İNTEMA İNŞAAT VE TESİSAT MALZEMELERİ YATIRIM VE PAZARLAMA ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AS OF 31 DECEMBER 2011 (ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Intema Inşaat ve Tesisat Malzemeleri
Yatırım ve Pazarlama Anonim Şirketi

Introduction

We have audited the accompanying financial statements of Intema Inşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama Anonim Şirketi ("the Company") which comprise the balance sheet as at 31 December 2011, and the statement of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with the financial reporting standards announced by the Capital Markets Board.

İstanbul, 16 Mart 2012

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

Burç Seven
Partner

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BALANCE SHEET
AS AT 31 DECEMBER 2011

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Year 31 December 2011	Prior Year 31 December 2010
ASSETS			
Current Assets		**122.728.534**	**96.517.887**
Cash and Cash Equivalents	4	1.895.548	2.379.707
Trade Receivables		109.184.999	84.649.693
-Due from Related Parties	6, 24	1.959.642	810.343
-Other Trade Receivables	6	107.225.357	83.839.350
Other Receivables	7	52.704	32.036
Inventories	8	9.622.300	7.890.798
Other Current Assets	13	1.972.983	1.565.653
Non-Current Assets		**30.690.838**	**29.535.317**
Other Receivables	7	26.070	25.254
Financial Investments	5	17.333.083	19.003.708
Property and Equipments	9	8.465.096	7.869.459
Intangible Assets	10	4.262.710	2.008.725
Deffered Tax Assets	22	220.105	433.107
Other Non-Current Assets	13	383.774	195.064
TOTAL ASSETS		**153.419.372**	**126.053.204**

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

BALANCE SHEET
AS AT 31 DECEMBER 2011
(Amounts expressed in Turkish Lira (TL))

LIABILITIES	Notes	Current Year 31 December 2011	Prior Year 31 December 2010
Current Liabilities		**135.721.491**	**105.577.495**
Trade Payables		119.708.383	91.397.705
-Due to Related Parties	6, 24	85.564.531	87.017.485
-Other Trade Payables	6	34.143.852	4.380.220
Other Payables	7	1.636.646	1.065.455
Provisions for Employee Benefits	12	2.411.664	1.271.995
Other Current Liabilities	14	912.071	682.768
Order Advances Received	14	11.052.727	11.159.572
Non-Current Liabilities		**2.109.301**	**3.514.354**
Provisions for Employee Benefits	12	985.536	1.428.577
Other Non-Current Liabilities	14	1.123.765	2.085.777
EQUITY		**15.588.580**	**16.961.355**
Share Capital	15	4.860.000	4.860.000
Adjustments to Share Capital	15	47.440.914	47.440.914
Revaluation Funds	15	9.576.675	11.163.770
Restricted Legal Reserves	15	115.994	115.994
Accumulated Losses	15	(46.619.323)	(43.265.036)
Net profit / (loss) for the year		214.320	(3.354.287)
TOTAL LIABILITIES AND EQUITY		**153.419.372**	**126.053.204**

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

İNTEMA İNŞAAT VE TESİSAT MALZEMELERİ YATIRIM VE PAZARLAMA A.Ş.

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011
(Amounts expressed in Turkish Lira (TL))

	Notes	Current Year 1 January - 31 December 2011	Prior Year 1 January - 31 December 2010
Revenue	16	483.040.945	384.443.554
Cost of sales (-)	16	(426.601.211)	(340.370.025)
Gross profit		**56.439.734**	**44.073.529**
Marketing, sales and distribution expenses (-)	17	(43.904.900)	(36.157.359)
Administrative expenses (-)	17	(11.853.621)	(12.838.019)
Other income	19	1.775.537	1.732.082
Other expenses (-)	19	(482.072)	(665.002)
Operating income / (Loss)		**1.974.678**	**(3.854.769)**
Finance income	20	6.078.063	6.121.390
Finance expenses (-)	21	(7.541.889)	(5.842.012)
Profit / (loss) before tax		**510.852**	**(3.575.391)**
Income tax expense			
Current tax expense		-	-
Deferred tax (expense) / benefit	22	(296.532)	221.104
Net profit / (loss) for the year		**214.320**	**(3.354.287)**
Profit / (loss) per share	23	0,0441	(0,6902)

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

İNTEMA İNŞAAT VE TESİSAT MALZEMELERİ YATIRIM VE PAZARLAMA A.Ş.

STATEMENT OF COMREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011
(Amounts expressed in Turkish Lira (TL))

	Notes	Current Year 1 January - 31 December 2011	Prior Year 1 January - 31 December 2010
Net profit / (loss) for the year		**214.320**	**(3.354.287)**
Other comprehensive income / (loss):			
Change in available-for-sale financial assets fair value	5	(1.670.625)	2.660.625
Income tax related to other comprehensive income / (loss)		83.530	(133.030)
Other comprehensive income / (loss):		**(1.587.095)**	**2.527.595**
Total comprehensive loss		**(1.372.775)**	**(826.692)**

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

İNTEMA İNŞAAT VE TESİSAT MALZEMELERİ YATIRIM VE PAZARLAMA A.Ş.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011
(Amounts expressed in Turkish Lira (TL))

	Notes	Share Capital	Adjustments to Share Capital	Revaluation Funds	Restricted Reserves	Accumulated Losses	Net profit / (loss) for the year	Total Equity
Balance as of 1 January 2010		**4.860.000**	**47.440.914**	**8.636.175**	**115.994**	**(42.303.361)**	**(961.675)**	**17.788.047**
Transfers		-	-	-	-	(961.675)	961.675	-
Loss for the year		-	-	-	-	-	(3.354.287)	(3.354.287)
Other comprehensive income (after tax)	15	-	-	2.527.595	-	-	-	2.527.595
Balance as at 31 December 2010		**4.860.000**	**47.440.914**	**11.163.770**	**115.994**	**(43.265.036)**	**(3.354.287)**	**16.961.355**
Transfers		-	-	-	-	(3.354.287)	3.354.287	-
Profit for the year		-	-	-	-	-	214.320	214.320
Other comprehensive income (after tax)	15	-	-	(1.587.095)	-	-	-	(1.587.095)
Balance as at 31 December 2011		**4.860.000**	**47.440.914**	**9.576.675**	**115.994**	**(46.619.323)**	**214.320**	**15.588.580**

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

İNTEMA İNŞAAT VE TESİSAT MALZEMELERİ YATIRIM VE PAZARLAMA A.Ş.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011
(Amounts expressed in Turkish Lira (TL))

	Notes	Current Year 1 January - 31 December 2011	Prior Year 1 January - 31 December 2010
A. Cash Flows from Operating Activities			
Net profit / (loss) for the year		**214.320**	**(3.354.287)**
Taxes	22	296.532	(221.104)
Depreciation and amortisation expenses	9,10	3.368.497	2.923.787
Provision for employment termination benefits	12	363.850	779.212
Increase in unused vacation liability	12	383.389	580.723
Net gain on sales of tangible assets	19	5.831	(172.446)
Interest income	20	(16.542)	(119.682)
Deferred credit finance income	6, 24	1.560.301	697.603
Deferred credit finance expense	6, 24	(1.952.238)	(763.316)
Change in provision for impairment of inventories	8	93.137	219.488
Allowances for doubtful receivables	6	143.209	1.090.835
Operating profit before changes in working capital		**4.460.286**	**1.660.813**
Increase in trade receivables	6	(25.088.226)	(16.381.523)
Increase in inventories	8	(1.824.639)	(1.675.962)
(Increase) / decrease in other receivables and assets	7	(615.043)	1.095.752
Increase / (decrease) in trade payables	6	31.688.918	(624.864)
Increase in other receivables	7	487.917	7.874.394
(Decrease) / increase in due to related parties' receivables and payables	24	(2.576.592)	2.489.431
Cash provided from / (used in) operations		**6.532.621**	**(5.561.959)**
Taxes paid	13	(2.481)	(32.597)
Termination indemnities paid	12	(806.891)	(510.110)
		5.723.249	**(6.104.666)**
B. Cash Flows from Investing Activities			
Purchases of property and equipments	9	(3.217.854)	(5.373.897)
Purchases of intangible assets	10	(3.008.200)	(1.311.736)
Proceeds from sale of tangible assets		2.104	242.361
Proceeds from sale of assets held for sale		-	1.496.559
Net cash used in investment activities		**(6.223.950)**	**(4.946.713)**
C. Cash Flows from Financing Activities			
Interest received		16.542	119.682
Net cash provided by financing activities		**16.542**	**119.682**
Change in cash and cash equivalents		**(484.159)**	**(10.931.697)**
Cash and cash equivalents at the beginning of the year		**2.379.707**	**13.311.404**
Cash and cash equivalents at the end of the year		**1.895.548**	**2.379.707**

(Amounts expressed in Turkish Lira (TL))

1 - ORGANIZATION AND NATURE OF OPERATIONS

İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. ("İntema" or "the Company") was established in 1978. Its main subject of business is marketing and selling products of Eczacıbaşı Yapı Group in Turkey alongside providing products and a whole range of services commencing from projection and planning, orientation and sophisticated presentation, exhibition, consultancy, sales and after-sales services for the renovated bathrooms and kitchens market.

