2013

Annual Report
DEVA Holding A.Ş.

DEVA

4G

Girişim / Venture
Gelişim / Development
Güç / Strength
Güven / Trust

EastPharma

DEVA

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Having started its operation in 1958, DEVA Holding is one of the established pharmaceutical companies in Turkey.

DEVA Holding the main area of activity of which comprises production and marketing of drugs for human use and raw materials carries also the production of veterinary drugs, eau de cologne and medical ampoule.

The majority shares of DEVA Holding were acquired by funds managed by GEM Global Equities Management S.A., an international fund management company, and EastPharma Ltd. was established to assume the management in 2006.

Having the target of being the first choice by creating giant pharmaceutical brands in fields in which it competes offering innovative and diversified products with high quality experience with a view to everybody being able to reach healthy life at global scale, DEVA Holding ranks fourth on basis of box and sixth on basis of turnover in its industry according to the IMS Health free market data.

Offering new products to market every year, DEVA Holding makes a difference by enriching its product range.

With a view to facilitating patients to reaching drug they may need, DEVA Holding concentrates on research and development studies. In this context, the facilities of DEVA Holding have received European GMP (Good Manufacturing Practice) compliance approval.

With its influential staff consisting of more than 150 personnel all of whom are educated and experienced in their field and general laboratory equipped with current technology as well as areas of production within the scope of R&D activities, DEVA Holding develops innovative, new form and products with high added value. On the other hand, it tries to conduct R&D activities in compliance with all ethical and legal regulations so that such activities will meet the expectations of relevant authorities, to increase product availability by proving that safety, efficiency and quality of the product have not changed by means of efforts for prolonging the shelf life, to develop methods to increase the productivity for sustainable growth and to adapt the same to the production.

With the production facilities it established, DEVA Holding has attained the position of the domestic pharmaceutical company making the most comprehensive production in Turkey. Continuing its production in the production facilities in Çerkezköy and Kartepe, DEVA Holding has an annual capacity of producing 500 million boxes of drug on an annual basis.

Departing with the principle "Human health is our indispensable priority anywhere in the world", DEVA Holding supports also social responsibility projects.

2 Financial Indicators

FINANCIAL INDICATORS

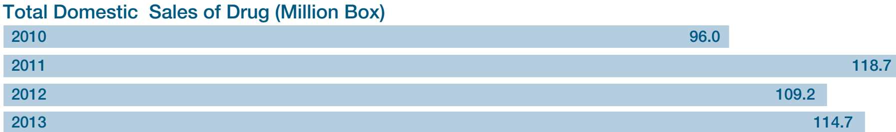
Primary financial and operational indicators (TL)	31.12.2013	31.12.2012
Total assets	826.626.770	723.256.278
Total liabilities	423.576.791	344.626.555
Total equity capital	403.049.979	378.629.723

	31.12.2013	31.12.2012
Sales revenue (net)	418.391.085	419.510.418
Real operating profit	47.427.756	63.849.562
Net profit24.603.670	24.603.670	34.240.843

Basic ratios (%)	31.12.2013	31.12.2012
Current ratio	1.80	1.30
Liquidity ratio	1.14	0.87
Precision ratio	0.25	0.06
Liabilities/Assets total (Financial leverage rate)	0.51	0.48
Equity/debt ratio	0.95	1.10

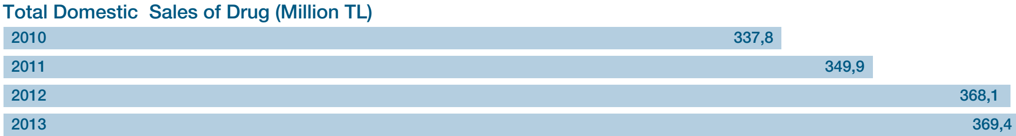
	31.12.2013	31.12.2012
Gross profit margin	0.38	0.40
Net profit margin (sales profitability)	0.06	0.08
Equity profit margin (equity profitability)	0.06	0.09

Total Domestic Sales of Drug (Million Box)



Total Export (Million TL)

Total Domestic Sales of Drug (Million TL)



CAPITAL AND SHAREHOLDING STRUCTURE

Company's:
Registered capital ceiling : 500.000.000 TL
Issued capita : 200.000.000 TL

DEVA HOLDING A.Ş. SHAREHOLDING STRUCTURE (31.12.2013)

Corporate Name	Amount of Share (TL)	Rate of Share (%)
EastPharma S.a.r.l	164.424.760	82.21
Other Shareholders	35.575.240	17.79
TOTAL	**200.000.000**	**100.00**

Message by the Chairman of the Board of Directors 3

Dear shareholders,

In an environment in which competition becomes difficult gradually for pharmaceutical industry, DEVA Holding has preserved its 4th position with a market share of 5.3% on basis of boxes and its 6th position with a market share of 3.8% in TL consistently in 2013. Following the successes we displayed and the good results we obtained in domestic market, now our way and target are overseas markets. Thanks to our wide range of products and DEVA quality management system, we are able to apply our reliability and innovativeness principles to our quality culture directly. Our greatest target in 2014 and thereafter is to sell our products to all foreign markets outside Turkey. We will take the first step of this application upon obtaining the approvals of licenses of our own products for which we will obtain the right to sell in Germany.

Another factor supporting the growth of DEVA has been our R&D center enabling us to offer to market the first equivalent products in oncology which is our domain for respiration and strategic development in which we pioneered in innovations in Turkey.

For DEVA, 2014 will be a new year in which we will reflect the strength and reliance we obtain from our skilled and well-educated team on various areas of development by means of new initiatives. We plan to offer to market new products for use in hospitals including also serums, mainly ophthalmology products.

In order for also biotechnological products to be able to be produced in Turkey, we will have the opportunity to conduct the R&D studies of many biotechnological products and develop products in our own facilities.

If measure fails to be taken throughout the world, it is estimated that the burden of cancer will increase to millions in 2030. In this direction, putting forward its resources for development of products needed by Turkish patients, DEVA Holding made ready its new liquid oncology facility. Considering the difficulties in failure to access product depending on import problems, we are aware of the fact that production of oncology products in Turkey is of prime importance to the country. For this reason, we consider that our new Oncology Facility with a closed area of production of 1000 m2 will fill an important gap in our country.

As DEVA, we have the primary priority to produce every product we may produce as we could in this country and to offer them to the use of Turkish people. In spite of high currency rates and, on the other hand, the availability of too many products of ours with low price, we are going to continue to produce all our drug and offer the same to the use of Turkish people because of our responsibilities to our government.

Very truly yours,

Philipp Haas
Chairman of BOD & CEO

Board of Directors and Senior Executives

Philipp Daniel Haas
Chairman of BOD and CEO

Being the Chairman of the Board of Directors and CEO of DEVA Holding, Philipp Haas took MBA degree in the specialty of banking at St. Gallen Economy, Law and Business Administration University. He speaks German, English, French, Spanish, Portuguese, Italian and Turkish fluently. Having served as investment consultant and director since 1992, Philipp D. Haas has a broad experience in markets of Eastern European Countries and particularly Turkish market. Having taken part in many restructuring projects in Ukraine and Turkey, Philipp D. Haas performed membership of many boards of directors on behalf of foreign corporate investors in 90s, among which are Rogan Brewery in Ukraine and Net Holding in Turkey. Having a broad experience in pharmaceutical industry, Philipp D. Haas served as consultant to funds in pharmaceutical industry in developing markets and oriented their investments to Eastern Europe. Among such firms is Slovakopharma named afterwards as Zentiva. Being the Chairman of the Board of Directors of Eastpharma Ltd and DEVA Holding, Haas also serves as the Chairman of BOD in Vetaş Veteriner ve Tarım İlaçları A.Ş., Saba İlaç Sanayi ve Ticaret A.Ş., New Life Yaşam Sigorta A.Ş., Eastpharma İlaç Üretim Pazarlama San. ve Tic. A.Ş., and member of BOD in Eastpharma S.a.r.l., Lypanosys Pte Limited. He also serves as senior executive in other companies within the Group. Philipp D. Has is Deputy Chairman in Turkish Pharmaceutical Industry Association.

