
Trade payables				
- Due to related parties	26	1,039	1,414	4,418
Provision for employee benefits	16	4,392	3,782	2,306
Deferred income tax liabilities	24	84,143	83,889	65,163
Other non-current liabilities	9	22,833	21,923	17,683
Total non-current liabilities		**112,416**	**111,071**	**89,570**
EQUITY				
Share capital	17	548,208	548,208	548,208
Adjustments to share capital	17	105,777	105,777	105,777
Financial assets fair value reserve		1,528,758	1,528,836	1,248,552
Restricted reserves		258,084	258,084	248,754
Cumulative translation reserve		(1,016)	1,877	1,383
Retained earnings		416,950	382,400	359,740
Net profit for the period		271	34,550	88,672
Attributable to equity holders of the Company		**2,857,032**	**2,859,732**	**2,601,086**
Non-controlling interests		**46,800**	**45,903**	**12,725**
Total equity		**2,903,832**	**2,905,635**	**2,613,811**
Total liabilities and equity		**3,433,260**	**3,360,701**	**2,955,991**

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

	Notes	*Not Reviewed* **1 January - 31 March 2013**	*Not Reviewed (Restated)* **1 January - 31 March 2012**
Net sales, net	18	253,140	211,940
Cost of sales (-)	18	(202,646)	(174,537)
Gross profit		**50,494**	**37,403**
Marketing, sales and distribution expenses (-)	19	(30,236)	(21,241)
General administrative expenses (-)	19	(16,992)	(14,570)
Research and development expenses (-)	19	(262)	-
Other operating income	21	1,449	1,875
Other operating expense (-)	21	(2,206)	(1,557)
Operating profit		**2,247**	**1,910**
Share of (loss) / profit of associates	11	(5,122)	126
Financial income	22	19,666	24,238
Financial expenses (-)	23	(13,440)	(35,479)
Profit / (loss) before tax		**3,351**	**(9,205)**
Current income tax charge	24	(2,617)	(722)
Deferred income tax benefit	24	485	2,235
Net profit / (loss) for the period		**1,219**	**(7,692)**
Attributable to			
- Non-controlling interests		948	1,324
- Equity holders of the parent	25	271	(9,016)
Net profit / (loss) for the period		**1,219**	**(7,692)**
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 / (loss) per share (Kr)	**25**	**0.0005**	**(0.0164)**

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 31 MARCH 2013

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

	Notes	*Not Reviewed* 1 January - 31 March 2013	*Not Reviewed (Restated)* 1 January - 31 March 2012
Net profit / (loss) for the period		**1,219**	**(7,692)**
Other comprehensive income / (expense)			
Items that may be reclassified subsequently to profit and loss:			
Changes in financial assets' fair value reserve		(72)	(993)
Change in currency translation differences		364	(146)
Group's share in associates' comprehensive income	11	(3,318)	(979)
Tax expenses of other comprehensive income items (-)	24	4	49
Other comprehensive loss (after tax)		**(3,022)**	**(2,069)**
Total comprehensive loss		**(1,803)**	**(9,761)**
Attributable to			
- Non-controlling interests		897	801
- Equity holders of the parent		(2,700)	(10,562)
Total comprehensive loss		**(1,803)**	**(9,761)**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS INTERIM PERIOD ENDED 31 MARCH 2013

(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 (loss) / profit for the period**	**Total**	**Non controlling interests**	**Total equity**
1 January 2012	**548,208**	**105,777**	**1,248,552**	**248,754**	**1,383**	**359,902**	**88,510**	**2,601,086**	**16,118**	**2,617,204**
Changes in accounting policies (Note 2.2a)	-	-	-	-	-	(162)	162	**-**	**(3,393)**	**(3,393)**
As restated as of 1 January 2012	**548,208**	**105,777**	**1,248,552**	**248,754**	**1,383**	**359,740**	**88,672**	**2,601,086**	**12,725**	**2,613,811**
Transfers	-	-	-	-	-	88,672	(88,672)	**-**	-	**-**
Total comprehensive loss	-	-	(407)	-	(1,139)	-	(9,016)	**(10,562)**	801	**(9,761)**
31 March 2012	**548,208**	**105,777**	**1,248,145**	**248,754**	**244**	**448,412**	**(9,016)**	**2,590,524**	**13,526**	**2,604,050**
1 January 2013	**548,208**	**105,777**	**1,528,836**	**258,084**	**1,877**	**384,261**	**32,689**	**2,859,732**	**47,158**	**2,906,890**
Changes in accounting policies (Note 2.2a)	-	-	-	-	-	(1,861)	1,861	-	**(1,255)**	**(1,255)**
As restated as of 1 January 2013	**548,208**	**105,777**	**1,528,836**	**258,084**	**1,877**	**382,400**	**34,550**	**2,859,732**	**45,903**	**2,905,635**
Transfers	-	-	-	-	-	34,550	(34,550)	-	-	-
Total comprehensive loss	-	-	(78)	-	(2,893)	-	271	**(2,700)**	897	**(1,803)**
31 March 2013	**548,208**	**105,777**	**1,528,758**	**258,084**	**(1,016)**	**416,950**	**271**	**2,857,032**	**46,800**	**2,903,832**

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

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

	Notes	*Not Reviewed* 1 January - 31 March 2013	*Not Reviewed (Restated)* 1 January - 31 March 2012
Cash flow from operating activities:			
Profit / (loss) before tax		3,351	(9,205)
Adjustments:			
Depreciation and amortisation	12, 13, 14	3,236	2,588
Provision for employment termination benefits and actuarial loss	16, 19	888	295
Provision for unused vacation	16, 19	732	713
Loss on sale of property, plant and equipment and intangible assets, net	21	(393)	13
Provision for diminution in value of inventories, net	10, 21	1,253	765
Group's share in the associates' loss	11	5,122	(126)
Interest and credit finance income, net	22, 23	(6,707)	(12,314)
Wage and premium accruals	9	926	-
Portfolio value decreases	22, 23	15	497
Provision for litigations, net	15	119	9
Expense accruals	9	650	396
Unrealised foreign exchange loss / (income)		356	24,539
Derivative financial instruments accruals	22, 23	-	172
Changes in working capital:			
Trade receivables		(50,221)	(43,428)
Due from and due to related parties, net		(25,178)	17,420
Inventories		(24,632)	(9,998)
Trade payables		50,360	(3,263)
Other current assets and liabilities, net		11,609	3,058
Effect of unrealized FX gain/losses on other working capital		541	(634)
Net cash used in operations		**(27,973)**	**(28,503)**
Taxes paid		(4,554)	(3,678)
Employment termination benefits paid	16	(278)	(144)
Unused vacation payments	16	(164)	(135)
Collections of doubtful receivables	8, 21, 26	15	5
Net cash used in operating activities		**(32,954)**	**(32,455)**
Investing activities:			
Purchases of property, plant and equipment and intangible assets	12, 13, 14	(1,372)	(14,229)
Proceeds from sale of property, plant and equipment and intangible assets		787	7
Changes in financial assets		32	826
Net cash used in investing activities		**(553)**	**(13,396)**
Financing activities:			
Changes in bank loans		23,122	(545)
Interest and credit finance charges paid		(2,088)	(1,704)
Interest received		8,847	13,776
Net cash provided from financing activities		**29,881**	**11,527**
Net decrease in cash and cash equivalents		**(3,626)**	**(34,324)**
Cash and cash equivalents at the beginning of the period	5	703,992	752,704
Exchange differences on cash and cash equivalents		(357)	(24,540)
Cash and cash equivalents at the end of the period	**5**	**700,009**	**693,840**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF THE COMPANY

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, İstanbul.

The Company is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been quoted on the Borsa İstanbul A.Ş. ("BIST") since 1990. As of 31 March 2013, 27.04% (31 December 2012: 27.63%) of total shares are quoted on the BIST.The ultimate parent company of the Group is Eczacıbaşı Holding A.Ş., which possesses 50.62% (31 December 2012: 50.62%) shares of the Company (Note 17).

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

(*) The Group has sold all shares in EBC to its partner Beiersdorf AG on 27 December 2012.

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 CONDENSED FINANCIAL STATEMENTS

2.1 Accounting policies

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

The Additional Clause 1 of the Law No: 2499 is annulled by publishment of the Statutory Decree No: 660, which has been become effective by publishing in the Official Gazette on 2 November 2011 and Public Oversight, Accounting and Audit Standards Authority (the "Authority") was established. As per Provisional Article 1 of the Statutory Decree, applicable laws and standards will continue to apply and be effective until the publishment of new standards and regulations by the Authority. Accordingly, as of the date of this report this change has not any effect on the "Basis of Preparation of Financial Statements" Note disclosed in the accompanying financial statements.

EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in TRL in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the CMB Financial Reporting Standards. These consolidated financial statements have been prepared by taking into consideration the historical costs except for the financial investments which are accounted for at their fair values.

2.2 New and Revised International Financial Reporting Standards

a) Amendments to IFRSs affecting amounts reported in the financial statements

The following amendments to IFRSs have been applied in the current year and have affected the amounts reported in these consolidated financial statements.

The Group adopted IAS 19 Employee Benefits (2011) with a date of initial application of 1 January 2012 and changed its basis for determining the expense related to defined benefit obligations.

The Group has adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, as well as the consequential amendments to IAS 28 Investments in Associates and Joint Ventures (2011), with a date of initial application of 1 January 2012.

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

2.2 New and Revised International Financial Reporting Standards (continued)

a) Amendments to IFRSs affecting amounts reported in the financial statements (continued)

Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The Group accounted all actuarial gains and losses immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Actuarial differences were recognised in profit or loss before this change accounting policy. The change in accounting policy has been applied retrospectively. Consequently, it reduced the employee severance indemnity expense recognised in profit or loss and correspondingly increased the defined benefit obligation actuarial differences recognised in other comprehensive income.

Subsidiaries

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees.

In accordance with the transitional provisions of IFRS 10, the Group re-assessed the control conclusion for its investees at 1 January 2012. As a consequence, the Group's control conclusion in respect of its investment in its investees has not changed and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

Joint Arrangements

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements. The change in accounting policy has been applied retrospectively.

Under IFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements. As a result, Group's joint arrangements, which were classified as jointly controlled entities before the change in accounting policy, were classified as joint ventures. According to this classification, the joint ventures are recognised by applying the equity method starting from 1 January 2012 which were previously proportionately consolidated.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

2.2 New and Revised International Financial Reporting Standards (continued)

a) Amendments to IFRSs affecting amounts reported in the financial statements (continued)

Joint Arrangements (continued)

The following table summarises the adjustments made to the Group's consolidated statements of financial position at 31 December 2012 and 1 January 2012, and its consolidated three months interim statements of comprehensive income for the period ended 31 March 2012.