The Company is registered in Turkey and the address of the registered office is as follows:

Büyükdere Caddesi Ali Kaya Sk. No: 7
Levent / İstanbul / Türkiye

The Company's total number of employees between in 31 December 2011 and 31 December 2010:

	31 December 2011	31 December 2010
Wholesale	172	167
Retail	125	117
Other	15	12
	312	296

The accompanying financial statements for the period 1 January-31 December 2011 have been approved by the Board of Directors of the Company as at 16 March 2012.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Basis of Preparation of Financial Statements

The Company maintains their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and Tax Legislation.

Capital Market Board (CMB) Communiqué No XI-29 "Capital Markets Financial Reporting Standards" provides principals and standards regarding the preparation and presentation of financial statements. This Communiqué became effective for periods beginning after 1 January 2008 and with its issuance Communiqué No XI-25 "Capital Markets Accounting Standards" was superseded. Based on this Communiqué, the companies are required to prepare their financial statements based on International Financial Reporting Standards ("IFRS") as accepted by the European Union. However during the period in which the differences between the standards accepted by European Union and the standards issued by International Accounting Standards Board ("IASB") are announced by Turkish Accounting Standards Board ("TASB"), IAS/ IFRS will be applied. Accordingly, Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") issued by the TASB, which do not contradict with the aforementioned standards shall be applied.

The accompanying financial statements have been prepared in accordance with IFRS and comply with CMB's decree announce on 17 April 2008 and 9 January 2009 regarding the format of the financial statements and footnotes.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Cont'd)

2.1 Basis of the presentation (Cont'd)

Basis of Preparation of Financial Statements (cont'd)

According to Statutory Decree No: 660, which was published in the Official Gazette on 2 November 2011, and effective from publisment date, the Additional Clause 1 of the Law No: 2499 were nullified and "Public Oversight, Accounting and Audit Standards Institution" (the "Institution") was established. As per Additional Article 1 of the Statutory Decree, applicable laws and standards will apply until new standards and regulations be issued by the Institution and will become effective. In this respect, the respective matter has no effect over the 'Basis of The Preparation of Financial Statements" note which disclosed in notes to the accompanying financial statements as of the reporting date.

Accompanying consolidated financial statements of the Group are prepared on historical cost basis except for financial assets and liabilites at fair value..

Presentation and functional currency

The financial statements of the Company is prepared in accordance with the prevailing currency (functional currency) in the economic environment in which they operate. The Company's financial statements are presented in Turkish Lira (TL), which is the effective currency unit representing its activities in the current economic environment.

Inflation accounting

CMB, with its resolution dated 17 March 2005 and 11/367 numbered law declared that companies operating in Turkey which prepare their financial statements in accordance with CMB Accounting Standards, effective 1 January 2005, will not be subject to the application of inflation accounting. Consequently, in the accompanying financial statements, IAS 29 "Financial Reporting in Hyperinflationary Economies" was not applied since 1 January 2005.

Comparative information

Financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes.

There are some reclassification changes made to comparative figures in the financial statements for the current period in order to provide consistency, which are follows:

- Other operating income: Previously, the amount of TL 57.225 relating to "collection of doubtful receivables" presented in "Other operating income" in the income statement for the period ended 31 December 2010 has been presented in "Administrative expenses" in the income statement and the comparative financial statement for the period ended 31 December 2011.
- Other operating income: Previously, the amount of TL 4.705 relating to "dividend income" presented in "Other operating income" in the income statement for the period ended 31 December 2010 has been presented in "Financial income" in the income statement and the comparative financial statement for the period ended 31 December 2011.

Going concern

Financial statements have been prepared in accordance with the principle of going concern.

(Amounts expressed in Turkish Lira (TL))

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.2 Changes in Accounting Policies

Significant changes in accounting policies are applied retroactively and prior year financial statements are restated when necessary. The Company does not have any change in its accounting policies in the current year.

2.3 Changes in Accounting Estimates

Changes in accounting policies or accounting errors are applied retroactively and the financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. There is no material change in accounting estimates of the Company in the current year.

2.4 New and Revised International Financial Reporting Standards

(a) New and revised standards applied with no material effect on the consolidated financial statements and effective as of 2011

The following new and revised Standards and Interpretations have been adopted in the current year in these financial statements with no effect on the financial statements.

Amendments to IAS 1 Presentation of Financial Statements (as part of Improvements to IFRSs issued in 2010)	The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. Described in footnotes to the Company's other comprehensive income, this change has not been a significant impact on the financial statements of the current period.
IAS 24 Related Party Disclosures (as revised in 2009)	IAS 24 (as revised in 2009) has been revised on the following two aspects: (a) IAS 24 (as revised in 2009) has changed the definition of a related party and (b) IAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities. The Company is not government-related entities. Implementation of these changes has not been an impact on the Company's current year financial statements.
Amendments to IAS 32 Classification of Rights Issues	The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application. The application of the amendments did not have effect on the financial statements because the Company has not issued instruments of this nature.

(Amounts expressed in Turkish Lira (TL))

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised International Financial Reporting Standards (cont'd)

(a) New and revised standards applied with no material effect on the consolidated financial statements and effective as of 2011 (cont'd)

Amendments to IFRS 3 Business Combinations	As part of *Improvements to IFRSs* issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, IFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date ('market-based measure'). The application of the amendments has had no effect on the financial statements because the Company did not have any business combination in the current year.
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement	IFRIC 14 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of IAS 19; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments has not had material effect on the Group's financial statements.
Amendments to IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss. The application of IFRIC 19 has had no effect on the amounts reported in the current and prior years because the Company has not entered into any transactions of this nature.
Improvements to IFRSs issued in 2010	The application of *Improvements to IFRSs* issued in 2010 has not had any material effect on amounts reported in the financial statements

(Amounts expressed in Turkish Lira (TL))

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised International Financial Reporting Standards (cont'd)

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

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

Amendments to IFRS 7	Disclosures – Transfers of Financial Assets: Presentation **-** Offsetting of Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS 32	Financial Instruments: Presentation **-** Offsetting of Financial Assets and Financial Liabilities

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Company management does not anticipate that these amendments to IFRS 7 will have a significant effect on the Company's disclosures. However, if the Company enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related agreements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are required for annual or interim periods beginning on or after 1 January 2013.

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised International Financial Reporting Standards (cont'd)

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

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised 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 amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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.

IFRS 9 was amended to defer the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 to annual periods beginning on or after 1 January 2015. Prior to the amendments, application of IFRS 9 was mandatory for annual periods beginning on or after 1 January 2013. The amendments continue to permit early application. The amendments modify the existing comparative transition disclosures in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Instead of requiring restatement of comparative financial statements, entities are either permitted or required to provide modified disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9 depending on the entity's date of adoption and whether the entity chooses to restate prior periods.

The Company management anticipates that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Company'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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised International Financial Reporting Standards (cont'd)

(b) New and Revised IFRSs in issue but not yet effective (cont'd)

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five Standards are described below.

IFRS 10 replaces the parts of IAS 27 and Separate Financial Statements that deal with financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation,that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or un structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Company management does not anticipate that these five standards will have a significant effect on the Company's disclosures.

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.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised International Financial Reporting Standards (cont'd)

(b)New and Revised IFRSs in issue but not yet effective (cont'd)

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that IFRS 13 will be adopted in the Group's financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may not affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

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 additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will 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 to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The amendments to IAS 12 are effective for annual periods beginning on or after 1 January 2012. The Company management does not anticipate that these five standards will have a significant effect on the Company's disclosures.

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 recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the 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 directors anticipate that the amendments to IAS 19 will be adopted in the Company's financial statements for the annual period beginning 1 January 2013 and this new standard will not have an impact on financial statements.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.4 New and Revised International Financial Reporting Standards (cont'd)

(b) New and Revised IFRSs in issue but not yet effective (cont'd)

On 19 October 2011 the IASB issued an Interpretation, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, clarifying the requirements for accounting for stripping costs in the production phase of a surface mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. The Interpretation is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after 1 January 2014.

2.5 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note 4).

Trade receivables and provision for impairment

Trade receivables that are originated by the Company by way of providing goods or services directly to a debtor are carried at amortised cost using the effective interest method. Short-term trade receivables with no stated interest rate are measured at original invoice amount.

A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income (Note:6, 24).

Related Parties

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

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Credit finance income/expenses

Credit finance income/expenses represent imputed finance income/expenses on credit sales and purchases. Such income/expenses are recognised as financial income or expenses over the term of credit sale and purchases, and included under financial income and expenses (Notes 20 and 21).

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on weighted moving avarage methods. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down (Note 8).

Property and equipment

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

Lands are not subject to amortization because of the indefinite useful life.

	Useful Life
Machinery and equipment	4-15 year
Furniture and fixtures	4-15 year
Motor Vehicles	4 year
Leasehold improvements	2-15 year

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset‟s fair value less costs to sell and value in use. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible fixed assets

Intangible fixed assets include software and information systems.Net book values of these intangible fixes assets are presented with purchasing power of adjusted acquisition cost at 31 December 2004 for acquired before 1 January 2005 but for the acquired after 1 January 2005,they are presented with net book value after the deducting of accumulated amortisation and impairment of adjusted acquisition cost.Intangible fixes assets amortised with straight-line method over the expected useful life for a 15 year after the acquisition date (Note 10).

Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognized in profit or loss when they are incurred.