Mesut Çetin for and on behalf of Vetaş Veteriner ve Tarım İlaçları A.Ş. - Chairman of the BOD and CFO

Being the Deputy Chairman of the Board of Directors and CFO of DEVA Holding, Mesut Çetin worked as director responsible for operations within GEM Global Equities Management S.A. 2005 and 2007 and has served in various positions within the same group as analyst, trader and project manager since 1999. Mesut Çetin is the member of the BOD in Eastpharma Ltd., Vetaş Veteriner ve Tarım İlaçları A.Ş. and Saba İlaç Sanayi ve Ticaret A.Ş. Furthermore, he also performs the duty of CFO in various companies within the group. Mesut Çetin is the graduate of Mathematics in Boğaziçi University and continues the EMBA program in Koç University.

Beat Martin Schlagenhauf
Member of the BOD

Being the Independent Member of the Board of Directors of DEVA Holding, Beat Schlagenhauf performs investment consultancy and portfolio management tasks over the firm Zurich-Switzerland-based company Schlagenhauf & Partner Portfolio Management. Before establishing his own firm in 1987, he performed at the position of portfolio manager and deputy chairman for 9 years in Rothschild Bank in Zurich. Being the Member of BOD in Eastpharma Ltd, Beat Schlagenhauf has been the Member of BOD of DEVA Holding since May 2011.

Cüneyt Demirgüreş
Member of the BOD

Being the Independent Member of the Board of Directors of DEVA Holding, Cüneyt Demirgüreş completed the Master of Business Administration in Boğaziçi University after graduating from Electrical and Electronic Engineering of ODTÜ and took Finance Doctorate at University of Alabama between the years of 1990-1993. Having performed important duties at senior executive positions in financial organizations among which are Eczacıbaşı Menkul Değerler, Demir Yatırım ve Demirbank, İsviçre Portföy Yönetimi and Unicredit Menkul Değerler, Demirgüneş is the member of BOD in Baytur Motorlu Vas. Ticaret A.Ş. and Baylas Otomotive A.Ş and is a faculty member at Koç University.

Ayşecik Haas
Member of the BOD

Being the Non-Executive Member of the Board of Directors of DEVA Holding, Ayşecik Haas completed her license degree in Electrical-Electronic Engineering in Doğu Akdeniz University after graduating Ankara Private Yükseliş College in 1991, then took her master degree in Economics branch in Texas Tech University. Having commenced the work life at various positions relating to engineering in Emek Elektrik and Beko Elektronik in Turkey, Ayşecik Haas worked in finance sector in New York after taking Economy Master degree after which she worked as investment specialist in Hattat Holding for a short period of time. Having commenced to perform as General Manager of NAR Group, a media company, in 2008, Ayşecik Haas is currently continuing this task.

Changes having taken in Memberships of the Board of Directors within the year

Members of the Board of Directors were elected in the Annual Ordinary General Assembly Meeting held on 22 May 2013 to hold office for a period of 3 years until the General Assembly Meeting to be held in 2016. Aysel Ölçen Aydıner, the member of the board of directors, resigned from office as of 06.05.2013.