	31 December 2012		
	As previously reported	UFRS 11 adjustments	As restated
ASSETS			
Current assets			
Cash and cash equivalents	711,576	(6,408)	705,168
Financial investments	372	-	372
Trade receivables			
- Due from related parties	761	171	932
- Other trade receivables	246,933	(74,385)	172,548
Other receivables	280	(16)	264
Inventories	192,012	(24,357)	167,655
Other current assets	26,812	(6,877)	19,935
Total current assets	**1,178,746**	**(111,872)**	**1,066,874**
Non-current assets			
Trade receivables			
- Other trade receivables	2,970	(54)	2,916
Other receivables	683	(622)	61
Financial investments	1,755,762	-	1,755,762
Investments accounted for using equity method	16,851	112,767	129,618
Investment properties	196,663	-	196,663
Property, plant and equipment	101,172	(42,623)	58,549
Intangible assets	50,471	(19,047)	31,424
Goodwill	75,954	(36,443)	39,511
Deferred income tax assets	9,577	(659)	8,918
Other non-current assets	91,223	(20,818)	70,405
Total non-current assets	**2,301,326**	**(7,499)**	**2,293,827**
Total assets	**3,480,072**	**(119,371)**	**3,360,701**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

2.2 New and Revised International Financial Reporting Standards (continued)

a) Amendments to IFRSs affecting amounts reported in the financial statements (continued)

Joint Arrangements (continued)

	31 December 2012			
	As previously reported	IFRS 11 adjustments	IAS 19 adjustments	As restated
LIABILITIES				
Current liabilities				
Financial liabilities	88,533	(56,764)	-	31,769
Trade payables				
- Due to related parties	98,907	(1,995)	-	96,912
- Other trade payables	131,951	(16,501)	-	115,450
Other payables	1,480	-	-	1,480
Current income tax liabilities	1,181	-	-	1,181
Provisions	14,791	(12,637)	-	2,154
Provision for employee benefits	6,976	(1,944)	-	5,032
Other current liabilities	95,696	(5,679)	-	90,017
Total current liabilities	**439,515**	**(95,520)**	**-**	**343,995**
Non-current liabilities				
Financial liabilities	12,974	(12,911)	-	63
Trade payables				
- Due to related parties	1,414	-	-	1,414
Provision for employee benefits	10,650	(6,868)	-	3,782
Deferred income tax liabilities	86,726	(2,837)	-	83,889
Other non-current liabilities	21,903	20	-	21,923
Total non-current liabilities	**133,667**	**(22,596)**	**-**	**111,071**
EQUITY				
Share capital	548,208	-	-	548,208
Adjustments to share capital	105,777	-	-	105,777
Financial assets fair value reserve	1,528,836	-	-	1,528,836
Restricted reserves	258,084	-	-	258,084
Cumulative translation reserve	1,877	-	-	1,877
Retained earnings	384,261	-	(1,861)	382,400
Net profit for the year	32,689	-	1,861	34,550
Attributable to equity holders of the Company	**2,859,732**	**-**	**-**	**2,859,732**
Non-controlling interests	**47,158**	**(1,255)**	**-**	**45,903**
Total equity	**2,906,890**	**(1,255)**	**-**	**2,905,635**
Total liabilities and equity	**3,480,072**	**(119,371)**	**-**	**3,360,701**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

2.2 New and Revised International Financial Reporting Standards (continued)

a) Amendments to IFRSs affecting amounts reported in the financial statements (continued)

Joint Arrangements (continued)

	1 January 2012		
	As previously reported	**IFRS 11 adjustments**	**As restated**
ASSETS			
Current assets			
Cash and cash equivalents	761,996	(7,372)	754,624
Financial investments	1,404	-	1,404
Trade receivables			
- Due from related parties	601	123	724
- Other trade receivables	201,496	(72,650)	128,846
Other receivables	804	(647)	157
Inventories	135,819	(32,340)	103,479
Other current assets	10,001	(4,091)	5,910
Total current assets	**1,112,121**	**(116,977)**	**995,144**
Non-current assets			
Trade receivables			
- Other trade receivables	5,700	(41)	5,659
Other receivables	67	(53)	14
Financial investments	1,463,931	-	1,463,931
Investments accounted for using equity method	14,816	158,638	173,454
Investment properties	200,358	-	200,358
Property, plant and equipment	79,013	(46,166)	32,847
Intangible assets	26,846	(17,543)	9,303
Goodwill	35,731	(35,731)	-
Deferred income tax assets	8,082	(648)	7,434
Other non-current assets	85,102	(17,255)	67,847
Total non-current assets	**1,919,646**	**41,201**	**1,960,847**
Total assets	**3,031,767**	**(75,776)**	**2,955,991**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

2.2 New and Revised International Financial Reporting Standards (continued)

a) Amendments to IFRSs affecting amounts reported in the financial statements (continued)

Joint Arrangements (continued)

	1 January 2012			
	As previously reported	**IFRS 11 adjustments**	**IAS 19 adjustments**	**As restated**
LIABILITIES				
Current liabilities				
Financial liabilities	51,918	(23,334)	-	28,584
Trade payables				
- Due to related parties	111,595	7,021	-	118,616
- Other trade payables	94,767	(28,535)	-	66,232
Other payables	1,382	(177)	-	1,205
Current income tax liabilities	1,074	(164)	-	910
Provisions	1,398	(239)	-	1,159
Provision for employee benefits	6,743	(2,729)	-	4,014
Other current liabilities	35,550	(3,660)	-	31,890
Total current liabilities	**304,427**	**(51,817)**	**-**	**252,610**
Non-current liabilities				
Financial liabilities	12,404	(12,404)	-	-
Trade payables				
- Due to related parties	4,422	(4)	-	4,418
Provision for employee benefits	7,478	(5,172)	-	2,306
Deferred income tax liabilities	68,061	(2,898)	-	65,163
Other non-current liabilities	17,771	(88)	-	17,683
Total non-current liabilities	**110,136**	**(20,566)**	**-**	**89,570**
EQUITY				
Share capital	548,208	-	-	548,208
Adjustments to share capital	105,777	-	-	105,777
Financial assets fair value reserve	1,248,552	-	-	1,248,552
Restricted reserves	248,754	-	-	248,754
Cumulative translation reserve	1,383	-	-	1,383
Retained earnings	359,902	-	(162)	359,740
Net profit for the year	88,510	-	162	88,672
Attributable to equity holders of the Company	**2,601,086**	**-**	**-**	**2,601,086**
Non-controlling interests	**16,118**	**(3,393)**	**-**	**12,725**
Total equity	**2,617,204**	**(3,393)**	**-**	**2,613,811**
Total liabilities and equity	**3,031,767**	**(75,776)**	**-**	**2,955,991**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

2.2 New and Revised International Financial Reporting Standards (continued)

a) Amendments to IFRSs affecting amounts reported in the financial statements (continued)

Joint Arrangements (continued)

	31 March 2012		
	As previously reported	**IFRS 11 adjustments**	**As restated**
Net sales, net	261,531	(49,591)	211,940
Cost of sales (-)	(196,137)	21,600	(174,537)
Gross profit	**65,394**	**(27,991)**	**37,403**
Marketing, sales and distribution expenses (-)	(36,049)	14,808	(21,241)
General administrative expenses (-)	(27,072)	12,502	(14,570)
Research and development expenses (-)	(288)	288	-
Other operating income	2,956	(1,081)	1,875
Other operating expense (-)	(3,009)	1,452	(1,557)
Operating profit	**1,932**	**(22)**	**1,910**
Share of profit / (loss) of associates	(3)	129	126
Financial income	26,177	(1,939)	24,238
Financial expenses (-)	(36,914)	1,435	(35,479)
(Loss) / profit before tax	**(8,808)**	**(397)**	**(9,205)**
Current income tax charge	(2,282)	1,560	(722)
Deferred income tax benefit	2,862	(627)	2,235
Net (loss) / profit for the period	**(8,228)**	**536**	**(7,692)**
Attributable to			
- Non-controlling interests	788	536	1,324
- Equity holders of the parent	(9,016)	-	(9,016)
Net (loss) / profit for the period	**(8,228)**	**536**	**(7,692)**
Weighted average number of ordinary shares with face value of KR 1 each	54,820,800,000		54,820,800,000
Basic and diluted loss per share (Kr)	**(0.02)**		**(0.02)**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

2.2 New and Revised International Financial Reporting Standards (continued)

a) Amendments to IFRSs affecting amounts reported in the financial statements (continued)

Joint Arrangements (continued)

	31 March 2012		
	As previously reported	**IFRS 11 adjustments**	**As restated**
Net loss for the year	**(8,228)**	**536**	**(7,692)**
Other comprehensive income / (expense)			
Changes in financial assets' fair value reserve	(993)	-	(993)
Change in currency translation differences	(146)	-	(146)
Group's share in associates' comprehensive income	(979)	-	(979)
Tax expenses of other comprehensive income items (-)	49	-	49
Other comprehensive loss (after tax)	**(2,069)**	**-**	**(2,069)**
Total comprehensive loss	**(10,297)**	**536**	**(9,761)**
Attributable to			
- Non-controlling interests	265	536	801
- Equity holders of the parent	(10,562)	-	(10,562)
Total comprehensive loss	**(10,297)**	**536**	**(9,761)**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

2.2 New and Revised International Financial Reporting Standards (continued)

b) New and Revised IFRSs applied with no material effect on the consolidated financial statements

Amendments to IAS 1	*Presentation of Items of Other Comprehensive Income*
Amendments to IAS 1	*Clarification of the Requirements for Comparative Information*
IFRS 10	*Consolidated Financial Statements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13	*Fair Value Measureme*[3]
Amendments to IFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*
IAS 27 (as revised in 2011)	*Separate Financial Statements*
Amendments to IFRSs	*Annual Improvements to IFRSs 2009-2011 Cycle except for the amendment to IAS 1*
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income is effective for the annual periods beginning on or after 1 July 2012. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments can be applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to IAS 1 Presentation of Financial Statements
(as part of the Annual Improvements to IFRSs 2009-2011 Cycle issued in May 2012)

The amendments to IAS 1 as part of the Annual Improvements to IFRSs 2009-2011 Cycle are effective for the annual periods beginning on or after 1 January 2013.

IAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to IAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

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

2.2 New and Revised International Financial Reporting Standards (continued)

b) New and Revised IFRSs applied with no material effect on the consolidated financial statements (continued)

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

Application of this new standard has no material effect on the financial statements.