Financial Assets

(i) Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables' (Note 5).

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Assets (cont'd)

(ii) Measurement

Financial investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at fair value through profit or loss.

(iii) Recognition

Financial assets at fair value through profit or loss and available-for-sale financial assets are recongized on the date when the commitment for sale of these assets occurred. After that date changes in fair value of financial assets at fair value through profit or loss are recognized in profit or loss; changes in faır value of available-for-sale financial assets, unless they are deemed to be temporary, are recognized in equity.Held-to-maturity investments and operating capital loans are recongized on the date when they are transferred to the Company. In the following periods after the changing principal payments are subtracted from the discounted cost, they are recognized in profit or loss.

(iv) Measurement principles of fair value

The fair value of financial instruments, which is not written down on the reporitng date is determined by reference to the market value. If there is not available market value, it is determined by pricing models or discounted cash flows analysis. However, valuation techniques for fair value does not always reflect the derived cost in current market conditions because it is required to find estimated fair value based on reliable source.

(v) Changes in fair values

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

(vi) Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets at fair value through profit or loss and available-for-sale financial assets are derecognized by the Company on the date it has committed to selling and respective receivables are simutaneously recognised on the same date. The Company's loans, receivables and held-to-maturity investments are derecognized on the date they are trasferred to the counterparty.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accoınting Policies (cont'd)

Corporate income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis(Note 22).

Revenue recognition

Sales activities of the wholesale and retail departments of the Company, product sales and kitchen sales activities are sales services. Revenue, goods and services include invoiced amounts. Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods or services is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company or the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from services is recognized in proportion to the stage of completion. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Net sales are calculated after the sales returns and sales discounts are deducted. When a sales arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue (Note 16).

Foreign currency transactions

Foreign currency transactions are recorded at the effective buying exchange rates of the Central Bank of Turkey prevailing on the dates of transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accoınting Policies (cont'd)

Employee benefits / Retirement Pay Provision

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 "Employee Benefits" ("IAS 19"). The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses through the statement of income. All actuarial gains and losses are recognized in the statement of income(Note 12).

Provisions, contingent liabilities and contigent assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. (Note 12).

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

A possible obligation or possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity should not be recognized as a contingent liability or contingent asset in the financial statements.

Related parties

For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and reffered to as related parties (Note 24).

Earnings per share

Earnings per share disclosed in the accompanying condensed statement of income is determined by dividing net income by the weighted average number of shares in existence during the period concerned. Companies can raise their share capital by distributing "bonus shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Actual earnings per share is determined by dividing net income distributable to shareholders by the weighted average number of disposed ordinary shares (Note 23).

Subsequent events

Events following the balance sheet date, also known as 'subsequent events' include any favorable or unfavorable event that took place between the balance sheet date and the publication date of the balance sheet, despite any possible event that might arise after the publicization of any information regarding profits or other financial figures.

The Company adjusts its financial statements if such adjusting subsequent events arise.

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Statement of cash flows

Current period statements of cash flows are categorized and reported as operating, investing and financing.

Cash flows from operating activities show that cash flows provided from Company's operating activivites. Cash flows from investing activities summarize the Company's cash flows used in or generated from investing activities (fixed and financial investments).

Cash flows from financing activities summarize the Company's cash flows from liabilities and the repayments of these liabilities benefited in financing needs of the Company. Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Segmental information

The Company's two major operating segments for the evaluation of the performance and the decision for the allocation of resources. These segments are managed seperately because these segments are affected from different economic conditions based on risk and profitability. (Note 3).

2.6 Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Net realizable value of inventory

As stated above (Note 2.5), inventories are valued at the cost or net realisable value. The Company's management determined that, cost of inventories is lower than its' net realizable value as of 31 December 2011. Management estimated selling price in the ordinary course of business, less the cost of completion and selling expenses for the calculation of impairment.

As of 31 December 2011, some inventories have been in stocks for a long time and for the related inventories, TL 692.677 (31 December 2010: TL 559.540) amount of provision for decrease in value of inventory is determined. Amount is accounted within the cost of goods sold (Note 8).

Deferred Taxes

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes. Partially or completely recoverable amount of deferred tax assets estimate under the current situation. During the assessment process, future income projections, current period loss, expiration date of unused accumulated loss and other tax assets and tax planning strategies are considered. Based on the weight of all available evidence, it is the Company's belief that taxable profit will be available sufficient to utilize all of these deferred tax assets, therefore all of the deferred tax assets are recognized (Note 22).

(Amounts expressed in Turkish Lira (TL))

3 - SEGMENT REPORTING

As of 31 December 2011, wholesales and retail are the Company's two major operating segments.

Majority of other group activities comprise production of kitchen materials, design and installation services and other imported goods that are sold through existing chains. These other activities are reclassified to other because they are not distinguishable operating segments on their own.

Segmental depreciation, amortization and capital expenditures as of 31 December 2011 and 2010 are as follows:

1 January - 31 December 2011	**Operating Segment**			
	Wholesale	**Retail**	**Other**	**Total**
Capital expenditures	3.960.013	2.237.441	28.600	6.226.054
Depreciation and amortisation	(2.207.527)	(1.085.196)	(75.774)	(3.368.497)

1 January - 31 December 2010	**Operating Segment**			
	Wholesale	**Retail**	**Other**	**Total**
Capital expenditures	3.563.535	2.598.859	523.239	6.685.633
Depreciation and amortisation	(1.910.919)	(860.648)	(152.220)	(2.923.787)

Segmental results as of 31 December 2011 are as follows:

1 January - 31 December 2011	**Operating Segment**			
	Wholesale	**Retail**	**Other**	**Total**
Revenue	401.953.416	74.879.150	6.208.379	483.040.945
Cost of sales	(369.646.583)	(52.574.118)	(4.380.510)	(426.601.211)
Gross profit	**32.306.833**	**22.305.032**	**1.827.869**	**56.439.734**
Operating expenses	(30.255.188)	(23.519.456)	(1.983.877)	(55.758.521)
Other operating income	1.596.474	136.167	42.896	1.775.537
Other operating expenses	(403.954)	(74.497)	(3.621)	(482.072)
Operating income / (loss)	**3.244.165**	**(1.152.754)**	**(116.733)**	**1.974.678**
Finance income	5.243.270	692.204	142.589	6.078.063
Finance expenses	(6.362.305)	(1.002.892)	(176.692)	(7.541.889)
Profit / (loss) before tax	**2.125.130**	**(1.463.442)**	**(150.836)**	**510.852**
Tax expense				(296.532)
Net profit for the year				**214.320**

(Amounts expressed in Turkish Lira (TL))

3 - SEGMENT REPORTING (cont'd)

Segmental results as of 31 December 2010 are as follows:

1 January - 31 December 2010	**Operating Segment**			
	Wholesale	**Retail**	**Other**	**Total**
Revenue	323.053.220	57.067.527	4.322.807	384.443.554
Cost of sales	(298.183.351)	(39.163.776)	(3.022.898)	(340.370.025)
Gross profit	**24.869.869**	**17.903.751**	**1.299.909**	**44.073.529**
Operating expenses	(27.334.680)	(20.024.971)	(1.635.727)	(48.995.378)
Other operating income	1.269.206	315.145	147.731	1.732.082
Other operating expenses	(379.767)	(262.345)	(22.890)	(665.002)
Operating loss	**(1.575.372)**	**(2.068.420)**	**(210.977)**	**(3.854.769)**
Finance income	5.840.168	259.278	21.944	6.121.390
Finance expenses	(5.201.424)	(637.407)	(3.181)	(5.842.012)
Loss before tax	**(936.628)**	**(2.446.549)**	**(192.214)**	**(3.575.391)**
Tax income				221.104
Net loss for the year				**(3.354.287)**

4 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as of 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	**31 December 2010**
Cash	68.322	34.827
Demand deposit	1.827.226	2.344.880
	1.895.548	2.379.707

As of 31 December 2011, the Company's "Direct Collection System" caused deposits at banks to be blocked for two days at most, is amounting in total to TL 1.294.143 (31 December 2010: TL 1.331.951).

(Amounts expressed in Turkish Lira (TL))

5 - FINANCIAL INVESTMENTS

	31 December 2011		31 December 2010	
Long term financial investments	**Share (%)**	**Amount**	**Share (%)**	**Amount**
Available for sale investments	5,48	17.325.000	5,48	18.995.625
Financial investments carried at cost	0,25	8.083	0,25	8.083
		17.333.083		19.003.708

	31 December 2011	
Available for sale financial assets	**Fair Value**	**Carrying Value**
Common Stocks	17.325.000	7.244.290
	17.325.000	7.244.290

Listed Entities	**31 December 2011**	**31 December 2010**
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	17.325.000	18.995.625
	17.325.000	18.995.625

Unlisted Entities	**31 December 2011**	**31 December 2010**
Eczacıbaşı Sigorta Acenteliği A.Ş. (*)	8.083	8.083
	8.083	8.083

(*)As of 31 March 2011 Eczacıbaşı Sigorta Acenteliği A.Ş. is disclosed in the financial investments at acquisition cost adjusted for inflation as at 31 December 2004 since there is no active market value.