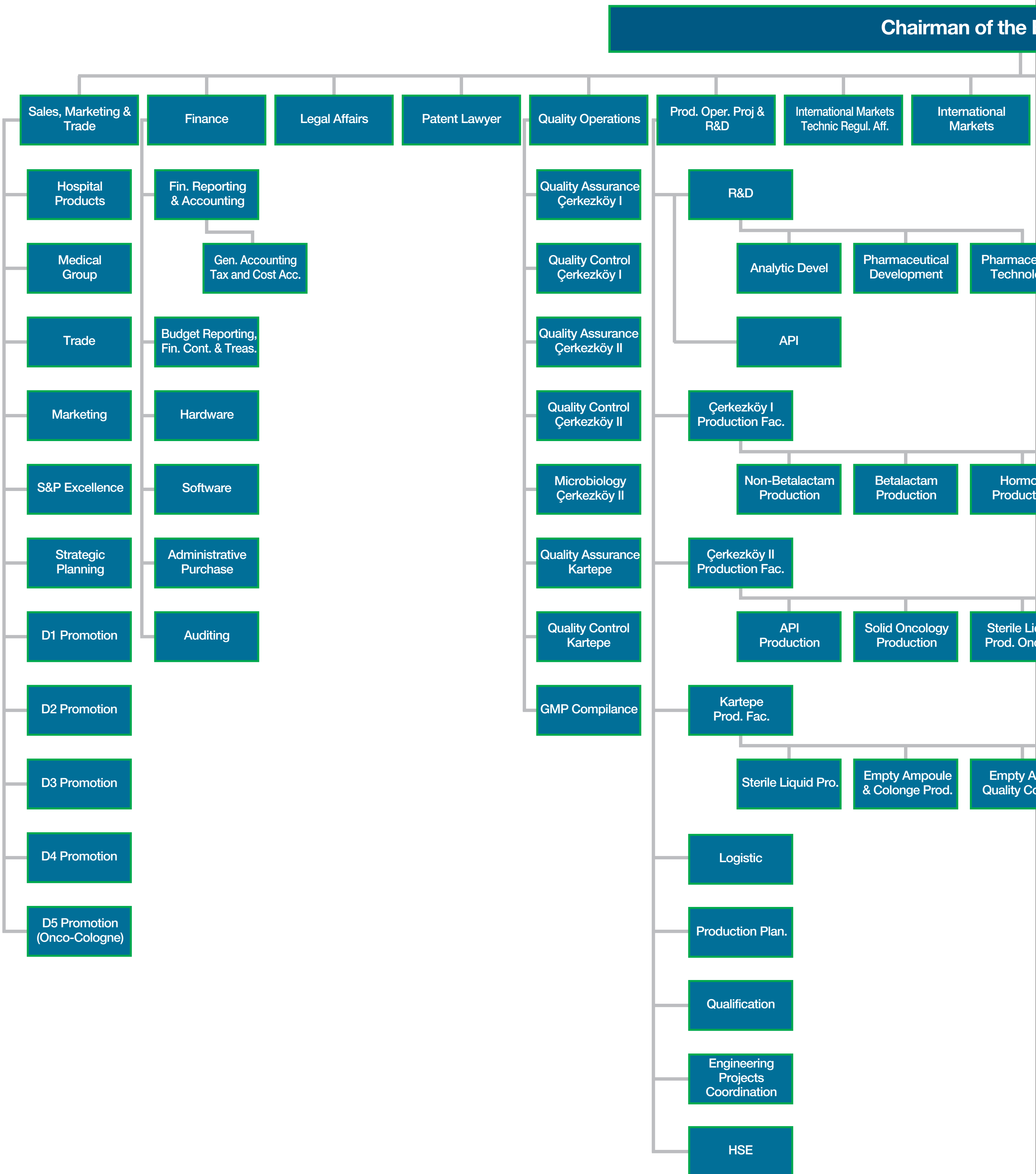
Senior Executives

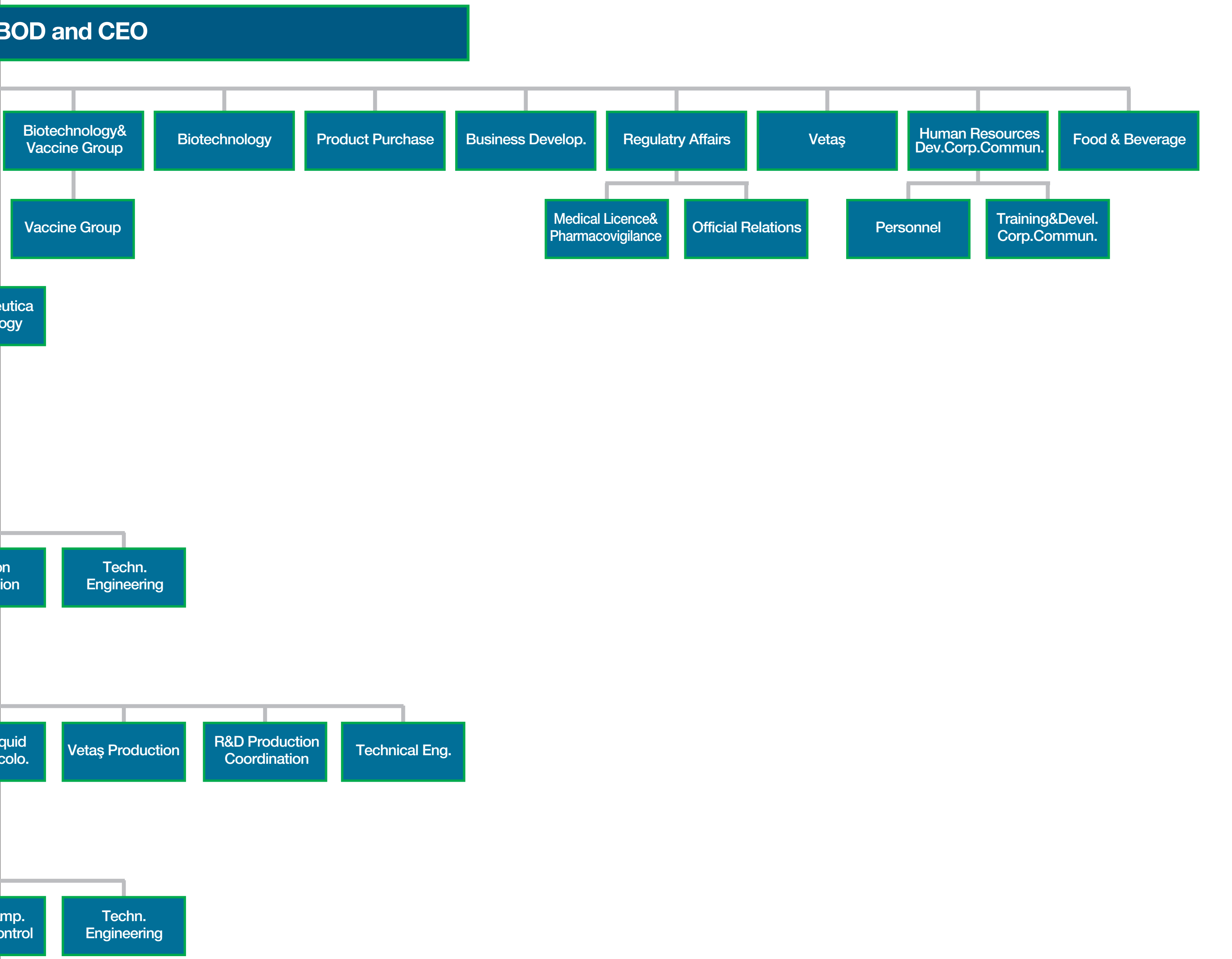
Philipp Daniel Haas - (CEO)
Mesut Çetin - (CFO)
Doğan Varinlioğlu - Deputy General Manager of Marketing, Sales & Trade
Altuğ Uysal - Deputy General Manager of Product Operations and Projects & R&D
Rıza Yıldız - Financial Reporting and Accounting Director
Arzu Saraç - Human Resources, Development and Corporate Communication Director
Vildan Yılmaz - Quality Director
Burç Kunter - Vetaş A.Ş. Director

Financial Rights provided to Members of the Board of Directors and Senior Executives

The total amount of financial rights such as attendance fee, remuneration, premium, bonus, severance pay etc. provided to Members of the Board of Directors and Senior Executives within the period is TL 3.531.210 and TL 3.539.023 respectively, and total amount of rights such as gasoline, telephone, lease pay, etc. is TL 41.110 for Members of the Board of Directors and TL 67.293 for Senior Executives, amounting to TL 7.178.636.

8 Organization Chart




BOD and CEO
Biotechnology& Vaccine Group
Biotechnology
Product Purchase
Business Develop.
Regulatry Affairs
Vetaş
Human Resources Dev.Corp.Commun.
Food & Beverage
Vaccine Group
Medical Licence& Pharmacovigilance
Official Relations
Personnel
Training&Devel. Corp.Commun.
Techn. Engineering
Vetaş Production
R&D Production Coordination
Technical Eng.
Techn. Engineering

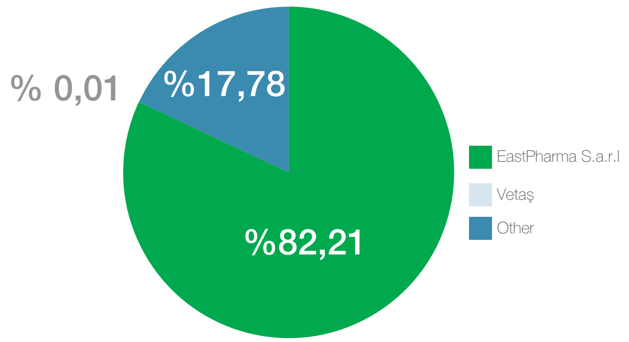
10 Structure of Shareholding and Subsidiaries

EastPharma Ltd. embodies DEVA Holding
and has shares of **Group A, B and C.**

EastPharma Ltd.
↓
EastPharma S.a.r.l.
↓
DEVA Holding A.Ş.

A Group	**%100,00**
Direct Control	%74,00
Indirect Control	%26,00
B Group	**%92,00**
Direct Control	%72,00
Indirect Controll	%20,00
C Group	**%82,22**
Direct Control	%82,21
Indirect Controll	%0,01

Structure of Shareholding (Shares of Group C)



DEVA Holding A.Ş.

Vetaş	DEVA Holdings N.Z.	DEVA Singapore	DEVA Pty Ltd	EastPharma Canada
%99.6	%100	%100	%100	%100

INFORMATION ON PREFERRED SHARES

Our company's capital contains 10 preferred shares in total of TL 0.10, consisting of 5 Group A Shares and 5 Group B Shares, each with a value of TL 0.01.

Preferences in Dividend

Group A Preferential Shares are entitled to receive 10% of the profit set aside from distributable profit according to the orders and principles referred to in the Articles of Association.

Preference in terms of Right of Voting

Group A and B preferred shares have a voting right ten times the voting right of Group C shares in terms of right of voting.

Preference in Management

Two members of the board of directors is elected by Group A and B preferential shareholders from amongst Group A preferential shareholders.

Our Mission

We subsist to offer innovative and diversified products with high quality experience with a view to everybody being able to reach healthy life at global scale.

Our Vision

To be the first choice in fields in which we compete by creating giant pharmaceutical brands.

Our Values

Being Transparent, Result Oriented and Taking on Responsibility.

Our Principles

DEVA Holding oversees its main principles in all business processes meticulously and reflect them on every field of its operations.

Integrity, Quality, Reliability, Customer Oriented, Conforming to Codes of Conduct, Decentralization, Employee Satisfaction, Creativity, Entrepreneurship, Teamwork, Environmentalism.

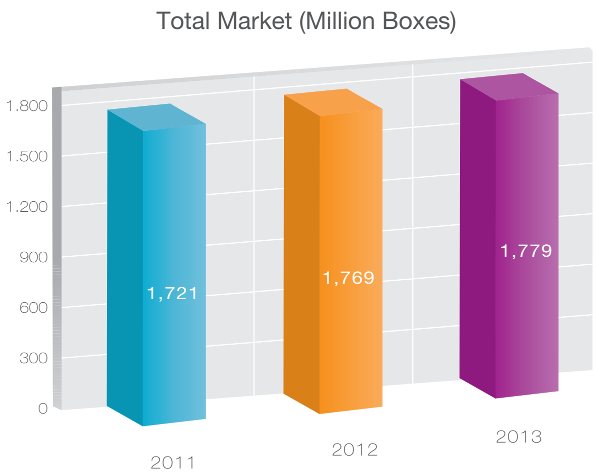
12 Notes from Pharmaceutical Industry

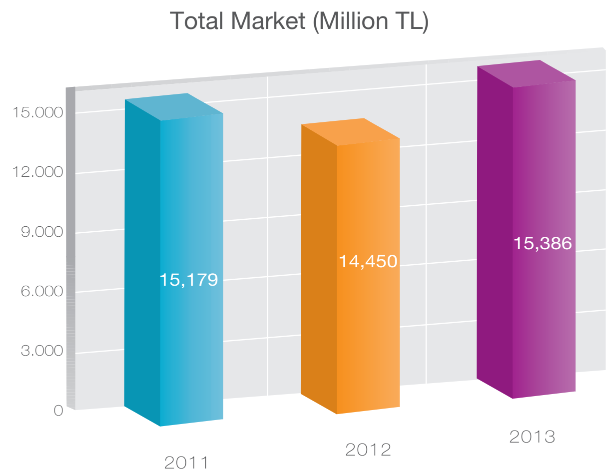
According to free market data of IMS Health, sale of drugs of 1.8 Billion boxes in the value of TL 15.4 Billion took place in Turkish Pharmaceutical Industry in 2013. The market achieved growth at the rate of 0.6% in terms of boxes and at the rate of 6.5% in TL compared to the previous year.