Amendments to IFRS 7 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012

- Amendments to IAS 16 *Property, Plant and Equipment; and*

- Amendments to IAS 32 *Financial Instruments: Presentation*.

- Amendments to IAS 34 *Interim Financial Reporting*

Amendments to IAS 16

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The amendments to IAS 16 did not have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 32

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The amendments to IAS 32 did not have a significant effect on the Group's consolidated financial statements.

Amendments to IAS 34

The amendments to IAS 34 clarify that disclosure of the total assets and total liabilities for a particular reportable segment is only required if a measure of total assets or total liabilities (or both) is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. The amendments to IAS 34 did not have an effect on the Group's consolidated financial statements.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

2.2 New and Revised International Financial Reporting Standards (continued)

b) New and Revised IFRSs applied with no material effect on the consolidated financial statements (continued)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (production stripping costs). Under the Interpretation, the costs from this waste removal activity (stripping) which provide improved access to ore is recognized as a non-current asset (stripping activity asset) when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time. However, IFRIC 20 must be applied to production stripping costs incurred on or after the beginning of the earliest period presented. The Group management anticipates that IFRIC 20 will have no effect to the Group's financial statements as the Group does not engage in such activities.

c) New and Revised IFRSs in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	*Financial Instruments* (*)
Amendments to IFRS 9 and IFRS 7	*Mandatory Effective Date of IFRS 9 and Transition Disclosures* (**)
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities* (*)

(*) Effective for annual periods beginning on or after 1 January 2014.
(**) Effective for annual periods beginning on or after 1 January 2015.

IFRS 9 Financial Instruments

IFRS 9, issued in November 2009, introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

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

2.2 New and Revised International Financial Reporting Standards (continued)

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

IFRS 9 Financial Instruments (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Group management anticipates that the application of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments IAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

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 2013 are consistent with accounting policies presented in the consolidated financial statements as 31 December 2012 except the changes in accounting policies disclosed at Note 2.2a.

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 2013 is comparatively presented with balance sheet as of 31 December 2012 and the consolidated statements of income, comprehensive income, cash flows and changes in equity for the interim period ended 31 March 2013 are comparatively presented with the consolidated statements of income, comprehensive income, cash flows and changes in equity for the interim period ended 31 March 2012.

Where necessary, comparative figures have been reclassified according to amendments disclosed at Note 2.2a to conform to the presentation of the current period consolidated financial statements.

NOTE 3 - JOINT VENTURES

Please refer to Note 11.

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 2013:

1. Health:

Production and sale of human health and veterinary medicine.

2. Personal care:

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

3. Real estate 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 group works within the scope of the project development operations, interior decoration and infrastructure practices have been completed for this construction project. Process for receiving of construction licences for the buildings is continuing. 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.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 4 - SEGMENT REPORTING (Continued)

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 2013 and 31 December 2012:

	31 March 2013		31 December 2012	
	Assets	Liabilities	Assets	Liabilities
Health	77,456	(62,063)	71,870	(55,233)
Personal care	405,029	(250,112)	344,418	(191,195)
Real estate development	398,994	(127,133)	387,932	(118,427)
Undistributed	2,551,819	(90,158)	2,556,481	(90,211)
Inter-segment elimination	(38)	38	-	-
Total	**3,433,260**	**(529,428)**	**3,360,701**	**(455,066)**

(Amounts expressed in thousand 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 2013	Health	Personal care	Real estate development	Undistributed	Inter-segment elimination	Total
Capital expenditures (Notes 12, 13 and 14)	240	975	157	-	-	**1,372**
Non-cash expenses:						
- Depreciation and amortisation (Notes 12, 13 and 14)	646	878	1,712	-	-	**3,236**
- Expense accruals (Note 9)	404	246	-	-	-	**650**
- Provision for diminution in value of inventories (Note 10)	196	1,057	-	-	-	**1,253**
- Provision for unused vacation (Note 16)	333	358	41	-	-	**732**
- Provision for employment termination benefits (Note 16)	337	505	46	-	-	**888**
- Wage and premium accruals (Note 9)	926	-	-	-	-	**926**
- Provision for litigations (Note 15)	-	119	-	-	-	**119**
	2,842	**3,163**	**1,799**	-	-	**7,804**

1 January - 31 March 2012	Health	Personal care	Real estate development	Undistributed	Inter-segment elimination	Total
Capital expenditures (Notes 12, 13 and 14)	523	12,814	892	-	-	**14,229**
Non-cash expenses:						
- Depreciation and amortisation (Notes 12, 13 and 14)	603	485	1,500	-	-	**2,588**
- Expense accruals (Note 9)	164	232	-	-	-	**396**
- Provision for diminution in value of inventories (Note 10)	765	-	-	-	-	**765**
- Provision for unused vacation (Note 16)	332	325	56	-	-	**713**
- Provision for employment termination benefits (Note 16)	166	116	13	-	-	**295**
- Provision for litigations (Note 15)	9	-	-	-	-	**9**
	2,039	**1,158**	**1,569**	**-**	**-**	**4,766**

(Amounts expressed in thousand 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 2013	**Health**	**Personal care**	**Real estate development**	**Undistributed**	**Inter-segment elimination**	**Total**
Total sales	28,802	202,636	53,665	5	-	**285,108**
Elimination of sales within the Group	-	(10,665)	(21,303)	-	-	**(31,968)**
Sales to third parties	28,802	191,971	32,362	5	-	**253,140**
Cost of sales (-)	(14,690)	(165,140)	(22,816)	-	-	**(202,646)**
Gross profit	**14,112**	**26,831**	**9,546**	**5**	**-**	**50,494**
Marketing, sales and distribution expenses (-)	(10,580)	(17,273)	(2,383)	-	-	**(30,236)**
General administrative expenses (-)	(7,894)	(7,693)	(372)	(1,033)	-	**(16,992)**
Research and development expenses (-)	-	(262)	-	-	-	**(262)**
Other operating income	107	1,325	9	8	-	**1,449**
Other operating expenses (-)	(1,744)	(359)	(100)	(3)	-	**(2,206)**
Operating profit / (loss)	**(5,999)**	**2,569**	**6,700**	**(1,023)**	**-**	**2,247**

1 January - 31 March 2012	**Health**	**Personal care**	**Real estate development**	**Undistributed**	**Inter-segment elimination**	**Total**
Total sales	26,355	168,849	23,662	4	-	**218,870**
Elimination of sales within the Group (-)	-	-	(6,926)	-	(4)	**(6,930)**
Sales to third parties	26,355	168,849	16,736	4	(4)	**211,940**
Cost of sales (-)	(16,525)	(149,121)	(8,895)	-	4	**(174,537)**
Gross profit	**9,830**	**19,728**	**7,841**	**4**	**-**	**37,403**
Marketing, sales and distribution expenses (-)	(8,871)	(10,610)	(1,709)	(51)	-	**(21,241)**
General administrative expenses (-)	(6,945)	(5,684)	(948)	(993)	-	**(14,570)**
Research and development expenses (-)	-	-	-	-	-	**-**
Other operating income	1,746	115	13	1	-	**1,875**
Other operating expenses (-)	(965)	(535)	1	(58)	-	**(1,557)**
Operating profit / (loss)	**(5,205)**	**3,014**	**5,198**	**(1,097)**	**-**	**1,910**

(Amounts expressed in thousand 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 2013	31 March 2012
Operating profits related to operating segments	3,270	3,007
Undistributed expenses (-)	(1,023)	(1,097)
Inter-segment elimination	-	-
Losses shares from associates	(5,122)	126
Financial income	19,666	24,238
Financial expenses (-)	(13,440)	(35,479)
Profit / (loss) before tax	**3,351**	**(9,205)**

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 March 2013	31 December 2012
Cash in hand	42	38
Banks	701,079	705,021
- demand deposits	6,057	2,919
- time deposits	695,022	702,102
Other liquid assets	12	109
	701,133	**705,168**

Interest rates for TRL denominated time deposits vary between 6.50% and 9.90% (31 December 2012: 5.25% - 9.70%), whereas interest rates for foreign currency denominated time deposits vary between 0.75% and 2.80% (31 December 2012: 1.00% - 3.80%). The weighted average interest rates per annum for TRL, USD and EUR denominated time deposits are 6.91%, 2.41% and 2.65%, respectively (31 December 2012: 8.61%, 3.12% and 3.25%).

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

	31 March 2013	31 December 2012	31 March 2012	31 December 2011
Cash and cash equivalents	701,133	705,168	696,002	754,624
Interest accruals (-)	(1,124)	(1,176)	(2,162)	(1,920)
	700,009	**703,992**	**693,840**	**752,704**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 6 - FINANCIAL INVESTMENTS

The details of financial investments included in current assets as of 31 March 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
Financial assets at fair value through profit and loss	748	372
Financial investments, current	**748**	**372**
Financial assets available-for-sale	1,752,330	1,752,570
Financial assets at fair value through profit and loss	2,784	3,192
Financial investments, non-current	**1,755,114**	**1,755,762**

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 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	748	-	748
Financial investments, current	**-**	**748**	**-**	**748**
Financial assets available-for-sale	250,506	242,329	1,259,495	1,752,330
Financial assets at fair value through profit and loss	-	2,784	-	2,784
Financial investments, non-current	**250,506**	**245,113**	**1,259,495**	**1,755,114**

31 December 2012	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	372	-	372
Financial investments, current	**-**	**372**	**-**	**372**
Financial assets available-for-sale	250,812	242,329	1,259,429	1,752,570
Financial assets at fair value through profit and loss	-	3,192	-	3,192
Financial investments, non-current	**250,812**	**245,521**	**1,259,429**	**1,755,762**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 6 - FINANCIAL INVESTMENTS (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 748 thousand (31 December 2012: TRL 372 thousand) in one year period from balance sheet date, remaining balance of TRL 2,784 thousand (31 December 2012: TRL 3,192 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 2013 and 31 December 2012 is as follows:

Listed:	**31 March 2013**	**%**	**31 December 2012**	**%**
Eczacıbaşı Yatırım Ortaklığı A.Ş. (*)	3,591	15	3,812	15
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. (*)	901	2	920	2
Türkiye İş Bankası A.Ş. (*)	32	<1	32	<1
Ak Enerji Elektrik Üretim A.Ş. (*) (**)	<1	<1	<1	<1
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş. (*) (**)	<1	<1	<1	<1
	4,524		**4,764**	
Not listed:				
Eczacıbaşı Holding A.Ş. (***)	1,747,158	37	1,747,158	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (***)	552	14	552	14
Eczacıbaşı Menkul Değerler A.Ş. (***)	68	1	68	1
Other (***)	28		28	
	1,747,806		**1,747,806**	
Total	**1,752,330**		**1,752,570**	

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

(**) As of 31 March 2013, the market prices of Ak Enerji Elektrik Üretim A.Ş. and Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş. are TRL 180 and TRL 814 respectively (31 December 2012: TRL 165 and TRL 857).