(Amounts expressed in Turkish Lira (TL))

6 - TRADE RECEIVABLES AND PAYABLES

The details of trade receivables at 31 December 2011 and 31 December 2010 are as follows:

Short term trade receivables	**31 December 2011**	**31 December 2010**
Trade receivables	81.980.241	58.136.566
Related party receivables (Note 24)	1.959.642	810.343
Notes receivables	31.782.539	31.749.736
Deferred financial income (-)	(1.559.010)	(651.077)
Allowance for doubtful trade receivables (-)	(4.978.413)	(5.395.875)
	109.184.999	84.649.693

The Company's trade receivables have an average maturity date of 3 months (31 December 2010: 3 months) and effective annual discount rate of 10,60 % is applied to the trade receivables (31 December 2010: 7,60%).

As of 31 December 2011 the Company charges interest of 3% to its distributors on past due receivables (31 December 2010: 2%).

The movement of the Company's allowance for doubtful receivables is as follows:

Movement of allowance for doubtful receivables:	**1 January - 31 December 2011**	**1 January - 31 December 2010**
Opening balance	(5.395.875)	(4.362.265)
Charge for the year (Note 17)	(143.209)	(1.090.835)
Collections (Note 17)	50.592	57.225
Amounts written off	510.079	-
Closing balance	(4.978.413)	(5.395.875)

(Amounts expressed in Turkish Lira (TL))

6 - TRADE RECEIVABLES AND PAYABLES (cont'd)

As of 31 December 2011 the Company's past due trade receivables amounting to TL 10.288.661 have not been impaired (31 December 2010: TL 6.794.845). As of 31 December 2011, the Company has taken under guarantee out of the above mentioned amount trade receivables in the amount of TL 2.479.315 due from distributors, having agreement with banks about credit limits, through letter of guarantee, guarantee notes, guarantee cheques and mortgages(31 December 2010: TL 2.826.533).

As of 31 December 2011 and 31 December 2010, the details of trade payables are as follows:

Short term trade payables	**31 December 2011**	**31 December 2010**
Trade payables	34.170.804	4.385.906
Related party payables (Note 24)	85.564.531	87.017.485
Deferred financial expenses (-)	(26.952)	(5.686)
	119.708.383	91.397.705

The Company's trade payables have an average maturity date of less than 4 months (31 December 2010: less than 4 months) and effective annual discount rate of 10,10% is applied to the trade payables (31 December 2010: 7,08%).

Short-term trade payables due to related parties are closely followed by the Company management taking into consideration the balance of payments and the cash management needs.

7 - OTHER RECEIVABLES AND PAYABLES

Other current receivables	**31 December 2011**	**31 December 2010**
VAT receivable	20.505	-
Deposits and gurantees given	538	538
Other receivables	31.661	31.498
	52.704	32.036

Other non-current receivables	**31 December 2011**	**31 December 2010**
Deposits and gurantees given	26.070	25.254
	26.070	25.254

Other current liabilities	**31 December 2011**	**31 December 2010**
Taxes and dues payable	811.703	668.315
Social security premiums payable	809.671	379.975
Other liabilities	15.272	17.165
	1.636.646	1.065.455

(Amounts expressed in Turkish Lira (TL))

8 - INVENTORIES

The details of inventories at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011	**31 December 2010**
Trade goods	10.045.066	8.292.159
Other inventories	269.911	198.179
Allowance for impairment on inventory (-)	(692.677)	(599.540)
	9.622.300	7.890.798

Movement of allowance for impairment of inventory	**1 January - 31 December 2011**	**1 January - 31 December 2010**
Opening balance	(599.540)	(380.052)
Charge for the period	(93.137)	(219.488)
Closing balance	(692.677)	(599.540)

In the current year, the Company has identified certain inventory items where the net realizable values were below the cost of the related inventory. Consequently, the Group has written down TL 692.677 (2010: TL599.540) of inventory. As of 31 December 2011 ,total inventories that are valued at net realizable value are amounting to TL 9.622.300 (31 December 2010: TL 7.890.798).

(Amounts expressed in Turkish Lira (TL))

9 - PROPERTY AND EQUIPMENTS

Cost Value	Land	Machinery and Equipment	Furniture and Fixtures	Leashold Improvements	Total
Opening balance as of 1 January 2011	**-**	**12.980**	**13.414.216**	**7.820.286**	**21.247.482**
Additions	-	-	1.359.093	1.858.761	3.217.854
Disposal	-	-	(8.712)	-	(8.712)
Closing balance as of 31 December 2011	**-**	**12.980**	**14.764.597**	**9.679.047**	**24.456.624**
Accumulated Depreciation					
Opening balance as of 1 January 2011	**-**	**(4.517)**	**(8.182.014)**	**(5.191.492)**	**(13.378.023)**
Charge of the period	-	(1.298)	(1.551.476)	(1.061.508)	(2.614.282)
Disposal	-	-	777	-	777
Closing balance as of 31 December 2011	**-**	**(5.815)**	**(9.732.713)**	**(6.253.000)**	**(15.991.528)**
Net book value as of 31 December 2011	**-**	**7.165**	**5.031.884**	**3.426.047**	**8.465.096**

TL 1.219.329 of total depreciation and amortization amount is reflected in marketing, sales and distribution expenses (Note 17), TL 1.394.953 is reflected in general administrative expenses(Note 17) (31 December 2010 : TL 967.513 in marketing,sales and distribution expenses, TL 1.156.061 in general administrative expenses, respectively).

(Amounts expressed in Turkish Lira (TL))

9 - PROPERTY AND EQUIPMENTS (cont'd)

Cost Value	**Land**	**Machinery and Equipment**	**Furniture and Fixtures**	**Leashold Improvements**	**Total**
Opening balance as of 1 January 2010	**44.359**	**12.980**	**10.575.015**	**5.332.748**	**15.965.102**
Additions	-	-	2.884.555	2.489.342	5.373.897
Disposal	(44.359)	-	(45.354)	(1.804)	(91.517)
Closing balance as of 31 December 2010	-	**12.980**	**13.414.216**	**7.820.286**	**21.247.482**
Accumulated Depreciation					
Opening balance as of 1 January 2010	-	**(3.219)**	**(7.006.064)**	**(4.266.768)**	**(11.276.051)**
Charge of the period	-	(1.298)	(1.196.229)	(926.047)	(2.123.574)
Disposal	-	-	20.279	1.323	21.602
Closing balance as of 31 December 2010	-	**(4.517)**	**(8.182.014)**	**(5.191.492)**	**(13.378.023)**
Net book value as of 31 December 2010	-	**17.497**	**21.596.230**	**13.011.778**	**7.869.459**

(Amounts expressed in Turkish Lira (TL))

10 - INTANGIBLE ASSETS

As of 31 December 2011, the movements in intangible assets and accumulated amortization are as follows:

Cost Value	**Softwares**
Opening balance as of 1 January 2011	**7.379.974**
Additions	3.008.200
Closing balance as of 31 December 2011	**10.388.174**
Accumulated Amortization	
Opening balance as of 1 January 2011	**(5.371.249)**
Charge of the period	(754.215)
Closing balance as of 31 December 2011	**(6.125.464)**
Net book value as of 31 December 2011	**4.262.710**

As of 31 December 2010, the movements in intangible assets and accumulated amortization are as follows:

Cost Value	**Softwares**
Opening balance as of 1 January 2010	**6.068.238**
Additions	1.311.736
Closing balance as of 31 December 2010	**7.379.974**
Accumulated Amortization	
Opening balance as of 1 January 2010	**(4.571.036)**
Charge of the period	(800.213)
Closing balance as of 31 December 2010	**(5.371.249)**
Net book value as of 31 December 2010	**2.008.725**

TL 351.856 of amortization expense amount is reflected in marketing,sales and distribution expenses (Note 17), TL 402.359 is reflected in general administrative expenses(Note 17) (31 December 2010 : TL 364.582 in marketing,sales and distribution expenses, TL 435.631 in general administrative expenses, respectively).

(Amounts expressed in Turkish Lira (TL))

11 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The details of contingent assets and liabilities are as follows:

	31 December 2011		31 December 2010	
	Nominal Value	**Fair Value**	**Nominal Value**	**Fair Value**
Collaterals	17.803.566	17.803.566	17.031.546	17.031.546
Mortgages	30.890.780	30.890.780	28.589.980	28.589.980
	48.694.346	48.694.346	45.621.526	45.621.526

Collaterals, pledges and mortgages (CPM) given by the Company for its own legal entity is amounting to TL 2.984.921 (31 December 2010: TL 4.093.167).

There isn't any CPM given for shareholders, Eczacıbaşı Group companies and on behalf of third parties's debts.

The ratio of other CPM to equity is 1% as of 31 December 2010 (31 December 2009:41%).