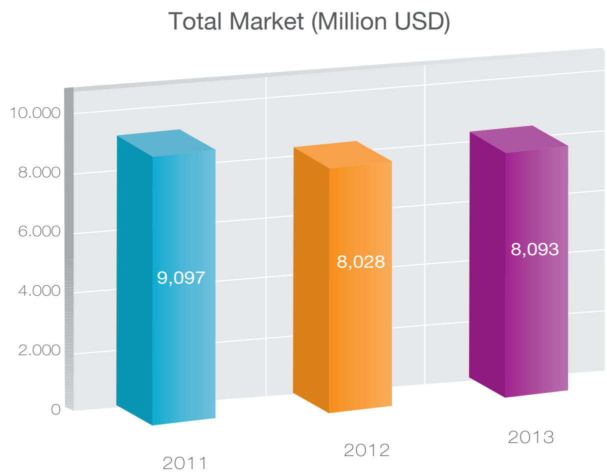
Rate of prescription drug to total pharmaceutical market in Turkish market is 92% both in terms of boxes and TL.

Although there is drug import from many treatment groups in our country, preparations requiring new and high technology, some vaccines, blood factors, some drugs with controlled release system, insulin, respiratory and anti-cancer drugs are predominantly imported.

According to IMS Health data, the sector's import took place in the amount of USD 4.2 Billion growing at the rate of 5.2% on basis of boxes and at the rate of 4.6% in USD in 2013. The domestic pharmaceutical market took place in the amount of USD 3.9 Billion with a decrease of 3.1% in USD and at the rate of 1% on basis of boxes. The rate of import in total market is 26% in terms of boxes and 52% in USD.



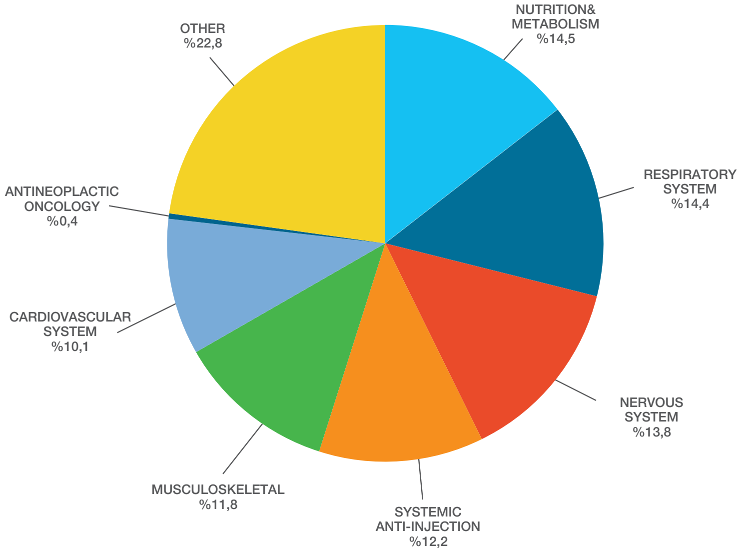




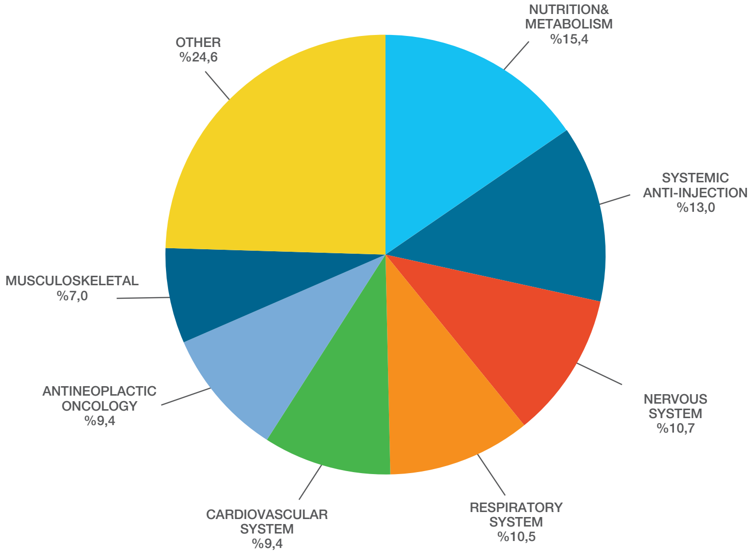
Source: IMS Health

Market breakdown according to drug segments in our country in 2013 took place on basis of boxes and TL/USD as follows. In terms of both boxes and TL/USD, Nutrition & Metabolism segment has the biggest share.

Total Market Sales Breakdown (%) (Boxes)



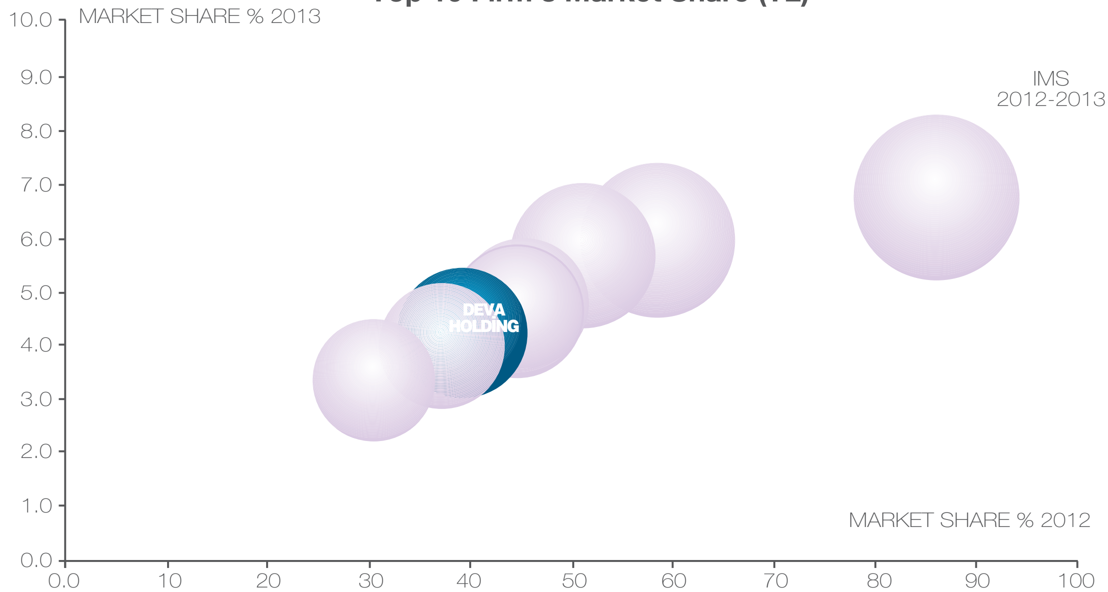
Toplam Pazar % Satış Dağılımı (TL/USD)



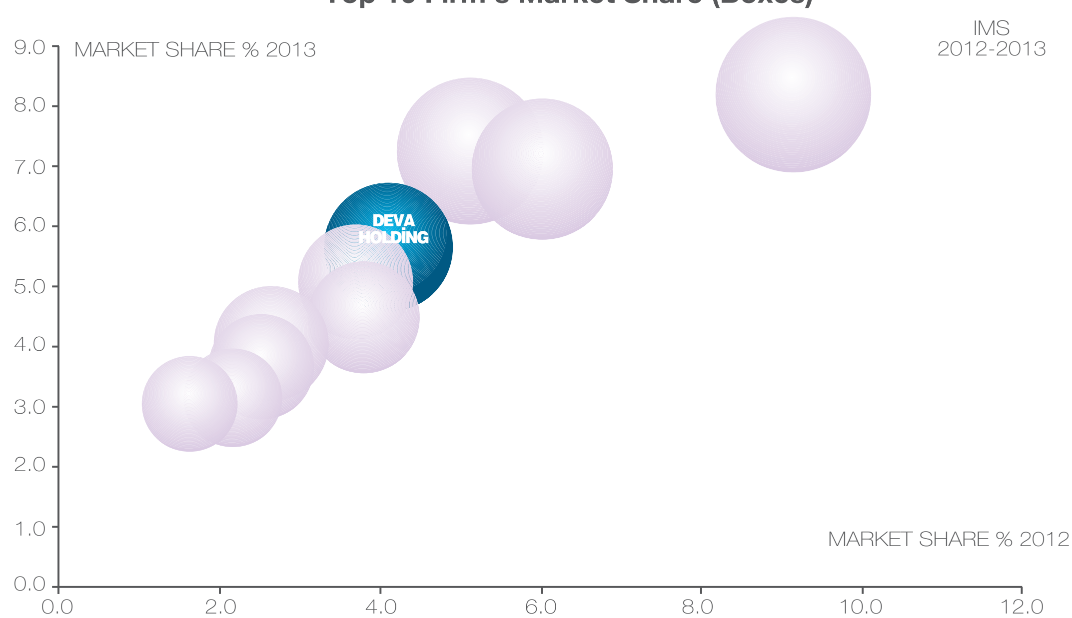
In 2013, DEVA Holding achieved growth at the rate of 2.7% with IMS sale of 93 Million on basis of boxes compared to 2012 and at the rate of 5.9% with IMS sale of TL 584 Million in TL compared to 2012.