(***) 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 2012, has not been updated for interim period.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 7 - FINANCIAL LIABILITIES

	31 March 2013		31 December 2012	
	Effective interest rate per annum (%) (*)	**TRL**	**Effective interest rate per annum (%) (*)**	**TRL**
TRL denominated bank borrowings	8.50 - 13.75	54,945	8.00 - 13.25	31,769
Short-term bank borrowings		**54,945**		**31,769**
TRL denominated bank borrowings	10.40 - 11.75	9	8.00 - 13.25	63
Long-term bank borrowings		**9**		**63**
Total financial liabilities		**54,954**		**31,832**

(*) Annual weighted interest rate of TRL denominated short-term bank borrowings are 9.65%, (31 December 2012: 8.35%).

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

	31 March 2013	31 December 2012
6 months and less	54,954	31,832
Total	**54,954**	**31,832**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables:

Short-term trade receivables:	31 March 2013	31 December 2012
Trade receivables	205,054	147,684
Notes receivables	26,484	33,002
	231,538	**180,686**
Deferred credit finance income (-)	(1,068)	(654)
Provision for doubtful receivables (-)	(7,469)	(7,484)
Short-term trade receivables, net	**223,001**	**172,548**

As of 31 March 2013, long-term trade receivables amounting to TRL 2,669 thousand (31 December 2012: TRL 2,916 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.

Average maturity of the Group's receivables is 72 days (31 December 2012: 70 days) and TRL denominated trade receivables are amortised at 5.78% per annum (31 December 2012: 5.79%).

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

a) Trade receivables (continued):

Movement of provision for doubtful receivables is presented below:

	2013	2012
As of 1 January	7,484	4,463
Collections (Note 21)	(15)	(5)
Reversal of provisions (-)	-	(66)
As of 31 March	**7,469**	**4,392**

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

b) Trade payables:

Short-term trade payables	31 March 2013	31 December 2012
Trade payables	145,132	107,847
Notes payables	574	7,938
Deferred credit finance expenses (-)	(575)	(335)
Short-term trade payables, net	**145,131**	**115,450**

Average maturity of the Group's payables is 57 days (31 December 2012: 97 days) and TRL denominated trade payables are amortised at 6.11% per annum (31 December 2012: 6.00%). EUR denominated trade payables are amortised at 0.61% per annum (31 December 2012: 0.61%) and USD denominated payables are amortised at 0.52% per annum (31 December 2012: 0.51%).

NOTE 9 - OTHER ASSETS AND LIABILITIES

Other current assets	31 March 2013	31 December 2012
VAT receivables	15,277	16,378
Prepaid expenses	5,093	616
Prepaid taxes and withholding taxes	2,190	2,182
Income accruals	178	609
Advances given to personnel	1,165	12
Other	146	138
	24,049	**19,935**

Other non-current assets	31 March 2013	31 December 2012
VAT receivables	34,994	32,535
Advances given to subcontractors	17,162	24,340
Blocked amount due to subsidiary acquisition payables	7,500	7,500
Prepaid taxes under construction activities	6,521	5,470
Prepaid expenses	476	537
Other	-	23
	66,653	**70,405**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 9 - OTHER ASSETS AND LIABILITIES (Continued)

Short-term other liabilities	**31 March 2013**	**31 December 2012**
Deposits and collaterals received	1,160	984
Other	534	496
	1,694	**1,480**

Other current liabilities	**31 March 2013**	**31 December 2012**
Advances received (*)	89,542	80,053
Taxes payable	7,946	5,344
Expense accruals	650	1,031
Due to personnel	318	718
Accruals for salaries and premiums	926	1,106
Unearned revenue	1,651	1,342
Other	336	423
	101,369	**90,017**

Other non-current liabilities	**31 March 2013**	**31 December 2012**
Advances received (*)	11,931	10,777
Deferred considerations due to subsidiary acquisition	7,500	7,500
Unearned revenue	3,402	3,646
	22,833	**21,923**

(*) Advances received presented in other non-current liabilities 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. Advances received presented in current liabilities amounting to TRL 89,542 thousand (31 December 2012: TRL 80,050 thousand) is also related to the down payments received from clients for the same abovementioned project.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 10 - INVENTORIES

	31 March 2013	31 December 2012
Raw materials and supplies	14,193	14,111
Work in progress	419	287
Finished goods	7,665	7,082
Merchandise	20,929	16,610
Scrap goods	2,414	2,167
Other inventories	1,425	3,356
Lands	153,006	132,194
	200,051	**175,807**
Provision for diminution in value of inventories (-)	(9,017)	(8,152)
	191,034	**167,655**

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 115,969 thousand (31 December 2012: TRL 95,157 thousand).

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

	2013	2012
As of 1 January	8,152	6,277
Charge for the period (Note 21)	1,253	765
Reversals (-)	(388)	(814)
As of 31 March	**9,017**	**6,228**

NOTE 11 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 March 2013	31 December 2012
Associates		
Vitra Karo	-	-
Ekom	16,782	16,634
ESH	54	217
Joint Ventures		
Monrol	47,845	53,922
ESK	1,804	1,998
EBX	54,693	56,847
	121,178	**129,618**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 11 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

Movements of investments accounted for using equity method during the year are as follows:

	2013	2012
As of 1 January	129,618	173,454
The Group's share in investments accounted for using equity method' profit / (loss)	(5,122)	126
Change in the fair value of available-for-sale financial assets	6	(15)
Increases due to currency translation differences	(3,324)	(964)
As of 31 March	**121,178**	**172,601**

The Group's share in the assets, liabilities as of 31 March 2013 and 31 December 2012, net sales of the associates for the periods ended 31 March are presented below:

	31 March 2013				
	Assets	Liabilities	Net sales	Net profit / (loss) for the period	Total proportion of ownership interests (%)
Ekom	1,080,264	1,016,616	239,750	150	26%
Vitra Karo	758,650	806,006	172,659	334	25%
ESH	6,478	6,367	5,138	(159)	48%
Monrol	145,753	102,820	16,774	(3,099)	50%
ESK	10,031	6,193	4,280	(194)	47%
EBX	267,120	156,483	94,499	(2,154)	50%
				(5,122)	

	31 December 2012		31 March 2012		
	Assets	Liabilities	Net sales	Net profit / (loss) for the period	Total proportion of ownership interests (%)
Ekom	1,055,306	992,203	224,822	105	26%
Vitra Karo	724,482	771,626	183,600	378	25%
ESH	5,389	4,948	4,182	(486)	48%
Monrol	148,466	93,380	14,686	(378)	50%
ESK	9,821	5,570	4,401	175	47%
EBC (*)	-	-	38,883	4,355	50%
EBX	257,047	140,859	95,731	(4,023)	50%
				126	

(*) The Group has sold all shares in EBC to its partner Beiersdorf AG on 27 December 2012.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 12 - INVESTMENT PROPERTIES

Cost	1 January 2013	Additions	Disposals	31 March 2013
Kanyon	228,754	120	-	228,874
Buildings	7,529	8	-	7,537
Lands and land improvements	204	-	-	204
	236,487	**128**	-	**236,615**
Accumulated depreciation				
Kanyon	32,604	1,373	-	33,977
Buildings	7,133	16	-	7,149
Lands and land improvements	87	1	-	88
	39,824	**1,390**	**-**	**41,214**
Carrying amount	**196,663**			**195,401**

Cost	1 January 2012	Additions	Disposals	31 March 2012
Kanyon	226,841	841	-	227,682
Buildings	7,584	30	-	7,614
Lands and land improvements	204	-	-	204
	234,629	**871**	-	**235,500**
Accumulated depreciation				
Kanyon	27,119	1,316	-	28,435
Buildings	7,069	71	-	7,140
Lands and land improvements	83	4	-	87
	34,271	**1,391**	**-**	**35,662**
Carrying amount	**200,358**			**199,838**

As of 31 December 2012, fair value of Kanyon is approximately TRL 538 million, which is calculated from net present value of estimated rent income of Kanyon shopping center 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 2012, has not been updated for interim period

For the periods ending at 31 March, total rent income of Kanyon shopping center and office complex is amounted to TRL 11.007 thousand (31 March 2012: TRL 9,820 thousand) and repair and maintenance expense of the related period is amounted to TRL 13 thousand (31 March 2012: TRL 29 thousand).

Depreciation expenses for the three months period ended 31 March are included in cost of services sold.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

Cost	**1 January 2013**	**Additions**	**Disposals**	**Transfers**	**31 March 2013**
Land and land improvements	6,248	-	-	-	6,248
Buildings	40,099	-	-	-	40,099
Machinery, plant and equipment	47,660	212	(147)	-	47,725
Motor vehicles	1,946	23	(1,018)	-	951
Furniture and fixtures	14,713	226	(127)	-	14,812
Construction in progress	523	179	-	-	702
Leasehold improvements	3,286	-	-	-	3,286
Other tangible assets	9,156	29	(2)	-	9,183
	123,631	**669**	**(1,294)**	**-**	**123,006**
Accumulated depreciation					
Land improvements	184	4	-	-	188
Buildings	8,529	182	-	-	8,711
Machinery, plant and equipment	35,066	515	(124)	-	35,457
Motor vehicles	1,373	156	(716)	-	813
Furniture and fixtures	9,576	301	(58)	-	9,819
Leasehold improvements	1,798	71	-	-	1,869
Other tangible assets	8,556	58	(2)	-	8,612
	65,082	**1,287**	**(900)**	**-**	**65,469**
Carrying amount	**58,549**				**57,537**