Operating lease obligations

As of 31 December 2011 and 2010, the Company has rented 121 motor vehicles through operating lease, assigning them to employees. As of 31 December 2011 and 31 December 2010, the Company's rent liabilities for future periods arising from operating lease agreements is summarized as follows:

Non-cancelable operating lease commitments	**31 December 2011**	**31 December 2010**
To be paid within 1 year	1.314.099	1.903.367
To be paid within 1-2 years	1.164.603	1.310.611
To be paid within 2-5 years	1.338.557	1.074.428
	3.817.259	4.288.406

12 - PROVISION FOR EMPLOYEE BENEFITS

Short term provision for employee benefits	**31 December 2011**	**31 December 2010**
Due to personnel	756.280	-
Leave provision	1.655.384	1.271.995
	2.411.664	1.271.995

Long term provision for employee benefits	**31 December 2011**	**31 December 2010**
Retirement pay provision	985.536	1.428.577
	985.536	1.428.577

(Amounts expressed in Turkish Lira (TL))

12 - PROVISION FOR EMPLOYEE BENEFITS (cont'd)

Provision for employment termination benefits

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law‟s 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TL 2.731,85 (2010: TL 2.517,01) for each period of service at 31 December 2011.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires 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:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2011, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5,00 % and a discount rate of 9,76%, resulting in a real discount rate of approximately 4,53% (31 December 2010: 4,66%). The anticipated rate of forfeitures is considered. As the maximum liability is revised semi annually, the maximum amount of TL 2.805,04 effective from 1 January 2012 has been taken into consideration in calculation of provision from employment termination benefits(31 December 2010: effective from 1 January 2011 has been taken into consideration in calculation of provision from employment termination benefits is 2.623,23).

The movements in the provision for employment termination benefits are as follows:

Movement of retirement pay provision	**2011**	**2010**
Provision as of 1 January	1.428.577	1.159.475
Service cost	289.313	710.640
Interest cost	66.603	54.057
Employee termination benefits paid	(806.891)	(510.110)
Actuarial loss	7.934	14.515
Provision as of 31 December	985.536	1.428.577

(Amounts expressed in Turkish Lira (TL))

13 - OTHER CURRENT AND NON-CURRENT ASSETS

Other Current Assets	31 December 2011	31 December 2010
Prepaid expense	1.046.083	857.671
Deferred VAT	682.710	523.582
Business advances	9.235	45.236
Personnel advances	7.357	41.936
Other VAT	6.535	-
Prepaid taxes and funds	2.481	32.597
Income accruals	-	47.981
Order advances	218.582	16.650
	1.972.983	1.565.653

Other Non-Current Assets	31 December 2011	31 December 2010
Prepaid expense	383.774	195.064
	383.774	195.064

14 - OTHER CURRENT AND NON-CURRENT LIABILITIES

Other Current Liabilities	31 December 2011	31 December 2010
Unearned revenues	811.004	415.841
Expense accruals	101.067	266.927
	912.071	682.768

Other Non-Current Liabilities	31 December 2011	31 December 2010
Unearned revenues (*)	1.123.765	2.085.777
	1.123.765	2.085.777

(*)As of 31 December 2011, deferred revenue contains invoices for installation of Company's integrated program, tables and other fixed assets investments.

Order advances received	31 December 2011	31 December 2010
Order advances received	11.052.727	11.159.572
	11.052.727	11.159.572

(Amounts expressed in Turkish Lira (TL))

15 - EQUITY

The Company's shareholders and shareholding structure at 31 December 2011 and 31 December 2010 are as follows:

	31 December 2011		31 December 2010	
Shareholders	**Share (%)**	**Tutar**	**Share (%)**	**Tutar**
Eczacıbaşı Holding A.Ş.	%27,43	1.333.121	%27,43	1.333.121
Eczacıbaşı Yatırım Holding Ort. A.Ş. (*)	%43,57	2.117.406	%41,93	2.037.909
EİP Eczacıbaşı İlaç Pazarlama A.Ş.	%0,97	46.980	%0,97	46.980
Ekom Eczacıbaşı Dış Ticaret A.Ş.	%0,97	46.980	%0,97	46.980
Eczacıbaşı Bilişim San. Ve Tic. A.Ş.	%0,64	31.320	%0,64	31.320
Girişim Paz. Tüketim Ürünleri San. ve Tic. A.Ş.	%0,60	29.363	%0,60	29.363
Open to public	%25,82	1.254.830	%27,46	1.334.327
Total	%100,00	4.860.000	%100,00	4.860.000
Inflation adjustment		47.440.914		47.440.914
Adjustmented capital		52.300.914		52.300.914

(*) As of 31 December 2011, Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has acquired 180.662 shares of the Company at a weighted average price of TL 8,38–10,85 and has sold 91.165 shares at a weighted average price of TL 16,10–16,55. As a result, the participation share of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş in the Company has become 43,57 %.

The Company's share capital of the year 2011 consist of 4.860.000 number of shares with a par value of TL 1 and there is no preferred stock (2010 : 4.860.000 number of shares with a par value of TL 1).

Dividend distribution:

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

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

(Amounts expressed in Turkish Lira (TL))

15 - EQUITY (cont'd)

Sources that are subject to dividend distribution:

As of 31 December 2011, the Company does not have distributable profit and available distributable resources (31 December 2010: none).

Revaluation Funds	**31 December 2011**	**31 December 2010**
Financial assets fair value reserve	9.576.675	11.163.770
	9.576.675	11.163.770

Revaluation fund of financial assets:

Revaluation fund arises valuation of financial assets available for sale with fair value.The sale of financial instrument that valued with fair value,related part of the revaluaion fund is accounted directly as a type of profit or loss.When revalued financial instrument is impaired,related part of the revaluation fund is accounted directly as a type of profit or loss.

Restricted Reserves Assorted from Profit:

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 stiulates 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 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 share capital. Under the TCC, the legal reserve can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital

The amounts stated above shall be presented as "Restricted reserves" in accordance with CMB Financial reporting Standards. The Company's restricted reserve as at 31 December 2011 is TL 115.994. (31 December 2010: TL 115.994)

Restricted Reserves Assorted from Profit	**31 December 2011**	**31 December 2010**
Legal Reserves	115.994	115.994
	115.994	115.994

(Amounts expressed in Turkish Lira (TL))

15 - EQUITY (cont'd)

As at 31 December 2011 and 31 December 2010, retained earnings are as follows:

Retained Earnings / (Accumulated Losses)	**31 December 2011**	**31 December 2010**
Extraordinary reserves	1.485.088	1.485.088
Accumulated losses	(48.104.411)	(44.750.124)
	(46.619.323)	(43.265.036)

Open to public companies are subject to dividend requirements regulated by CMB as follows:

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

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

In accordance with the Communique No:XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital","Restricted reserves" and "Share premiums" shall be carried at their statutory amounts. The valuation differences arised due to implementing tje communique (such as inflation adjustment differences) shall be disclosed as follows:

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

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

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

(Amounts expressed in Turkish Lira (TL))

16 - REVENUE AND COST OF SALES

Revenue	1 January - 31 December 2011	1 January - 31 December 2010
Domestic sales	872.973.778	684.654.513
Export sales	750.243	524.630
Sales returns (-)	(3.202.011)	(3.166.374)
Sales discounts (-)	(387.481.065)	(297.569.215)
	483.040.945	**384.443.554**

Cost of Sales	1 January - 31 December 2011	1 January - 31 December 2010
Cost of Goods Sold ("COGS")	(426.601.211)	(340.370.025)
	(426.601.211)	**(340.370.025)**

(Amounts expressed in Turkish Lira (TL))

17 - MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

Marketing, selling and distribution expenses (-)	**1 January- 31 December 2011**	**1 January- 31 December 2010**
Personnel expenses	(18.329.146)	(14.577.675)
Rent expenses	(8.487.791)	(6.940.645)
Advertising, promotional expenses	(4.154.829)	(3.044.692)
Transportation expenses	(2.354.136)	(1.610.297)
Depreciation and amortization expenses	(1.571.185)	(1.332.095)
Road, communication, travel expenses	(1.491.637)	(950.494)
Storage expenses	(1.333.885)	(1.355.662)
Subcontractor expenses	(1.253.996)	(378.172)
Communication expenses	(984.859)	(479.135)
Fuel, electricity and water expenses	(967.958)	(802.530)
Consultancy expenses	(605.321)	(24.800)
Office stationary expenses	(244.202)	(595.641)
Tax expenses	(153.370)	(153.271)
Commission expenses	(240.907)	(155.374)
Maintenance expenses	(112.040)	(47.276)
Cleaning expenses	(66.763)	(13.631)
Insurance expenses	(37.240)	(58.423)
Techinical service expenses	(8.503)	(1.168.199)
Other	(1.507.132)	(2.469.347)
	(43.904.900)	(36.157.359)

General Administrative Expenses (-)	**1 January- 31 December 2011**	**1 January- 31 December 2010**
Personnel expenses	(2.945.818)	(3.984.966)
Consultancy expenses	(2.981.993)	(3.481.010)
Depreciation and amortization expenses	(1.797.312)	(1.591.692)
Maintenance expenses	(1.084.435)	(16.277)
Provision for unused paid leave	(546.601)	(776.380)
Rent expenses	(492.556)	(304.268)
Allowance for doubtful receivable (Note 6)	(92.617)	(1.033.610)
Provision for employee termination benefits	(513.901)	(779.212)
Advertising, promotional expenses	(267.746)	(184.612)
Fuel, electricity and water expenses	(176.166)	(50.982)
Office stationary expenses	(126.267)	(166.574)
Education expenses	(128.735)	(88.698)
Travel expenses	(76.022)	(130.074)
Tax expenses	(45.908)	(76.450)
Cleaning expenses	(15.608)	(758)
Insurance expenses	(17.844)	(8.736)
Communication expenses	(17.650)	(73.706)
Transportation expenses	(2.557)	(6.214)
Other	(523.885)	(83.800)
	(11.853.621)	(12.838.019)

(Amounts expressed in Turkish Lira (TL))