DEVA Holding preserved its 4th position with a market share of 5.3% on basis of boxes and 6th position with a market share of 3.8% in TL in 2013.

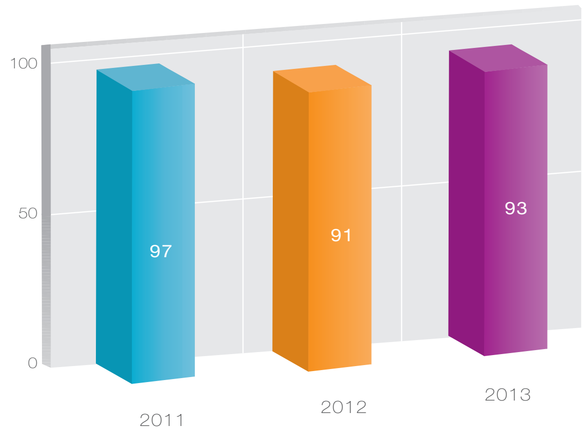
Top 10 Firm's Market Share (TL)



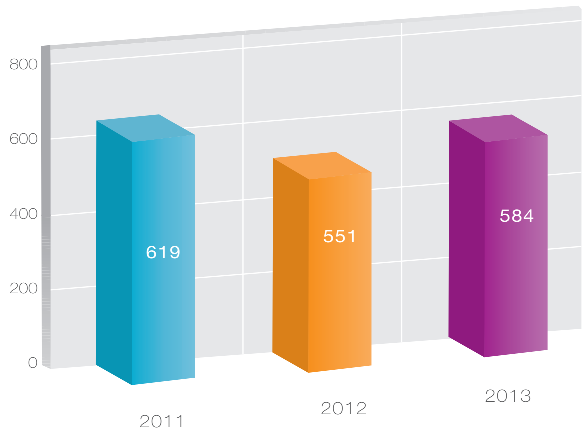
Top 10 Firm's Market Share (Boxes)



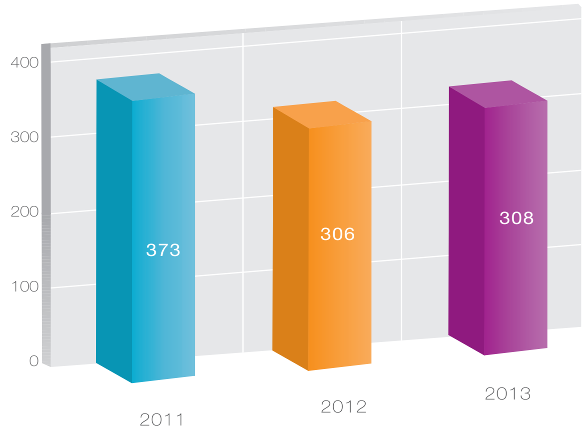
DEVA Holding (Million Box)



DEVA Holding (MillionTL)



DEVA Holding (Million USD)

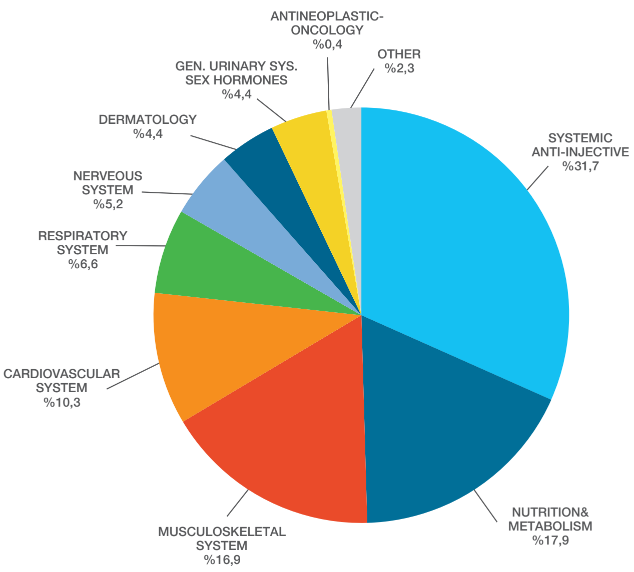


In 2013, Amoklavin, Dikloron, Cefaks, Devit D3 and Dilatrend from DEVA Holding were ranked in top 100 products on basis of boxes while Degra, Amoklavin and Cefaks were ranked in top 100 products on basis of TL in Turkish pharmaceutical industry.

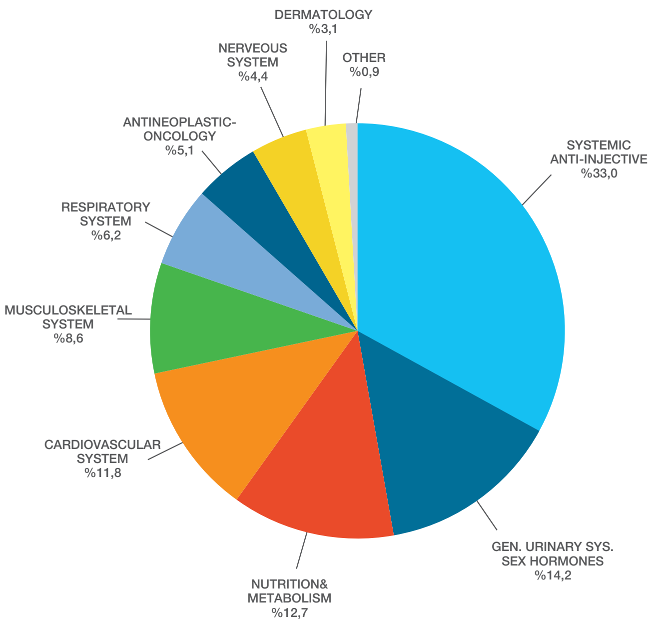
In 2013, 50% of IMS turnover of the company consisted of 10 products in total. Such products are Degra, Amoklavin, Cefaks, Imatis, Dikloron, Biteral, Encef, Dilatrend, Candexil Plus and Dodex. In 2013, 21 different forms of 10 new molecules were launched; furthermore, 15 different forms were added to existing molecules.

The greatest portion of drug sales of DEVA Holding in 2013 on basis of boxes and TL/USD consists of anti-infective group drugs. Segment breakdown of sales on basis of boxes and TL/USD is as follows:

Breakdown of Sales of DEVA Holding (%) (Boxes)



Breakdown of Sales of DEVA Holding (%) (TL/USD)



INTERNATIONAL MARKETS

In accordance with its strategies in international markets it put into practice in 2011, DEVA Holding continued its studies for regulatory and growth efforts in 2013.

Inspections of European Union Health Authorities continued in also 2013 and all pharmaceutical production facilities of DEVA Holding has become approved by European Union with receipt of EU GMP (Good Manufacturing Practice) for Kartepe sterile production line.

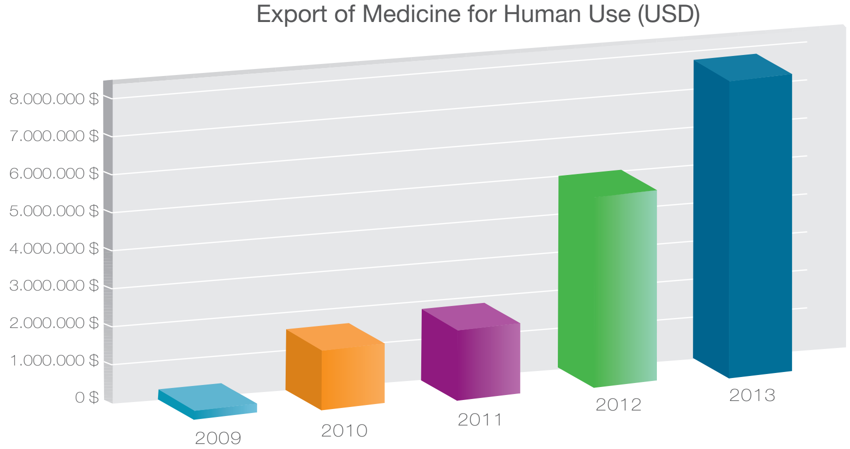
In addition to these certificates, the production facilities were also inspected Health Authorities of Ethiopia, Libya, Ivory Coasts, Cambodia and Kenya and received GMP approvals in 2013.