Allocation of depreciation expenses is as follows: TRL 418 thousand in cost of goods sold, TRL 355 thousand in marketing, sales and distribution expenses, TRL 501 thousand in general and administrative expenses and TRL 13 thousand in research and development expenses.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	**1 January 2012**	**Additions**	**Disposals**	**Transfers**	**31 March 2012**
Land and land improvements	7,246	-	-	-	7,246
Buildings	23,267	12,411	-	-	35,678
Machinery, plant and equipment	36,296	75	(24)	-	36,347
Motor vehicles	496	-	-	-	496
Furniture and fixtures	12,985	176	(2)	-	13,159
Construction in progress	268	8	-	-	276
Leasehold improvements	1,602	14	-	-	1,616
Other tangible assets	9,076	42	-	-	9,118
	91,236	**12,726**	**(26)**	**-**	**103,936**
Accumulated depreciation					
Land improvements	176	4	-	-	180
Buildings	8,135	123	-	-	8,258
Machinery, plant and equipment	29,964	269	(7)	-	30,226
Motor vehicles	397	8	-	-	405
Furniture and fixtures	9,885	256	(2)	-	10,139
Leasehold improvements	1,331	19	-	-	1,350
Other tangible assets	8,501	62	-	-	8,563
	58,389	**741**	**(9)**	**-**	**59,121**
Carrying amount	**32,847**				**44,815**

Allocation of depreciation expenses is as follows: TRL 297 thousand in cost of goods sold, TRL 175 thousand in marketing, sales and distribution expenses, TRL 269 thousand in general and administrative expenses.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 14 - INTANGIBLE ASSETS

Cost	1 January 2013	Additions	Disposals	Transfers	31 March 2013
Royalty	20,370	-	-	-	20,370
Rights	7,023	122	-	-	7,145
Computer software	10,938	37	-	-	10,975
Construction in progress	4,718	416	-	-	5,134
Other intangible assets	129	-	-	-	129
	43,178	**575**	**-**	**-**	**43,753**
Accumulated amortisation					
Rights	3,648	210	-	-	3,858
Computer software	7,980	348	-	-	8,328
Other intangible assets	126	1	-	-	127
	11,754	**559**	**-**	**-**	**12,313**
Carrying amount	**31,424**				**31,440**

Allocation of amortisation charge is as follows: TRL 183 thousand in cost of goods sold, TRL 158 thousand in marketing, sales and distribution expenses and TRL 218 thousand in general and administrative expenses.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 14 - INTANGIBLE ASSETS (Continued)

Cost	1 January 2012	Additions	Disposals	Transfers	31 March 2012
Rights	5,610	27	-	-	5,637
Computer software	10,057	56	-	148	10,261
Construction in progress	2,896	547	-	(148)	3,295
Other intangible assets	128	2	-	-	130
	18,691	**632**	**-**	**-**	**19,323**
Accumulated amortisation					
Rights	2,670	153	-	-	2,823
Computer software	6,645	298	-	-	6,943
Other intangible assets	73	5	-	-	78
	9,388	**456**	-	**-**	**9,844**
Carrying amount	**9,303**				**9,479**

Allocation of amortisation charge is as follows: TRL 185 thousand in cost of goods sold, TRL 107 thousand in marketing, sales and distribution expenses and TRL 164 thousand in general and administrative expenses.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 15 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions:

	31 March 2013	31 December 2012
Provision for litigations	1,107	1,004
Provision for revision	-	1,150
	1,107	**2,154**

Provision for litigations:

The Group has provided provision for the lawsuits filed against the Group in the amount of TRL 1,107 thousand (31 December 2012: TRL 1,004 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:

	2013	2012
As of 1 January	1,004	1,159
Charge for the period	119	9
Reversal of provision	(16)	-
As of 31 March	**1,107**	**1,168**

b) Contingent assets:

Appeal for return of tax penalty paid:

The Competition Authority decided to conduct an inquiry for eight companies, including EİP, regarding tender of the Training Hospitals. 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:

I- Tax and tax related penalties of the Company:

Tax penalty notified as at 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 regarding 2002 addressed to the Company.

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 Settlements 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 for the appeal of this lawsuit. The Company's response to the petition of the defendant submitted to the Council of State, based on the verdict given by the Council of State and the notification received by the Company the appeal application of the Tax Administration was denied, and the decision of the Tax Court was approved. 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):

I- Tax and tax related penalties of the Company (continued)

Tax penalty notified as at 26 December 2008:

Upon inspections to companies in pharmaceuticals industry by Tax Inspectors Board of Ministry of Finance, TRL 8,896 thousand regarding the corporate income tax (TRL 5,709 thousand of the amount is attributable to additional corporate income tax and TRL 3,187 thousand relate to temporary income tax) and TRL 13,344 thousand of penalty 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.

Since no settlement was reached in the meeting held in Commission for Tax Settlements of the Ministry of Finance on 24 June 2009, the Company filed a lawsuit in the Tax Court of Istanbul within the legal timeframe, and all lawsuits are concluded in favour of the Company.

Boğaziçi Corporate Tax Administration has applied to the Council of State for the appeal of this lawsuit. The Company's response to the petition of the defendant submitted to the Council of State, based on the verdict given by the Council of State and the notification received by the Company the appeal application of the Tax Administration was denied, and the decision of the Tax Court was approved. Accordingly, the lawsuit resulted in favour of the Company and all accrued income taxes and penalties have been cancelled.

Tax penalty notified 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 (TRL 2,340 thousand of the amount is attributable to additional corporate income tax and TRL 4,916 thousand relate to temporary income tax) and TRL 10,914 of penalty 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 meeting held in Commission for Tax Settlements of the Ministry of Finance. Based on the verdict notified to the Company by the 10th Tax Court of Istanbul on 7 April 2011, all lawsuits are concluded in favour of the Company.

Boğaziçi Corporate Tax Administration has applied to the Council of State for the appeal of this lawsuit. The Company corresponded to the petition and sent to Council of State and appeal is in progress.

The Company has not provided any provision for this inspection in the consolidated financial statements, since the lawsuit on the same subject related to the years 2002 and 2003 concluded in favour of the Company in the Tax Court and Council of State.

Tax penalty notified 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 thousand 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.

As a result of assessment made about notifications, the Company filed a lawsuit in Istanbul Tax Court within the legal timeframe, considering the lawsuits on the same subjects filed in previous years which concluded in favour of the Company, for penalties related to 2006 - 2007. According to the decisions notified by Istanbul 10th Tax Court on 28 December 2011, all aforesaid lawsuits resulted in favour of the Company.

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

c) Contingent liabilities (continued):

Tax penalty notified as at 7 April 2011 (continued):

On 29 December 2011, a VAT report is prepared by tax inspectors of Ministry of Finance in connection with tax inspection report related to 2006 which was resulted in favour of the Company. Based on that report, TRL 3,113 thousand regarding the tax and TRL 3,113 thousand regarding the penalty have been levied against the Company by the Büyük Mükellefler Tax Administration.

Since a consensus could not be reached in the meeting held on 29 January 2013 at Commission for Tax Settlements in the Ministry of Finance within the context of Tax Procedure Law, the Group decided to file lawsuits for these tax penalties.

The Company has not provided any provision for this inspection in the consolidated financial statements, since the lawsuit on to corporate tax inspection reports, which presents the ground of VAT inspection reports, concluded in favour of the Company in the Tax Court and Council of State.

II - Tax and tax related penalties of the Group's joint venture EBX:

With respect to inspection reports on VAT refund of services purchased by EBX, the Company's joint venture, based on the inspections performed by tax auditors of Ministry of Finance:

i) For the related tax and penalties, the Company applied to Commission for Tax Settlements in the Ministry of Finance for settlement. The Company filed a lawsuit for the related tax penalties in the Tax Court on 2 December 2011 since no consensus was reached during the settlement. The lawsuit has resulted against EBX and an appeal has been filed in the Council of State on 24 July 2012. For the lawsuits lost in the Tax Court, a provision of TRL 17,764 thousand is provided for the Group's share in total amount of TRL 35,528 thousand calculated by considering overdue interests, based on %50 proportional consolidation of EBX. EBX is agreed on repayment schedule with the tax administration and TRL 11,000 thousand (the Group's share is TRL 5,500 thousand) was paid as cash in 2012, TRL 19,572 thousand (the Group's share is TRL 9,786 thousand) was paid until the approval of these consolidated financial statements for issue.

ii) Within the legal timeframe and the context of Tax Procedure Law the Company applied to Commission for Tax Settlements in the Ministry of Finance for settlement of tax and tax losses penalties notified on 31 December 2012 for 2007 amounting to TRL 27,838 thousand (the Group's share is TRL 13,919 thousand). The Group plans to file a lawsuit in the case of consensus could not be reached. Considering the pending appeal process filed in the Council of State for the notifications related to year 2006 and the results of the current legal proceedings could not be estimated reliably, no provision has been provided for respective penalties in the consolidated financial statements.

iii) Tax and tax losses penalties notified on 4 April 2013 for 2008 amounting to TRL 19,820 (the Group's share is TRL 9,910 thousand). The Group plans to file a lawsuit in the case of consensus could not be reached. Considering the pending appeal process filed in the Council of State for the notifications related to year 2006 and the results of the current legal proceedings could not be estimated reliably, no provision has been provided for respective penalties in the consolidated financial statements. In the context of Tax Procedure Law; the Group is still evaluating alternatives of application for settlement or filing a lawsuit for these notifications and final decision will be taken within the legal timeframe. Considering the pending appeal process filed in the Council of State for the notifications related to year 2006 and the results of the current legal proceedings could not be estimated reliably, no provision has been provided for respective penalties in the consolidated financial statements.

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

c) Contingent liabilities (continued):

III - Tax and tax related penalties and litigation of the Group's subsidiary EİP:

Tax penalty notified as at 3 August 2012:

Within the scope of inspections of companies in pharmaceuticals industry by the Tax Auditors of the Ministry of Finance, a limited investigation has been conducted for EİP Eczacıbaşı İlaç Pazarlama A.Ş. and EIP has been notified for tax penalties consisting of TRL 570 thousand regarding VAT and TRL 855 thousand for its activities of the 2010 - 2011 periods. Based on on-going inspection process, tax penalties for TRL 282 thousand of Corporate Tax, TRL 365 thousand VAT and TRL 917 thousand penalty have been notified for financial year 2010.

The Company filed a pending lawsuit for the related tax penalties in the tax court since no consensus was reached during the settlement in the Commission for Tax Settlements of the Büyük Mükellefler Tax Administration.