18 - EXPENSES BY NATURE

Expense by nature (-)	1 January- 31 December 2011	1 January- 31 December 2010
Personnel expenses	(21.274.964)	(18.562.641)
Rent expenses	(8.980.347)	(7.244.913)
Consulting expenses	(3.587.314)	(3.505.810)
Depreciation and amortization expenses	(3.368.497)	(2.923.787)
Advertising, promotional expenses	(4.422.575)	(3.229.304)
Transportation expenses	(2.356.693)	(1.616.511)
Travel expenses	(1.567.659)	(1.080.568)
Storage expenses	(1.333.885)	(1.355.662)
Subcontractor expenses	(1.253.996)	(378.172)
Maintenance expenses	(1.196.475)	(63.553)
Fuel, electricity and water expenses	(1.144.124)	(853.512)
Communication expenses	(1.002.509)	(552.841)
Provision for unused paid leave	(546.601)	(776.380)
Allowance for doubtful receivable (Note 6)	(92.617)	(1.033.610)
Provision for employee termination benefits	(513.901)	(779.212)
Office stationary expenses	(370.469)	(762.215)
Tax expenses	(199.278)	(229.721)
Comission expenses	(240.907)	(155.374)
Education expenses	(128.735)	(88.698)
Cleaning expenses	(82.371)	(14.389)
Insurance expenses	(55.084)	(67.159)
Technical service expenses	(8.503)	(1.168.199)
Other	(2.031.017)	(2.553.147)
	(55.758.521)	(48.995.378)

19 - OTHER OPERATING INCOME/(EXPENSES)

Other Operating Income	1 January- 31 December 2011	1 January- 31 December 2010
Rent income	1.075.544	872.223
Income from global services	338.355	-
Income from insurance claims	65.738	31.898
Proceed from sale of fixed assets	-	199.031
Other operating income	295.900	628.930
	1.775.537	1.732.082

Other Operating Expenses	1 January- 31 December 2011	1 January- 31 December 2010
Donation expenses	(195.490)	(1.640)
Loss on sale of fixed assets	(5.831)	(26.585)
Other operating expense	(280.751)	(636.777)
	(482.072)	(665.002)

(Amounts expressed in Turkish Lira (TL))

20 - FINANCIAL INCOME

Finance income	1 January-31 December 2011	1 January-31 December 2010
Credit finance income	6.057.863	5.997.003
Dividend income from affiliates	3.658	4.705
Interest income	16.542	119.682
	6.078.063	6.121.390

21 - FINANCIAL EXPENSES

Finance expense	1 January-31 December 2011	1 January-31 December 2010
Credit financial expenses	(7.424.347)	(5.785.967)
Comission of guarantee letter	(3.090)	(2.121)
Other financial expenses	(114.452)	(53.924)
	(7.541.889)	(5.842.012)

22 - CURRENT AND DEFERRED INCOME TAXES

Current tax liability	31 December 2011	31 December 2010
Current corporate tax provision	-	-
Less: prepaid taxes and funds	-	-
	-	-

	31 December 2011	31 December 2010
Deferred tax assets (-)	(1.582.148)	(1.481.672)
Deferred tax liabilities	1.362.043	1.048.565
Deferred tax liabilities / (assets) (net)	(220.105)	(433.107)

Reconcilation of tax provision	31 December 2011	31 December 2010
Income / (expense) before tax	510.852	(3.575.391)
Calculated tax (2011: %20, 2010: %20)	(102.170)	715.078
Effects of disallowable expenses	(117.124)	(25.830)
Dividends and other non-taxable income /(expense)	21.626	26.067
Provision for unused tax losses	(98.864)	(494.211)
Tax income / (expense)	**(296.532)**	**221.104**

(Amounts expressed in Turkish Lira (TL))

22 - CURRENT AND DEFERRED INCOME TAXES (cont'd)

Deferred tax (assets) / liabilities	**31 December 2011**	**31 December 2010**
Useful life differences on tangible and intangible fixed assets	467.558	308.335
Provision for employee termination benefits	(197.107)	(285.715)
Provision for unused vacation	(331.077)	(254.399)
Unearned finance income of credit sale	(240.368)	(139.521)
Unearned finance expense of credit purchase	390.448	152.663
Provision for doubtful receivable	(51.871)	(89.020)
Provision for loss on inventories	(138.535)	(119.908)
Deductible monetary loss	(1.216.265)	(1.087.320)
The deferred tax effect of valuation of financial assets available for sale "Revaluation Funds" associated with the outside part of tax exemption of 75%	504.037	587.567
	(813.180)	(927.318)
Provision for deferred tax assets(*)	593.075	494.211
	(220.105)	(433.107)

(*)At the balance sheet date, the Company has unused tax losses of TL 6.081.324 (2010: TL 5.436.598) available for offset against future profits. A deferred tax asset has been recognized in respect of TL 1.216.265 (2010: TL 1.087.320) of such losses. The Company has provided provision for the deferred tax assets amounting to TL 593.075 (2010: TL 494.211) due to the possible fluctuations in the market.

Expiration dates of the unused tax losses are as follows:

Expiration schedule of carryforward tax losses	**31 December 2011**	**31 December 2010**
Expiring in 2014	(2.965.373)	(2.965.543)
Expiring in 2015	(2.455.110)	(2.471.055)
Expiring in 2016	(660.841)	-
	(6.081.324)	(5.436.598)

Movement of deferred tax (asset)/ liabilities:	**1 January- 31 December 2011**	**1 January- 31 December 2010**
Opening balance as of 1 January	(433.107)	(345.033)
Deferred tax expense / (benefit)	296.532	(221.104)
Net off from financial asset revaluation fund	(83.530)	133.030
Closing balance as of 31 December	(220.105)	(433.107)

(Amounts expressed in Turkish Lira (TL))

23 - EARNINGS / (LOSS) PER SHARE

Profit per share	1 January- 31 December 2011	1 January- 31 December 2010
Net profit/(loss) for the period	214.320	(3.354.287)
Weighted average number of outstanding shares(1 share equal to TL 1 nominal value)	4.860.000	4.860.000
Profit /(loss) per share of par value at TL 1	0,0441	(0,6902)

24 - RELATED PARTY BALANCES AND TRANSACTIONS

Due from shareholders	31 December 2011	31 December 2010
Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri San. ve Tic. A.Ş. ("Eczacıbaşı Girişim")	-	5.041
Ekom Eczacıbaşı Dış Ticaret A.Ş. ("Ekom Eczacıbaşı")	1.199.658	413.205
	1.199.658	418.246
Due from group companies		
Burgbad AG	175.517	53.140
Vitra Bulgaria OOD ("Vitra Bulgaria")	289.505	170.168
Esan Eczacıbaşı End. Ham. San. Tic. A.Ş. ("Esan Eczacıbaşı")	62.933	28.538
Engers Keramik GMBH & CO KG ("Engers Keramik")	46.837	22.750
Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş.	117.687	-
Other	68.796	164.027
	761.275	438.623
Due from related parties	1.960.933	856.869
Less: Deferred credit finance income	(1.291)	(46.526)
Due from related parties (net)	1.959.642	810.343

(Amounts expressed in Turkish Lira (TL))

24 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

Due to shareholders	**31 December 2011**	**31 December 2010**
Eczacıbaşı Bilişim San. Ve Tic. A.Ş. ("Eczacıbaşı Bilişim")	1.044.878	392.701
Eczacıbaşı Holding A.Ş.	807.293	637.748
Ekom Eczacıbaşı	-	4.855
Eczacıbaşı Girişim	6.912	-
	1.859.083	1.035.304
Due to financial investment companies		
Eczacıbaşı Yapı Gereçleri	56.338.793	48.115.842
Eczacıbaşı Sigorta Acentalığı A.Ş. ("Eczacıbaşı Sigorta")	11.199	5.889
	56.349.992	48.121.731
Due to group companies		
Vitra Karo	29.174.001	30.388.724
Eczacıbaşı Koramic (*)	-	6.916.632
Vitra Bad GMBH ("Vitra Bad")	88.083	198.447
Burgkama GMBH	-	605.485
V&B Fliesen GmbH	-	464.010
Other	18.658	44.782
	29.280.742	38.618.080
Due to related parties	87.489.817	87.775.115
Less: Deferred credit finance expense	(1.925.286)	(757.630)
Due to related parties (net)	85.564.531	87.017.485

(*) Starting from June 2011, Eczacıbaşı-Koramic Yapı Kimyasalları San. Ve Tic. A.Ş. ("Eczacıbaşı Koramic") is not a member of Eczacıbaşı Group, therefore its balances are not included in related party balances in the balance sheet.