Export of Drug for Human Use

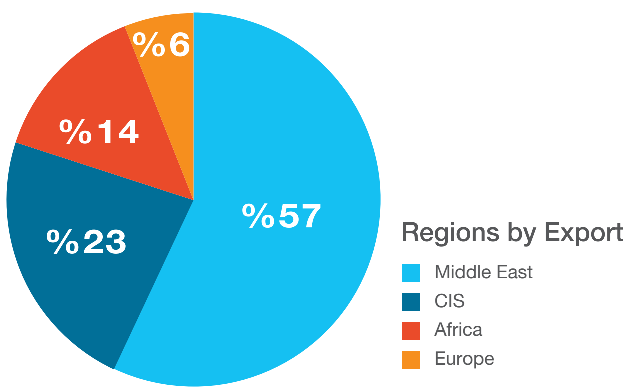
Making agreements with overseas pharmaceutical firms and distributors, sale of the products to overseas markets with DEVA brand and License agreements continued as main business models in 2013 as well.

The first license sale agreements of DEVA Holding were made in 2013. In 2013 in which new agreements and strategies began producing results, export of drug for human use of DEVA Holding increased by 51% compared to the previous year and realized as USD 7.5 Million.

Export of Medicine for Human Use (USD)



Breakdown of export in 2013 by regions is as follows:



The growth strategy in global meaning is maintained with two basic methods as entry into new markets and increasing the power in existing markets with new licenses.

Accordingly, in 2013, 189 license applications were filed in 26 countries in terms of developing countries and 59 licenses in total were received in 7 countries. Far East, Central America and Africa regions in which entry into market was swifter in 2013 have been the regions we focused on. In this meaning, Venezuela, Panama, Costa Rica, Nicaragua, El Salvador, Honduras, Guatemala, Dominic Republic, Cambodia, Guinea, Sri Lanka, Tunis and Ivory Coasts are the new markets for which distributorship agreements were entered into.

Development studies conducted for developed markets such as USA and European Union increasingly continued and progresses were made in terms of license applications in 2013.

Raw Material Export

Non-sterile raw material export realized as USD 1.7 Million in 2013.
After moving the facility in 2012, sterile raw material production was commenced again in July 2013.

Empty Ampoule and Contract Manufacturing

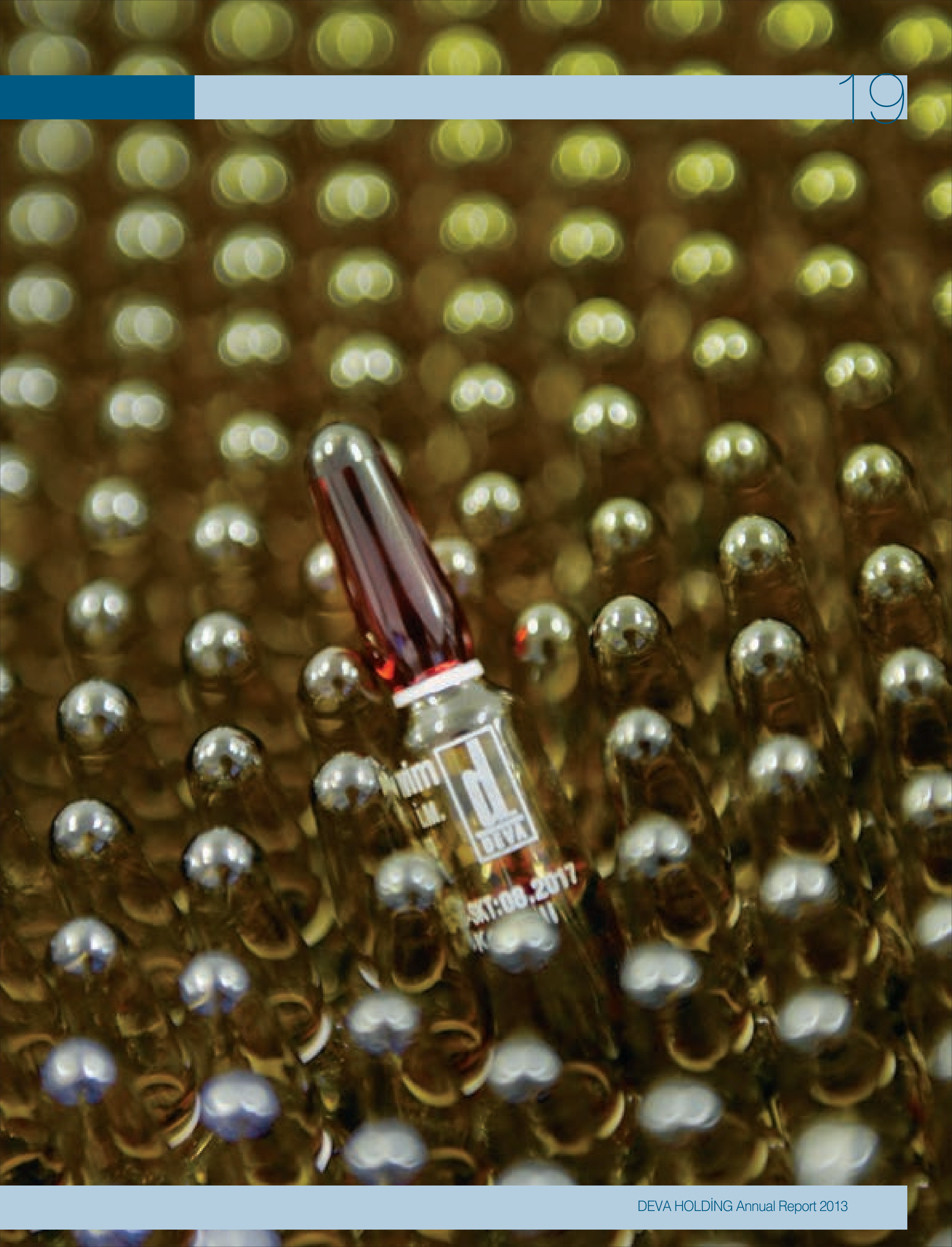
Evaluating the great portion of empty ampoule capacity in its own production, DEVA Holding realized sale of approx. 43 million ampoules to leading pharmaceutical producers in Turkey in 2013 in order to evaluate its remaining idle capacity.

Promotion Activities in International Arena

DEVA Holding continued its efforts for increasing its recognition in global meaning by sharing its products, R&D and production capabilities with around 30 thousand visitors in stand opened by it in Cphl, the most prestigious fair of the industry, organized in Frankfurt in October 2013 and in which 2 thousand 500 participant firms from around 140 countries opened stands.

Furthermore, participating in many important international organizations during 2013, the communication network of DEVA Holding was enlarged in this area and a ground for agreement was created with new business associates.

Images from international organizations and activities organized abroad:


DEVA
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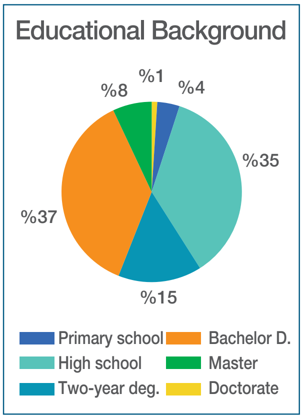
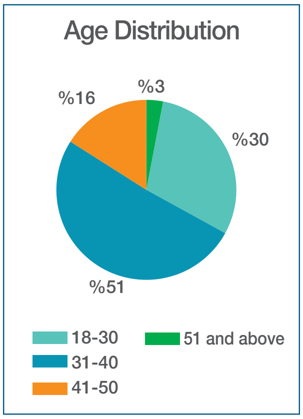
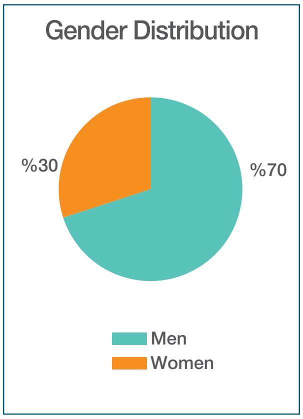
HUMAN RESOURCES AND DEVELOPMENT

Having secured its position in upper steps of Turkish pharmaceutical industry, DEVA Holding continued to create employment within its structure predominantly in field sale and production facilities in 2013 on the basis of the fact that it gains more competitive power with suitable human capital. Furthermore, priority was attached on internal resources in promotions in order to offer all our employees with career opportunity and systems for being able to assign internal candidates to suitable positions with evaluation center applications were continued to be applied. As a result of these developments, the demographic structure of our company as of the end of 2013 is as follows:







Also in 2013, for the purpose of contributing to development of vocational high schools and supporting in shaping work life of university students during their education within the scope of our Human Resources policy, our recruitment of trainees continued. 100 trainees in summer period and 37 trainees in winter period were provided with working opportunity at various departments of DEVA Holding and contribution was provided to development of such youth in introducing them to work life in their studentship period.