The Company has not provided any provision for this inspection in the consolidated financial statements as of 31 March 2013, since there are lawsuits 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. Considering the continuing legal process and uncertainty regarding the ultimate outcome of the matter, no provision has been provided in the consolidated financial statements.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

d) Guarantees given and taken:

	31 March 2013			
Guarantees given	**USD**	**EUR**	**TRL**	**Total**
Suretyship declaration for bank borrowings	-	-	-	
Letters of guarantee	-	-	14,748	14,748
Guaranteed bills of exchange	-	-	-	-
	-	**-**	**14,748**	**14,748**
Guarantees taken	**USD**	**EUR**	**TRL**	**Total**
Letters of guarantee	29,688	9,976	86,532	126,196
Mortgages	-	-	24,375	24,375
Guaranteed bills of exchange	266	-	5,138	5,404
	29,954	**9,976**	**116,045**	**155,975**

	31 December 2012			
Guarantees given	**USD**	**EUR**	**TRL**	**Total**
Suretyship declaration for bank borrowings	-	-	-	-
Letters of guarantee	-	-	14,110	14,110
Guaranteed bills of exchange	-	-	-	-
	-	**-**	**14,110**	**14,110**
Guarantees taken	**USD**	**EUR**	**TRL**	**Total**
Letters of guarantee	30,717	11,388	79,312	121,417
Mortgages	-	-	22,625	22,625
Guaranteed bills of exchange	-	147	5,100	5,247
	30,717	**11,535**	**107,037**	**149,289**

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.

(Amounts expressed in thousand 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 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
A. CPMs given for Company's own legal personality	2,615	2,615
- *Collateral (Fully denominated in TRL)*	*2,615*	*2,615*
- *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	-	-
	2,615	**2,615**

Proportion of other CPMs given to the Group's equity as of 31 March 2013 is 0% (31 December 2012: 0%).

NOTE 16 - EMPLOYEE BENEFITS

	31 March 2013	31 December 2012
Provision for unused vacations	5,600	5,032
Provision for employment termination benefits	4,392	3,782
	9,992	**8,814**

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 2013, the amount payable consists of one month's salary limited to a maximum of TRL 3,129.25 (31 December 2012: TRL 3,033.98) for each year of service.

(Amounts expressed in thousand 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:

	2013	2012
Discount rate (%)	1.58	1.58
Turnover rate to estimate the probability of retirement (%)	89 - 98	89 - 98

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 3,129.25 effective from 1 January 2013 (1 January 2012: TRL 2,805.04) 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:

	2013	2012
As of 1 January	3,782	2,306
Charge for the period (Note 19)	888	295
Payments during the period (-)	(278)	(144)
As of 31 March	**4,392**	**2,457**

At 31 March 2013 total number of personnel employed by the Group is 989 (31 December 2012: 595).

Provision for unused vacations:

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

	2013	2012
As of 1 January	5,032	4,014
Charge for the period (Note 19)	732	713
Payments during the period (-)	(164)	(135)
As of 31 March	**5,600**	**4,592**

(Amounts expressed in thousand 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 Kr 1. 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 2013 and 31 December 2012 are as follows:

	31 March 2013	31 December 2012
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 2013 and 31 December 2012, 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 2013	%	31 December 2012
Eczacıbaşı Holding A.Ş.	50.62	277,476	50.62	277,476
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	22.34	122,459	21.75	119,210
Other (listed) (*)	27.04	148,273	27.63	151,522
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 BIST 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 29 March 2013, 25.98% (31 December 2012: 26.75%) 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 38,316 thousand (31 December 2012: TRL 38,316 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 2013	31 December 2012
Legal reserves	38,316	38,316
Special reserves	219,768	219,768
	258,084	**258,084**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 18 - OPERATING REVENUE AND COST OF GOODS SALES

	1 January - 31 March 2013	1 January - 31 March 2012
Domestic sales	379,169	313,607
Exports	3,613	403
Gross sales	**382,782**	**314,010**
Sales returns (-)	(21,433)	(2,420)
Sales discounts (-)	(108,209)	(99,650)
Net sales	**253,140**	**211,940**
Cost of sales (-)	(202,646)	(174,537)
Gross profit	**50,494**	**37,403**

NOTE 19- MARKETING, SELLING AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

Marketing, selling and distribution expenses	1 January - 31 March 2013	1 January - 31 March 2012
Personnel expenses	12,857	9,390
Advertisement, presentation and promotion expenses	7,759	5,569
Transportation, distribution and warehousing expenses	3,411	1,566
Rent expenses	1,545	1,157
Fuel, energy and water expenses	869	692
Depreciation and amortisation expenses (Notes 13 and 14)	513	282
Travelling expenses	605	457
Consultancy expenses	150	20
Others	2,527	2,108
	30,236	**21,241**

General and administrative expenses	1 January - 31 March 2013	1 January - 31 March 2012
Personnel expenses	9,766	7,529
Consultancy expenses	3,154	2,917
Rent expenses	974	819
Provision for employment termination benefits and actuarial loss (Note 16)	888	295
Provision for unpaid vacation (Note 16)	732	713
Depreciation and amortisation expenses (Notes 13 and 14)	719	433
Repair and maintenance expenses	322	393
Miscellaneous taxes	70	225
Others	367	1,246
	16,992	**14,570**

Research and development expenses	1 January - 31 March 2013	1 January - 31 March 2012
Personnel expenses	249	-
Depreciation and amortisation expenses (Notes 15 and 16)	13	-
	262	**-**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 20 - EXPENSES BY NATURE

	1 January - 31 March 2013	1 January - 31 March 2012
Purchase and consumption of inventories	205,651	183,436
Personnel expenses	25,633	18,108
Advertisement and promotion expense (Note 19)	7,759	5,569
Transportation, distribution and warehousing expenses (Note 19)	3,411	1,566
Consultancy expense (Note 19)	3,304	2,937
Depreciation and amortisation expense (Notes 12, 13, and 14)	3,236	2,571
Changes in commercial inventories	(10,672)	(13,610)
Rent expense (Note 19)	2,519	1,976
Contract manufacturing expense	2,078	6,948
Provision for employment termination benefits (Note 16)	888	295
Others	6,329	552
	250,136	**210,348**

NOTE 21 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January - 31 March 2013	1 January - 31 March 2012
Gain from sales of fixed assets	410	2
Rent income	389	13
Gain from financial assets	117	-
Compensation income	38	23
Collections from doubtful receivables (Note 8 and 26.a)	16	5
Reversal of provisions	-	1,031
Others	479	801
	1,449	**1,875**

Other operating expenses	1 January - 31 March 2013	1 January - 31 March 2012
Provision expense for diminution in value of inventories (Note 10)	1,253	765
Donation expenses	266	336
Provision expense for legal case (Note 15)	119	9
Loss on sales of fixed assets	17	15
Others	551	432
	2,206	**1,557**

NOTE 22 - FINANCIAL INCOME

	1 January - 31 March 2013	1 January - 31 March 2012
Foreign exchange gains	10,871	8,833
Interest income from bank deposits	7,317	12,234
Credit finance income	1,478	1,784
Derivative transactions incomes	-	1,387
	19,666	**24,238**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 23 - FINANCIAL EXPENSES

	1 January - 31 March 2013	1 January - 31 March 2012
Foreign exchange losses	11,286	32,815
Credit finance expenses	1,388	1,463
Interest expense from bank borrowings	700	241
Fair value changes recognised in profit and loss	15	497
Derivative transactions expenses	-	172
Others	51	291
	13,440	**35,479**

NOTE 24 - TAX ASSETS AND LIABILITIES

a) Current income tax on profits:

	31 March 2013	31 December 2012
Corporate and income taxes payable	2,617	8,917
Prepaid taxes (-)	(1,183)	(7,736)
Current income tax liabilities (net)	**1,434**	**1,181**

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, and most of the articles of mentioned law have become effective as of 1 January 2006. Accordingly, corporate tax rate in Turkey is 20% for 2013 (2012: 20%). Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive allowance, etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed except withholding tax at the rate of 19.8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional Article 61.

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

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

In accordance with Tax Law No, 5024 "Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law" that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of Turkish lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment was not applied as these conditions were not fulfilled in the fiscal year 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.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

a) Current income tax on profits (continued):

Turkish Corporate Tax Law No, 5422 on "Exemption of real estate and investment sales gains" has been amended by Law No: 5520 effective from 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, 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 2013 and 2012 are summarized below:

	1 January - 31 March 2013	1 January - 31 March 2012
Current income tax charge (-)	(2,617)	(722)
Deferred income tax benefit	485	2,235
Total income tax (charge) / revenue (-)	**(2,132)**	**1,513**

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:

	1 January - 31 March 2013	1 January - 31 March 2012
Profit before tax / (loss)	**3,351**	**(9,205)**
Effective tax rate	20%	20%
Current year corporation tax expense	**(670)**	**1,841**
Disallowable expenses	(2)	(23)
Tax effect of exempt income	43	75
Items disregarded in the calculation of deferred income tax	(8)	(38)
Current period tax losses	(471)	(367)
Equity method accounting	(1,024)	25
Total income tax (charge) / income (-)	**(2,132)**	**1,513**

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 2012: 20%).

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred income tax (continued):

The breakdown of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided at 31 March 2013 and 31 December 2012 using the enacted tax rates is as follows:

	Cumulative temporary differences		**Deferred income tax assets / (liabilities)**	
	31 March 2013	**31 December 2012**	**31 March 2013**	**31 December 2012**
Provision for unused vacation	(5,600)	(5,032)	1,120	1,006
Provision for employment termination benefits	(4,392)	(3,782)	878	756
Differences between the tax base and carrying amount of inventories	(18,945)	(15,690)	3,789	3,138
Provision for doubtful receivables	(7,469)	(7,484)	1,494	1,497
Deferred credit finance income	(1,068)	(645)	214	129
Provision for litigations	(1,107)	(1,004)	221	201
Accruals for salaries and premiums	(926)	(1,106)	182	221
Tax losses carried forward	(5,460)	(4,077)	1,092	815
Deferred income tax assets (**)	**(44,967)**	**(38,820)**	**8,990**	**7,763**
Fair value differences of available-for-sale financial assets (*)	1,593,864	1,593,936	(79,698)	(79,702)
Difference between the tax base and carrying amount of investment property, property, plant and equipment and intangible assets	14,810	13,325	(2,962)	(2,665)
Deferred credit finance expenses	575	335	(115)	(67)
Other	3,499	1,600	(697)	(300)
Deferred income tax liabilities (-) (**)	**1,612,748**	**1,609,196**	**(83,472)**	**(82,734)**
Deferred income tax liabilities, net	**1,567,781**	**1,570,376**	**(74,482)**	**(74,971)**

(*) Difference between fair value and book value amounts to TRL 1,593,864 thousand (31 December 2012: TRL 1,593,936 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 9,661 thousand (31 December 2012: TRL 8,918 thousand) and deferred tax liability amounting to TRL 84,143 thousand (31 December 2012: TRL 83,889 thousand) presented in the financial statements, which are calculated on a separate entity basis for all companies included in the scope of consolidation.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred income tax (continued):

Based on the assessment made, the Group has not recognized any deferred tax assets over deductible temporary differences amounting to TRL 2,355 thousand (31 December 2012: TRL 1,835 thousand) as of 31 March 2013 considering available evidence with respect to the utilization of those assets in the foreseeable future.