(Amounts expressed in Turkish Lira (TL))

24 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

Sales to related parties

1 January - 31 December 2011

	Product (*)	Fixed Asset	Comission Bills (**)	Expense Bills (***)	Total
Eczacıbaşı Yapı Gereçleri	95.382	-	18.169.671	20.082.180	38.347.233
Vitra Karo	27.367	-	8.400.736	13.475.524	21.903.627
Eczacıbaşı Koramic	646	-	807.445	572.727	1.380.818
Ekom Eczacıbaşı	750.242	-	-	191.388	941.630
Other	356.743	-	116.466	2.018.919	2.492.128
	1.230.380	-	27.494.318	36.340.738	65.065.436

1 January - 31 December 2010

	Product (*)	Fixed Asset	Comission Bills (**)	Expense Bills (***)	Total
Eczacıbaşı Yapı Gereçleri	1.381.927	299.453	14.275.539	17.125.629	33.082.548
Vitra Karo	38.038	17.936	7.528.918	5.833.543	13.418.435
Eczacıbaşı Koramic	-	314	1.271.590	443.018	1.714.922
Ekom Eczacıbaşı	510.945	-	19.452	75.764	606.161
Other	166.051	1.147	-	1.343.996	1.511.194
	2.096.961	318.850	23.095.499	24.821.950	50.333.260

(*) Except for Ekom sales, the Company's sales transactions include material and product sales to related parties together with returns. Ekom Eczacıbaşı sales only include export sales.

(**) The Company's generates commission income from Eczacıbaşı Yapı Gereçleri, Vitra Karo and other local and foreign related parties for its sales.

(***) The Company reflects its costs associated with manufacturers and other foreign related parties to the related parties. These costs include personnel expenses, consulting expenses, computer package softwares, IT project expenses, freight and maintanence costs, fuel, communication and commercial promotion expenses, insurance expeses, lease, and travel expenses, etc. These income and expenses are net off in the accompanying financial statements.

(Amounts expressed in Turkish Lira (TL))

24 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

Product, Fixed assets, Service purchases from related parties:

1 January - 31 December 2011	**Inventory (*)**	**Services (**)**	**Fixed assets (***)**	**Other (****)**	**Total**
Eczacıbaşı Yapı Gereçleri	255.642.160	277.384	5.290	643.889	256.568.723
Vitra Karo	133.149.400	39.642	-	289.537	133.478.579
Eczacıbaşı Koramic	10.328.105	-	-	450	10.328.555
Eczacıbaşı Holding	-	3.998.183	86.809	-	4.084.992
Eczacıbaşı Bilişim Sanayi ve Tic. A.Ş.	-	689.691	1.414.890	2.176.511	4.281.092
Other	1.502.714	1.915.493	4.241	175.827	3.598.275
	400.622.379	6.920.393	1.511.230	3.286.214	412.340.216

1 January - 31 December 2011	**Inventory (*)**	**Services (**)**	**Fixed assets (***)**	**Other (****)**	**Total**
Eczacıbaşı Yapı Gereçleri	191.592.701	-	-	-	191.592.701
Vitra Karo	117.550.995	203.890	17.936	72.006	117.844.827
Eczacıbaşı Koramic	20.527.730	16.030	-	1.105.085	21.648.845
Eczacıbaşı Holding	-	2.630.567	1.166	23.367	2.655.100
Eczacıbaşı Bilişim Sanayi ve Tic. A.Ş.	-	1.384.465	1.990.985	504.679	3.880.129
Other	305.266	1.235.019	-	1.216.788	2.757.073
	329.976.692	5.469.971	2.010.087	2.921.925	340.378.675

(*) The Company purchases seramic medical equipment, bathtubs, kitchenware and sanitary ware, armatures and accessories from Eczacıbaşı Yapı Gereçleri; floor and wall tiles from Vitra Karo; and kitchen and bathroom furniture and dining materials from other local and foreign related parties.

(**) The Company receives the followings services: audit & advisory, HR, social affair, finance, budgeting, corporate communication, legal, IT, communication, Professional training services and etc. from Eczacıbaşı Holding; personnel expenses and service procurement from Eczacıbaşı Yapı Gereçler; technical Support, software, maintenance services and etc. from Eczacıbaşı Bilişim; and advertising, procurement, office fee and expense, marketing advisory, accomodation & travel, communication services and etc. from other local and foreign related parties.

(***) The Company purchases computers and their components, service providers, computer package programs and licence programs from Eczacıbaşı Bilişim and computer package programs and licence programs from Eczacıbaşı Holding.

(****)The Company receives technical support and related services from Eczacıbaşı Bilişim. The Company also charges late interest expenses related to Eczacıbaşı Yapı Gereçleri and Vitra Karo transcations to its dealers.

(Amounts expressed in Turkish Lira (TL))

24 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

Remuneration paid to top management and board of directors

The company defined its top management personnel as board of directors' members, general manager, vice general manager and managers. Remuneration of top management includes sales, premiums, employers' liability insurance premium, unemployment premium in short term. Remuneration of top management includes employee termination benefits in long term.

	1 January 31 December 2011	1 January 31 December 2010
Remuneration of top management personnel and board of directors in short term	4.424.727	4.854.327
Remuneration of top management personnel and board of directors in long term	120.775	126.968
	4.545.502	4.981.295

25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The analysis of foreign currency position as of 31 December 2011 is as follows:

	31 December 2011			
	Equivalent of TL	USD	EUR	GBP
Trade receivables	4.862.025	2.213	1.977.689	8.491
Monetary financial assets	63.775	14.102	7.009	6.859
TOTAL ASSETS	4.925.800	16.315	1.984.698	15.350
Trade payables	2.493.557	301.564	782.638	3.881
TOTAL LIABILITIES	2.493.557	301.564	782.638	3.881
Net foreign currency assets/(liabilities) position	2.432.243	(285.249)	1.202.060	11.469
Export	750.241	8.033	315.813	-
Import	4.313.471	150	1.764.951	-

(Amounts expressed in Turkish Lira (TL))

25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

The analysis of foreign currency position as of 31 December 2010 is as follows:

	31 December 2010			
	Equivalent of TL	**USD**	**EUR**	**GBP**
Trade receivables	915.925	22.736	420.583	7.937
Monetary financial assets	155.502	25.666	17.669	33.332
TOTAL ASSETS	1.071.427	48.402	438.252	41.269
Trade payables	(2.133.502)	(127.748)	(944.807)	-
TOTAL LIABILITIES	(2.133.502)	(127.748)	(944.807)	-
Net foreign currency assets/(liabilities) position	(1.062.075)	(79.346)	(506.555)	41.269
Export	524.630	-	217.834	42.867
Import	5.051.773	-	2.559.412	-

Foreign Currency Risk

This risk mainly arises from fluctuation of foreign currency used in conversion of foreign assets and liabilities into Turkish Lira. Market risk exposures of the Company are measured using sensitivity analysis.

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollars and Euro.

31 December 2011	**Income/(Loss)**	
	Foreign Currency Appreciates	**Foreign Currency Depreciates**
If the US dollar had changed by 10% against the TL		
USD net assets/(liabilities)	(53.881)	53.881
Hedging amount of USD	-	-
USD net effect on income/(loss)	(53.881)	53.881
If the EUR had changed by 10% against the TL		
EUR net assets/(liabilities)	293.759	(293.759)
Hedging amount of EUR	-	-
EUR net effect on income/(loss)	293.759	(293.759)
If other currency had changed by 10% against the TL		
Other currency net assets/(liabilities)	3.346	(3.346)
Hedging amount of other currency	-	-
Other currency net effect on income/(loss)	3.346	(3.346)

(Amounts expressed in Turkish Lira (TL))

25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Foreign Currency Risk (cont'd)

31 December 2010	**Income/(Loss)**	
	Foreign Currency Appreciates	**Foreign Currency Depreciates**
If the US dollar had changed by 10% against the TL		
USD net assets/(liabilities)	(12.267)	12.267
Hedging amount of USD	-	-
USD net effect on income/(loss)	(12.267)	12.267
If the EUR had changed by 10% against the TL		
EUR net assets/(liabilities)	(103.798)	103.798
Hedging amount of EUR	-	-
EUR net effect on income/(loss)	(103.798)	103.798
If other currency had changed by 10% against the TL		
Other currency net assets/(liabilities)	9.858	(9.858)
Hedging amount of other currency	-	-
Other currency net effect on income/(loss)	9.858	(9.858)

Credit risk

Having financial instruments exposes the Company to the risk that a counterparty will default on its contractual obligations.A significant part of the Company's trade receivables are due from distributors and related parties. The Company's Board of Directors has established an effective control system for closely monitoring the credit risk arising from these entities. The risks arising from each debtor are limited up and credit limits have been assigned to. The Company has mitigated the risks, taking under guarantee part of trade receivables due from sales of goods to distributors to the amount of the credit limit assigned with negotiated banks through Direct Debit System ("DBS"). DBS is effective method of mitigating the credit risk arising from receivables due from distributors. Another method of managing the credit risk is to secure substantial guarantees from distributors. The Company's principal for managing credit risk arising from receivables due from entities other than third parties is to secure guarantees in a big amount. Other methods used in managing credit risk beyond DBS are as follows:

- Bank guarantees (letter of guarantee, letter of credit etc),
- Mortgages,
- Cheque-note.

The Company manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits are monitored by the Company and also by taking into consideration customer's financial position, past experiences and other factors, customer's credibility is evaluated continuously.