Forming exemplary applications for its employees to act in an ethical and responsible manner by means of its ongoing social responsibility projects, DEVA Holding emphasized one more time the importance of human health and the necessity of pioneering in continual aids with the sense of responsibility of a leading firm in difficult periods.

In line with the targets given with "DEVA Performance Management System" structured according to the principle "The one which cannot be measured is unmanageable", performance evaluation of all employees including blue collars and field employees was conducted within the year.

In order to increase the social activities of our employees and create social sharing areas for them in 2013 as well, events in areas of culture, art and sport were organized. On the other hand, human resources systems set up and supplementary personnel procedures' activities were continued in 2013 as well.

Training

In parallel with the changing dynamics of the sector in 2013, the training activities were planned and applied in order to ensure that all employees in the field, head office and production facilities work more efficiently in line with the strategic objectives and targets and improve them on a continual basis.

For the purpose of increasing both technical knowledge and skills of employees and developing their personal competence, training need analyses according to the positions at which they work and training investments within the framework of annual training plans were carried out.

In addition to training conducted through in-house trainers relating to business processes, training received outside the company and conference/seminar participation having realized both at home and abroad were continued intensively.

In 2013, planning was made and put into practice relating to certification process of Product Promotion Personnel, one of the critical subjects of the pharmaceutical industry. Besides, in drug promotion process in which competition is experienced intensively, training of "Sales Skills Coaching" for supporting and increasing the productivity of our efforts was realized and supported with field visits.

In order to continue to be successful in the long term as DEVA Holding, leadership workshop studies and coaching sessions were realized with participation of all management levels.

The content of 'cGMP (Current Good Manufacturing Practice) Refresher Training required to be taken in the production facilities of DEVA Holding by all personnel every year was prepared so that it will comprise the requirements of EU GMP and FDA (Food and Drug Administration) 21 CFR Part 210 & 211 and realized in all production facilities.

Within the scope of FDA inspection preparations, 'FDA Training Program' was continued.

The year 2013 has been a year in which knowledge and skills needed for DEVA Holding employees have been supported with training intensively.

DEVA HOLDİNG ÇERKEZKÖY-I PRODUCTION FACILITIES

Having the closed facilities of 32.000 m2 established on an area of 52.000 m2 in Çerkezköy Organized Industrial Zone at a distance of approx. 110 km to Istanbul, DEVA Holding Çerkezköy-I Production Facilities consist of modern buildings making production of Liquid/Semi-Solid, Solid, Betalactamine 1, Betalactamine 2 and Hormonal products.

Çerkezköy-I Production Facility Liquid/Semi-Solid Production Section

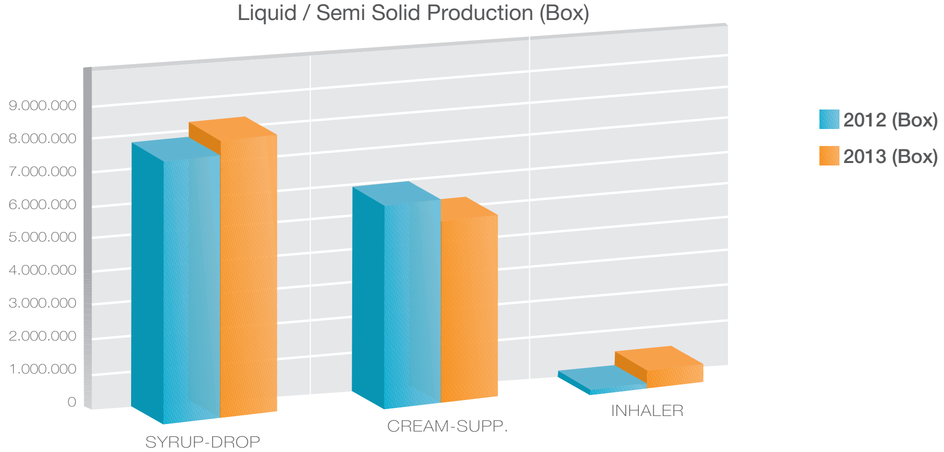
Total production : 14.8 million boxes
Capacity increase : 2%

In Çerkezköy-I production facility, non-sterile liquid and semi-solid products are produced.

In our liquid section, whole syrup – drops and sprays are produced; in section 'pomade', creams and gels are produced; in section 'suppository – pessary', suppository and pessary are produced and in our inhaler section, aerosol inhalers are produced using the state-of-the-art technology.

In this section of ours in which 14.5 million boxes in total were produced in 2012, production of 8.5 million boxes of syrup suspension-drop, 6.3 million boxes of cream-gel and suppository, inhaler was realized with an amount totaling to 14.8 million boxes in 2013.

With completion of the new inhaler building in 2014, capacity increase will arise considerably in 'inhaler line'.



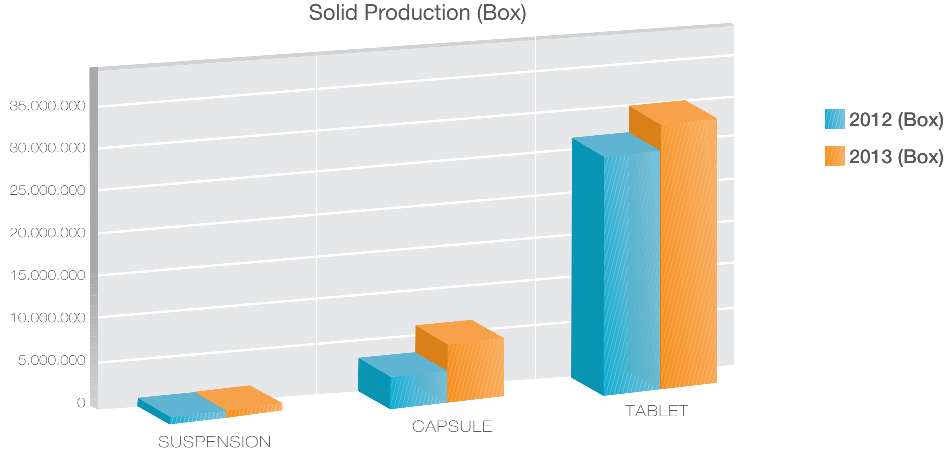
Çerkezköy-I Production Facility Solid Section

Total production : 39 million boxes
Capacity increase : 13%

Designed for production of solid forms (tablet/film tablet, capsule, powder suspension), Çerkezköy-I Production Facility Solid Section has a finished product packaging capacity of 35 million boxes on an annual basis in one shift.

In this section of ours in which 34.5 million boxes in total were produced in 2012, packaging of finished product of 39 million boxes consisting of 31 million boxes of tablet/film tablet, 6.2 million boxes of capsule and 1.8 million boxes of suspension was realized in 2013.

In 2013, an increase of 13% was experienced in total Solid production.