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 are as follows:

	2013	**2012**
As of 1 January	(74,971)	(57,729)
Current year deferred income tax benefit	485	2,235
Deferred income tax liability accounted under equity resulting from increase in value of available-for-sale financial assets	4	49
As of 31 March	**(74,482)**	**(55,445)**

NOTE 25 - EARNINGS PER SHARE

	1 January - 31 March 2013	**1 January - 31 March 2012**
Net gain / (loss) attributable to equity holders of the Company	271	(9,016)
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 / (loss) per share (Kr)	**0.0005**	**(0.0164)**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

NOTE 26 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties at 31 March 2013 and 31 December 2012:

Short-term trade receivables from related parties	31 March 2013	31 December 2012
Due from shareholders		
Eczacıbaşı Holding A.Ş.	2,698	22
	2,698	**22**
Due from Joint Ventures		
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	899	-
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	413	358
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	-	24
	1,312	**382**
Due from Associates		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	241	63
Eczacıbaşı Sağlık Hizmetleri A.Ş.	5	107
Others	1	1
	247	**171**
Due from other related parties		
İpek Kağıt Sanayi ve Ticaret A.Ş.	9,095	-
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	462	231
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	17	-
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	-	110
Others	22	16
	9,596	**357**
	13,853	**932**
Provision for doubtful receivables (-)	-	-
Short-term due from related parties	**13,853**	**932**

Average maturity of the Group's receivables from related parties is 52 days (31 December 2012: 61 days) and is amortised at 5.78% per annum (31 December 2012: 7.18%).

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

a) Balances with related parties at 31 March 2013 and 31 December 2012 (continued):

Short-term trade payables to related parties	31 March 2013	31 December 2012
Due to shareholders		
Eczacıbaşı Holding A.Ş.	9,986	6,503
	9,986	**6,503**
Due to Joint Ventures		
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	4,738	3,116
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	27	7
	4,765	**3,123**
Due to Associates		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	4	2
Eczacıbaşı Sağlık Hizmetleri A.Ş.	-	14
	4	**16**
Due to other related parties		
İpek Kağıt Sanayi ve Ticaret A.Ş.	84,861	85,500
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	2,853	32
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	756	400
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	62	181
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	2,445	1,407
	90,977	**87,520**
	105,732	**97,162**
Deferred credit finance expenses (-)	-	(250)
Short-term due to related parties	**105,732**	**96,912**

Average maturity of the Group's payables to related parties is 51 days (31 December 2012: 87 days) and is amortised at 5.97% per annum (31 December 2012: 5.69%).

Long-term due to related parties	31 March 2013	31 December 2012
Due to shareholders		
Eczacıbaşı Holding A.Ş.	1,039	1,414
	1,039	**1,414**

(Amounts expressed in thousand 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	**1 January - 31 March 2013**	**1 January - 31 March 2012**
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	648	1,079
Ekom Eczacıbaşı Dış Ticaret A.Ş.	460	272
Others	2	2
	1,110	**1,353**
Service sales		
Eczacıbaşı Holding A.Ş.	21,315	6,922
İpek Kağıt Sanayi ve Ticaret A.Ş.	12,573	3,144
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	-	1,938
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	1,263	1,279
Others	3	1
	35,154	**13,284**
Product purchases		
İpek Kağıt Sanayi ve Ticaret A.Ş.	68,806	77,632
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	5,564	5,421
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	482	766
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	-	43,459
Others	1	11
	74,853	**127,289**
Service purchases		
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	2,587	1,837
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	1,478	261
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	348	289
Eczacıbaşı Holding A.Ş.	156	110
Eczacıbaşı Sağlık Hizmetleri A.Ş.	25	19
Others	26	-
	4,620	**2,516**

(Amounts expressed in thousand 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	1 January - 31 March 2013	1 January - 31 March 2012
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	5	11
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	1	5
	6	**16**

Financial expenses		
İpek Kağıt Sanayi ve Ticaret A.Ş.	578	820
EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş.	-	232
Others	79	260
	657	**1,312**

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

Management and royalty fees paid to related parties	1 January - 31 March 2013	1 January - 31 March 2012
Eczacıbaşı Holding A.Ş. (*)	2,475	2,486
	2,475	**2,486**

(*) Management fees paid to Eczacıbaşı Holding A.Ş. comprise law, financial corporate identity, budget planning, audit and human resource services received from Eczacıbaşı Holding A.Ş.

Rent income received from related parties	1 January - 31 March 2013	1 January - 31 March 2012
Eczacıbaşı Holding A.Ş.	791	754
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	407	403
İpek Kağıt Sanayi ve Ticaret A.Ş.	131	201
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	43	41
İntema İnşaat ve Tesisat Mlz. Yatırım ve Paz. A.Ş.	21	19
Others	25	8
	1,418	**1,426**

Rent expenses paid to related parties		
Eczacıbaşı Holding A.Ş.	477	475
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	46	27
	523	**502**

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

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

Other expenses paid to related parties	**1 January - 31 March 2013**	**1 January - 31 March 2012**
Eczacıbaşı Holding A.Ş.	117	118
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	49	-
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	17	14
Others	31	8
	214	**140**

Donations paid to related parties		
Dr. Nejat F. Eczacıbaşı Vakfı	266	336
	266	**336**

The Group purchases computer hardware, computer by products and related consumable products from Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.; sanitary ware and related consumable products from İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. and various raw materials, finished goods and merchandise from other group companies.

The Group renders services related to administration of Kanyon complex from Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.; IT consultancy services and technical services related to maintenance, operation, update, breakdown and system support from Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.; financial audit and consultancy, human resources, social affairs, finance, budget, corporate communication, legal, IT systems, communication, technical training etc. services from Eczacıbaşı Holding A.Ş.; advertisement services from Eczacıbaşı Spor Kulübü; custom clearance and brokerage services for export registered sales from Ekom Eczacıbaşı Dış Ticaret A.Ş. health services from Eczacıbaşı Sağlık Hizmetleri A.Ş.; and various other services from other group companies.

Within the context of real estate operations, the Group provide audit, follow-up and subcontractor management services to Eczacıbaşı Holding A.Ş. related to construction process of co-executed Ormanada Project as detailed in Note 29.

The Group generates rent income from offices located in Kanyon and real estates located in Ayazağa.

The Group performs the sale and distribution of medical, healthcare and consumer products of Eczacıbaşı Group. In this context Group makes merchandise purchase from İpek Kağıt Sanayi ve Ticaret A.Ş., EBC Eczacıbaşı-Beiersdorf Kozmetik Ürünler Sanayi ve Ticaret A.Ş. and Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş. and generates revenue from the services related to storage, transportation and sale of those merchandises.

The Group does not have any contingent assets or liabilities caused by related party transactions as of 31 March 2013 and 31 December 2012.

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

Benefits provided to top management:

The Group has determined key management personnel as board members, group presidents, vice-presidents and general manager.

Short term benefits provided to key management personnel consists of salaries, premiums, social insurance related payments, health insurance and seniority incentive award. Long term benefits provided to key management personnel consists of employee termination benefits paid to discharged key management personnel due to retirement and/or transfer and service award payments.

Detail of compensation amounts provided to key management personnel is as follows:

Key management personnel compensation	2013	2012
Short term benefits provided to key management personnel	7,071	6,291
Long term benefits provided to key management personnel	-	-
	7,071	**6,291**

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. 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 thousand 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 2013 and 31 December 2012 are as follows:

	Trade receivables from		Other receivables from			
31 March 2013	**Related parties**	**Other**	**Related parties**	**Other**	**Deposit in banks**	**Other (*)**
Maximum credit risk exposed as of balance sheet date (**)	**13,853**	**225,670**	**-**	**278**	**701,079**	**3,532**
- Secured portion of the maximum credit risk by guarantees	***-***	***60,990***	***-***	***-***	***-***	***-***
A. Net book value of financial assets that are neither past due nor impaired	12,570	180,355	-	278	701,079	-
- Secured portion by guarantees, etc.	-	56,531	-	-	-	-
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 (***)	1,283	45,315	-	-	-	3,532
- Secured portion by guarantees, etc.	-	4,459	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	7,469	-	-	-	-
- Impairment (-)	-	(7,469)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.						
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 2013, 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 thousand 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 2012	**Related parties**	**Other**	**Related parties**	**Other**	**Deposit in banks**	**Other (*)**
Maximum credit risk exposed as of balance sheet date (**)	**932**	**175,464**	**-**	**325**	**705,021**	**3,564**
- Secured portion of the maximum credit risk by guarantees	**-**	***76,068***	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due nor impaired	932	143,719	-	325	705,021	-
- Secured portion by guarantees, etc.	-	73,276	-	-	-	-
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 (***)	-	31,745	-	-	-	3,564
- Secured portion by guarantees, etc.,	-	2,792	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	7,484	-	-	-	-
- Impairment (-)	-	(7,484)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
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 2012, 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 thousand 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 2013 and 31 December 2012 are as follows:

	Trade receivables from		
31 March 2013	**Related parties**	**Other**	**Deposits in bank**
Past due up to 30 days	1,283	20,121	-
Past due 1 - 3 months	-	20,849	-
Past due 3 - 12 months	-	4,345	-
Past due 1 - 5 year (*)	-	-	3,532
	1,283	**45,315**	**3,532**
Secured portion of receivables by guarantees, etc.	**-**	**4,459**	**-**

	Trade receivables from		
31 December 2012	**Related parties**	**Other**	**Deposits in bank**
Past due up to 30 days	-	7,742	-
Past due 1 - 3 months	-	19,977	-
Past due 3 - 12 months	-	4,019	-
Past due 1 - 5 year (*)	-	7	3,564
		31,745	**3,564**
Secured portion of receivables by guarantees, etc.	**-**	**2,792**	**-**

(*) 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 thousand 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 is as follows:

	31 March 2013					
			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**
Other financial liabilities	54,954	55,353	48,969	6,384	-	-
Trade payables due to related parties	106,771	106,771	99,749	4,944	2,078	-
Other trade payables	145,131	145,706	128,567	17,139	-	-
Other payables	1,694	1,694	1,694	-	-	-
Total non-derivative financial liabilities	**308,550**	**309,524**	**278,979**	**28,467**	**2,078**	**-**

	31 December 2012					
			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**
Other financial liabilities	31,832	32,181	26,593	5,525	63	-
Trade payables due to related parties	98,326	98,576	85,449	11,713	1,414	-
Other trade payables	115,450	115,785	94,213	21,572	-	-
Other payables	1,480	1,480	1,480	-	-	-
Total non-derivative financial liabilities	**247,088**	**248,022**	**207,735**	**38,810**	**1,477**	**-**

The Group is exposed to fair value interest rate risk via borrowing credit with fixed interest rate.