(Amounts expressed in Turkish Lira (TL))

25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit risk (cont'd)

	Trade Receivables			
31 December 2011	**Related Party**	**Other Party**	**Financial assets**	**Bank deposits**
Maximum net credit as of balance sheet date	1.959.642	107.225.357	17.333.083	1.827.226
- The part of maximum risk under guarantee with collateral (-)	-	(31.652.802)	-	-
A. Net book value of financial assets that are neither past due nor impaired	1.959.642	91.958.283	17.333.083	1.827.226
- The part of maximum risk under guarantee with collateral (-)	-	(28.363.487)	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-
- The part of maximum risk under guarantee with collateral (-)	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (*)	-	10.288.661	-	-
- The part under guarantee with collateral (-)	-	(2.479.315)	-	-
D. Net book value of impaired assets	-	5.788.413	-	-
- Impairment (-)	-	(4.978.413)	-	-
- The part under guarantee with collateral (-)	-	(810.000)	-	-
- Past due (Gross carying amount)	-	5.788.413	-	-
- Impairment (-)	-	(4.978.413)	-	-
-The part of net value under guarantee with collateral (-)	-	(810.000)	-	-
- Not past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- The part of net value under guarantee with collateral (-)	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-

(Amounts expressed in Turkish Lira (TL))

25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit risk (cont'd)

	Trade Receivables			
31 December 2010	**Related Party**	**Other Party**	**Financial assets**	**Bank deposits**
Maximum net credit as of balance sheet date	810.343	83.839.350	19.003.708	2.344.880
- The part of maximum risk under guarantee with collateral (-) (*)	-	(21.623.556)	-	-
A. Net book value of financial assets that are neither past due nor impaired	810.343	71.648.000	19.003.708	2.344.880
- The part of maximum risk under guarantee with collateral (-)	-	(16.455.107)	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-
- The part of maximum risk under guarantee with collateral (-)	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired (*)	-	6.794.845	-	-
- *The part under guarantee with collateral (-)*	-	(2.826.533)	-	-
D. Net book value of impaired assets	-	7.737.791	-	-
- Impairment (-)	-	(5.395.875)	-	-
- *The part under guarantee with collateral (-)*	-	(2.341.916)	-	-
- Past due (Gross carying amount)	-	7.737.791	-	-
- Impairment (-)	-	(5.395.875)	-	-
-*The part of net value under guarantee with collateral (-)*	-	(2.341.916)	-	-
- Not past due (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- *The part of net value under guarantee with collateral (-)*	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-

(Amounts expressed in Turkish Lira (TL))

25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit risk (cont'd)

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Credit risk of the receivables from counterparties are evaluated periodically and insured if necessary.

The aging of the past due receivables are as follows:

As of 31 December 2011 and 31 December 2010 the aging of the past due receivables but not impaired are presented below:

	31 December 2011	31 December 2010
Past due 1 - 30 days	5.034.522	3.210.186
Past over 1 - 3 months	3.014.002	2.487.606
Past over 3 - 12 months	971.811	452.443
Past over 1 - 5 years	1.268.326	644.610
	10.288.661	6.794.845

(Amounts expressed in Turkish Lira (TL))

25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit risk(cont'd)

As of 31 December 2011 the Company's past due trade receivables amounting to TL 10.288.661 have not been impaired (31 December 2010: TL 6.794.845). As of 31 December 2011, the Company has taken under guarantee out of the above mentioned amount trade receivables in the amount of TL 2.479.315 due from distributors, having agreement with banks about credit limits, through letter of guarantee, guarantee notes, guarantee cheques and mortgages(31 December 2010: TL 2.826.533).

Capital Risk Management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

In order to maintain its capital structure or to rearrange it the Company can change the value of the distributable dividend (but the amount still has to be binded to the minimum distributable profit determined by CMB), return the capital to the shareholders, accept new shareholders or sell its own assets to reduce liabilities.

In parallel to its peer sector entities the Company controls its capital using the net debt/total capital ratio. This ratio is the calculated as net debt divided by the total capital amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents. Total capital is calculated as shareholders' equity plus the net debt amount as presented in the balance sheet.

	31 December 2011	**31 December 2010**
Total liabilities	137.830.792	109.091.849
Less: Cash and cash equivalents (note 4)	(1.895.548)	(2.379.707)
Net liabilities	135.935.244	106.712.142
Total equity	15.588.580	16.961.355
Total capital	151.523.824	123.673.497
Liabilities /capital ratio	**%90**	**%86**

(Amounts expressed in Turkish Lira (TL))

25 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Price risk

Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş. is part of the Company's financial assets, which is quoted at fair value on the Istanbul Stock Exchange ("ISE") deemed to be an active market as the value is determined on the basis of most recent best orders pending after the second session is closed. Investments on securities which are neither qouted on an active market nor their fair values are valued reliably, are valued at cost. Equity instruments classified as available-for-sale financial assets on the Company's balance sheet are exposed to price risk. As of 31 December 2011, if there is a 5% increase/decrease in the ISE's benchmark stock index, the valuation difference arising from the financial assets will increase/ decrease by TL 866.250 (31 December 2010: TL 949.781).

		ISE 2. Session purchase value	
	Share (%)	**31 December 2011**	**31 December 2010**
Trade name			
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	5,48	2,80	3,07

Interest rate risk management

The Company does not have any financial assets or liabilities exposed to high interest rate risk except for the liquid assets. The liquids assets consist of cash on hand, bank deposits and specified amount, that could be turned easily into cash, short term and highly liquid, not susceptible to significant changes in value and investments at one-month maturity (Note 4). Revenue, expenses, and cash flows generated from the operations of the Company, to a great extent, are not exposed to interest rate sensitiviy.

26 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

The fair value of a financial instrument is the amount for which an asset or liability could be exchanged between knowledgeable, willing parties in an arm's length transaction. In the event of existence of a quoted price in an active market that best represents the fair value of a financial instrument.

The Company has used readiliy available market information and adequate valuation techniques in estimating the fair value of the financial instruments. However, an interpretation and judgement is required in order to analyze market data and to estimate the actual cost. Hence, the estimated values presented below are not always indicator on the realizable value that could be achieved by the Company through a transaction in a current market. The valuation method and assumptions used in estimating the fair value of the financial instruments are as follows:

Monetary Assets

The balances as at the reporting date are translated into TL using the exchange rates in force. These balances are considered to approximate the carrying amount.

Cash and cash equivalents, including other specific financial assets are valued at cost. Their carrying value approximates their fair value because they are considered to have short term maturitty.

The carrying value of trade receivablesincluding the respective provision for doubtful receivables are deemed to reflect the fair value.
Carrying values of trade payables are deemed to reflect fair values because they are considered to have short term maturity.

(Amounts expressed in Turkish Lira (TL))

26 - FINANCIAL INSTRUMENTS (cont'd)

Liqudity Risk

31 December 2011

Contractual maturities	Carrying Value	Contractual cash outflows (I+II+III+IV)	Up to 3 Months (I)	3-12 months (II)	1-5 years(III)	Over 5 years(IV)
Financial Liabilities(non-derivate)						
Trade payables						
-*Related parties*	85.564.531	87.489.817	87.489.817	-	-	-
-*Other*	34.143.852	34.170.804	34.170.804	-	-	-
Total Liabilities	119.708.383	121.660.621	121.660.621	-	-	-

31 December 2010

Contractual maturities	Carrying Value	Contractual cash outflows (I+II+III+IV)	Up to 3 Months (I)	3-12 months (II)	1-5 years(III)	Over 5 years(IV)
Financial Liabilities(non-derivate)						
Trade payables						
-*Related parties*	87.017.485	87.775.115	87.775.115	-	-	-
-*Other*	4.380.220	4.385.906	4.385.906	-	-	-
Total Liabilities	91.397.705	92.161.021	92.161.021	-	-	-

(Amounts expressed in Turkish Lira (TL))

26 - FINANCIAL INSTRUMENTS (cont'd)

31 December 2011	Loans and receivables (including cash and cash equivalents)	Available for sale financial assets	Financial liabilities at amortized cost	Carrying Value	Note
Financial Assets					
Cash and cash equivalents	1.895.548	-	-	1.895.548	4
Trade receivables	107.225.357	-	-	107.225.357	6
Due from related parties	1.959.642	-	-	1.959.642	24
Financial assets		17.333.083	-	17.333.083	5
Financial Liabilities					
Trade payables	-	-	34.143.852	34.143.852	6
Due to related parties	-	-	85.564.531	85.564.531	24

31 December 2010	Loans and receivables (including cash and cash equivalents)	Available for sale financial assets	Financial liabilities at amortized cost	Carrying Value	Note
Financial Assets					
Cash and cash equivalents	2.379.707	-	-	2.379.707	4
Trade receivables	83.839.350	-	-	83.839.350	6
Due from related parties	810.343	-	-	810.343	24
Financial assets	-	19.003.708	-	19.003.708	5
Financial Liabilities					
Trade payables	-	-	4.380.220	4.380.220	6
Due to related parties	-	-	87.017.485	87.017.485	24

(Amounts expressed in Turkish Lira (TL))

26 - FINANCIAL INSTRUMENTS (cont'd)

The classification of financial instruments at fair value:

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

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, estimate is made based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The fair values of financial assets and financial liabilities are determined and grouped as follows:

		Level of fair value as of reporting date		
Financial assets	31 December 2011	Level 1 TL	Level 2 TL	Level 3 TL
Available-for-sale financial assets	17.333.083	17.325.000	-	8.083
Total	17.333.083	17.325.000	-	8.083

Financial assets	31 December 2010	Level 1 TL	Level 2 TL	Level 3 TL
Available-for-sale financial assets	19.003.708	18.995.625	-	8.083
Total	19.003.708	18.995.625	-	8.083

27 - EVENTS AFTER BALANCE SHEET DATE

None.