(Amounts expressed in thousand of Turkish Lira ("TRL") unless otherwise indicated.)

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

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.

	31 March 2013	31 December 2012
Financial instruments with fixed interest rates:		
Financial assets		
- Cash and cash equivalents	701,133	705,168
- Fair value changes recognised in to profit and loss	439	7
Financial liabilities		
- Financial liabilities	54,954	31,832

At 31 March 2013, 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 550 thousand (31 March 2012: TRL 280 thousand) higher / lower as a result of interest expenses.

i) 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 thousand 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 2013			
	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)	19,823	(19,823)	19,823	(19,823)
Secured position (-)	-	-	-	-
USD net effect	**19,823**	**(19,823)**	**19,823**	**(19,823)**
In case of 10% change in EUR against TRL:				
EUR net asset / (liability)	25,453	(25,453)	25,453	(25,453)
Secured position (-)	-	-	-	-
EUR net effect	**25,453**	**(25,453)**	**25,453**	**(25,453)**
In case of 10% change in other foreign exchange rates against TRL:				
Other foreign currency net asset / (liability)	-	-	-	-
Secured position (-)	-	-	-	-
Other foreign currencies net effect	**-**	**-**	**-**	**-**
	45,276	**(45,276)**	**45,276**	**(45,276)**

(Amounts expressed in thousand 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 2012			
	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)	19,852	(19,852)	19,852	(19,852)
Secured position (-)	-	-	-	-
USD net effect	**19,852**	**(19,852)**	**19,852**	**(19,852)**
In case of 10% change in EUR against TRL:				
EUR net asset / (liability)	27,775	(27,775)	27,775	(27,775)
Secured position (-)	-	-	-	-
EUR net effect	**27,775**	**(27,775)**	**27,775**	**(27,775)**
In case of 10% change in other foreign exchange rates against TRL:				
Other foreign currency net asset / (liability)	(5)	5	(5)	5
Secured position (-)	-	-	-	-
Other foreign currencies net effect	**(5)**	**5**	**(5)**	**5**
	47,622	**(47,622)**	**47,622**	**(47,622)**

TRL equivalents of assets and liabilities held by the Group denominated in foreign currency at 31 March 2013 and 31 December 2012 in consideration of foreign exchange rates are as follows:

	31 March 2013	31 December 2012
USD	1.8087	1.7826
EUR	2.3189	2.3517

(Amounts expressed in thousand 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 2013 were as follows:

	31 March 2013			
		Original amounts		
	Total TRL equivalent	USD	EUR	Others(*)
Current assets:				
Cash and cash equivalents	493,974	130,649	111,117	-
Financial investments	748	414	-	-
Trade receivables	6,541	2,891	566	-
	501,263	**133,954**	**111,683**	**-**
Non-current assets:				
Financial investments	2,784	1,539	-	-
Trade receivables	1,489	823	-	-
	4,273	**2,362**	**-**	**-**
Current liabilities:				
Trade payables	15,727	6,303	1,866	-
Other payables	1,083	599	-	-
Other current liabilities	31,389	17,288	52	-
	48,199	**24,190**	**1,918**	**-**
Non-current liabilities:				
Other non-current liabilities	4,576	2,526	3	-
	4,576	**2,526**	**3**	**-**
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	**452,761**	**109,600**	**109,762**	**-**
Fair value of currency derivatives held for hedging	-	-	-	-
Net position of off-balance sheet contingent assets and liabilities				
Guarantees and pledges taken	39,930	16,561	4,302	-
Guarantees and pledges given	-	-	-	-
Exports	1,725	954	-	-
Imports	16,884	1,298	3,289	2,518

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

(Amounts expressed in thousand 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 2012 were as follows:

	31 December 2012			
		Original amounts		
	TRL equivalent	**USD**	**EUR**	**Others (*)**
Current assets:				
Cash and cash equivalents	519,748	126,067	125,450	-
Financial investments	372	209	-	-
Trade receivables	9,703	4,479	731	-
	529,823	**130,755**	**126,181**	**-**
Non-current assets:				
Financial investments	3,192	1,791	-	-
Trade receivables	1,603	899	-	-
	4,795	**2,690**	**-**	**-**
Current liabilities:				
Trade payables	23,060	2,318	8,029	16
Other current liabilities	30,179	16,868	47	-
Other payables	982	551	-	-
	54,221	**19,737**	**8,076**	**16**
Non-current liabilities:				
Other non-current liabilities	4,174	2,340	1	-
	4,174	**2,340**	**1**	**-**
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	**476,223**	**111,368**	**118,104**	**(16)**
Fair value of currency derivatives held for hedging	**-**	**-**	**-**	**-**
Net position of off-balance sheet contingent assets and liabilities				
Guarantees and pledges taken	39,930	16,561	4,302	-
Guarantees and pledges given	-	-	-	-
Exports	675	366	-	8
Imports	25,531	2,594	8,857	27

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

NOTE 28 - SUBSEQUENT EVENTS

a) The Company's 48.13% owned subsidiary, Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri Sanayi ve Ticaret A.Ş., merged its 100% subsidiaries Ataman Ecza ve İtriyat Deposu Sanayi ve Ticaret A.Ş. and Ataman İlaç Kozmetik Kimya Sanayi ve Ticaret A.Ş. on 1 April 2013 according to the Turkish Commerce Law's 155/1-b amendments and Corporate Tax Law's 18 – 20th amendments in order to increase the effectiveness in rivalry, economic benefits and synergy. At the same date, Ataman Ecza ve İtriyat Deposu Sanayi ve Ticaret A.Ş. changed its name to Eczacıbaşı Hijyen Ürünleri Sanayi ve Ticaret Anonim Şirketi.

The decisions taken on General Assembly meeting is approved by Istanbul Trade Registry Office on 1 April 2013.

b) With respect to inspection reports on VAT refund of services purchased in 2008 by EBX, the Company's joint venture, based on the inspections performed by tax auditors of Ministry of Finance, Büyük Mükellefler Tax Administration has levied;

Tax and tax losses penalties for 2008 amounting to TRL 19,820 thousand, which consists of TRL 5,795 thousand of tax base (TRL 4,565 thousand attributable to corporate income tax and TRL 1,230 thousand attributable to withholding tax) and TRL 14,025 thousand of tax penalty.

In the context of Tax Procedure Law; EBX is still evaluating alternatives of application for settlement or filing a lawsuit for these notifications and final decision will be taken within the legal timeframe.

c) With respect to inspection reports on VAT refund of services purchased in 2008, 2009 and 2010 by EBX, the Company's joint venture, based on the inspections performed by tax auditors of Ministry of Finance, Büyük Mükellefler Tax Administration has levied;

Notifications for tax bases and penalties amounting to TRL 54,558 thousand, which composed of TRL 16,619 thousand tax base (TRL 11,366 thousand corporate tax, TRL 5,253 thousand VAT) and TRL 37,939 thousand tax losses penalty, and payment order of VAT return amounting to TRL 4,104 thousand with respect to the delivery of goods subject to reduced rate for the fiscal year 2010 are sent on 3 May 2013. It has been also notified that the collection procedures will commence if payment order of VAT return is not paid.

In the context of Tax Procedure Law; EBX is still evaluating alternatives of application for settlement or filing a lawsuit for the related notifications amounting TRL 54,558 thousand, as well as final decision will be taken within the legal timeframe.

For the notification amounting TRL 4,104 thousand of Büyük Mükellefler Tax Administration, a lawsuit will be filed in the legal timeframe.

d) In the Ordinary General Assembly meeting for financial year 2012 held on 14 May 2013, it has been decided to take retained earnings in the consolidated financial statements and 2011 extraordinary reserves in the statutory financial statements into consideration for the profit distribution of 2012, since the profit distribution of public companies should be based on the consolidated financial statements which are prepared and published to public in accordance with CMB's Communiqué Serial: XI, No: 29, "Principles of Financial Reporting in Capital Markets" by the CMB's decision dated on 27 January 2010 and numbered 2/51. In this respect, it has been decided to distribute TRL 54,820,800 as dividend referring to 10% of authorised share capital and the distribution will commence on 28 May 2013.

NOTE 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 28 September 2010, it has been decided to;

- Implement a real estate project under the name "Ormanada" on the land in the province of Istanbul and in the district of Sarıyer/Zekeriyaköy with 50% ownership the Group and 50% ownership of Eczacıbaşı Holding A.Ş.,
- Build real estates (houses) of "Ormanada" Project in two different phases and complete until the end of year 2013, in accordance with the agreement signed with and under the supervision of the Company's subsidiary, Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş., by tendering the construction through determination of contractors or subcontractors considering one of methods of collecting orders based on unit prices, general negotiation or jobwork,
- Complete necessary process for the sale of the real estates (homes) of "Ormanada" Project, which will be built on land plots with completed legal processes, in October of 2010,
- Sign necessary agreements with banks in the context of providing credit lines to customers up to 75% of the sales price of real estates (homes) of "Ormanada" Project,
- Guarantee repayment of TRL customer bank loans obtained for the real estates (homes) sold until the date of forming legal mortgage rights on behalf of banks and in this respect to sign necessary agreements between banks and the Company by representation of the two board members with first decree signature authorization.

The public has been informed about Ormanada Project, which has an investment amount of approximately USD 300 million and the size of houses varies between 170 and 700 square meters with sales price range from USD 500 thousand to USD 2.2 million, with press release and material event disclosure on Public Disclosure Platform on 18 October 2010. Ormanada Project has created in collaboration with international knowledge and experience of Torti Gallas and Partners, Kreatif Mimarlık and Rainer Schmidt Landscape Architects. The project has been initially designed as 188 villas and 71 side by side houses totalling to 259 residential units with 25 acres of greenbelt, which could be extended to 273 units as a result of the on-going revisions. The Project will be completed in two different phases and first phase consists of 150 units and second phase, which's reconstruction process is still on-going, will consist of 123 unit as of the date of this report. In the first phase, 70 units were sold and sales agreements were signed by sales connection for 48 units included in the second phase. Additionally, the subcontractor of the Ormanada Project's infrastructure works, which include construction of roads, electricity, water, sewer, natural gas, telephone, etc. except for construction of buildings) has been determined and has started its activities and continues construction process as planned.

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