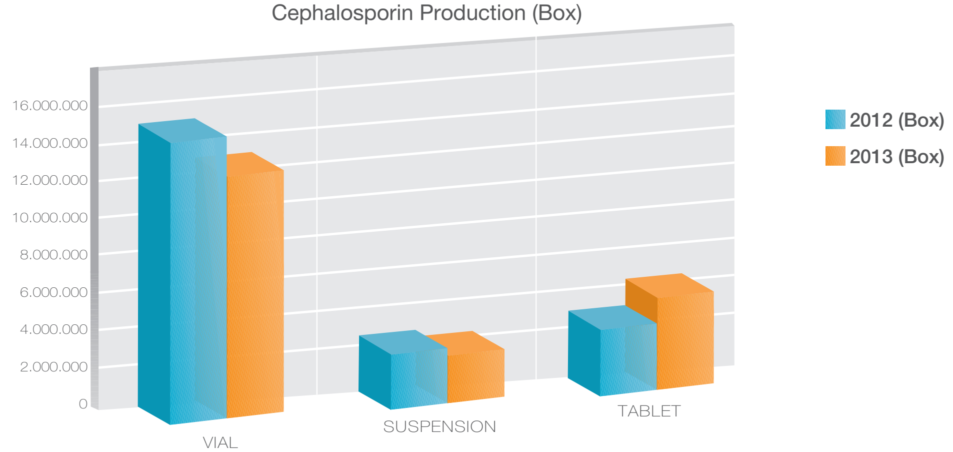
Çerkezköy-I Production Facility Betalactamine Section

Designed for production of drug in non-sterile solid (tablet/film tablet, powder suspension, and capsule) and sterile powder injectable pharmaceutical forms, Çerkezköy-I Production Facility Betalactamine Section consists of 2 separate sections as Cephalosporin and Penicilline.

Çerkezköy-I Production Facility Cephalosporin Production Section (Betalactamine I)

Total production : 20.2 million boxes
Capacity increase : -1%

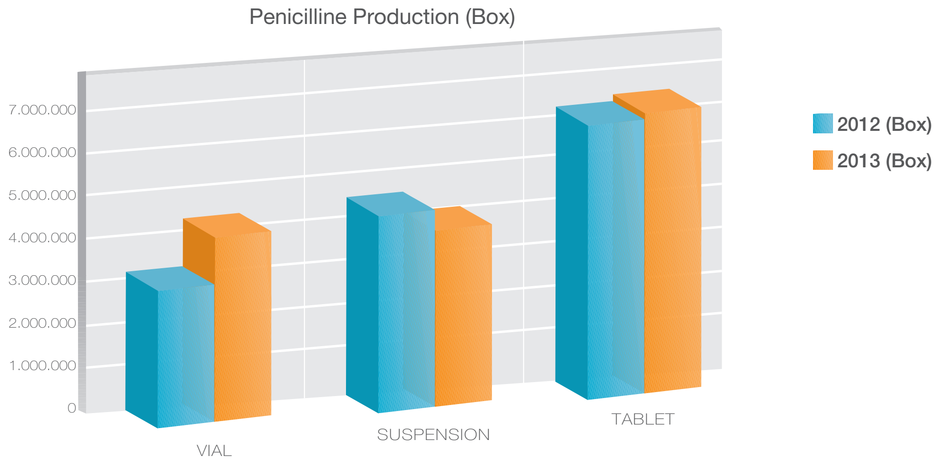
In Cephalosporin Production section commencing production activities in October 2008, 13.8 million boxes of sterile powder injectable vials, 2.3 million boxes of oral suspension, 4.1 million boxes of coated film tablet and capsule were produced with a total amount of 20.2 million boxes of pharmaceutical product in 2013.

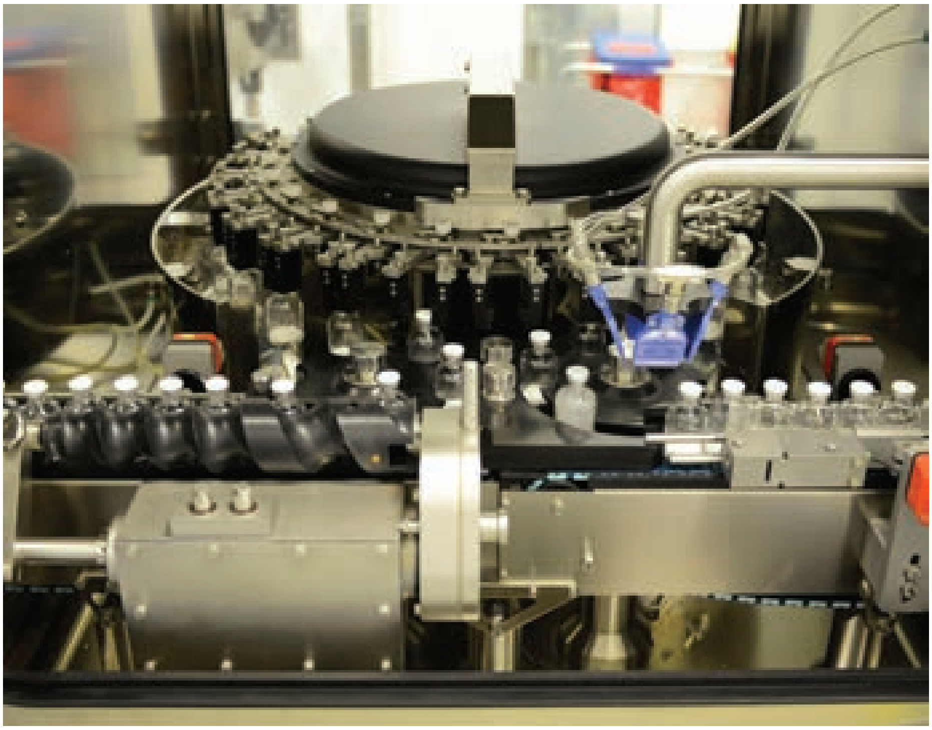


Çerkezköy-I Production Facility Penicilline Production Section (Betalactamine II)

Total production : 15 million boxes
Capacity increase : 2%

In Penicilline Production section commencing production activities in August 2008, 4.5 million boxes of sterile powder injectable vials, 4 million boxes of oral suspension, 6.5 million boxes of coated film tablet were produced with a total amount of 15 million boxes of pharmaceutical product in 2013.





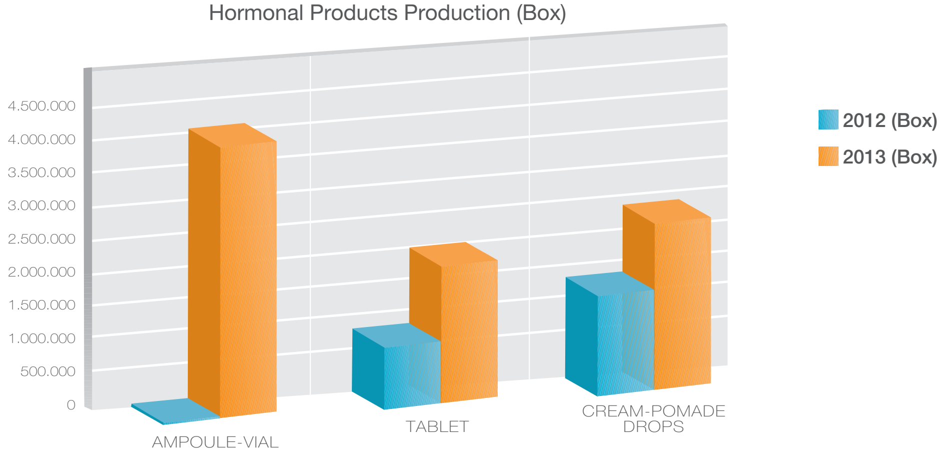
Çerkezköy-I Hormonal Products Production Facility

Total production : 8.5 million boxes
Capacity increase : 340%

In Hormonal Products Production section commencing production activities of non-sterile products in the early 2012, 2.4 million boxes of cream/pomade, 2 million boxes of tablet were produced with a total amount of 4.4 million boxes of non-sterile pharmaceutical product in 2013.

As a result of productions commencing upon completion of the establishment of sterile hormonal production facility and it being inspected by the Ministry of Health in the last quarter of 2012, a significant capacity increase was provided by producing 4.1 million boxes of sterile ampoule, vial and drops in 2013.

Hormonal Products Production (Box)



Inspected successfully by the Ministry of Health of Germany and Astra Zeneca within 2012, our facilities were also successfully inspected by Kenya, Philippines, Ethiopia, South Africa and Libya Health Authorities in 2013 without receiving any major and critical findings.

Our target in 2014 is to be inspected by FDA without receipt of finding in our Cephalosporin Production Section (Betalactamine I) Sterile and Penicilline Production Section (Betalactamine II) non sterile lines.

Besides, our facilities aim at being inspected successfully in the first quarter of 2014 in terms of ISO 14001 and OHSAS 18001 standards and crowning the importance we place on occupational safety and environment.

ÇERKEZKÖY-II PRODUCTION FACILITIES

Having the closed facilities of 18.742 m2 established on an area of 67.551 m2 in Çerkezköy Organized Industrial Zone, DEVA Holding Çerkezköy-II Production Facilities consist of modern buildings making production of Solid Oncology, API.

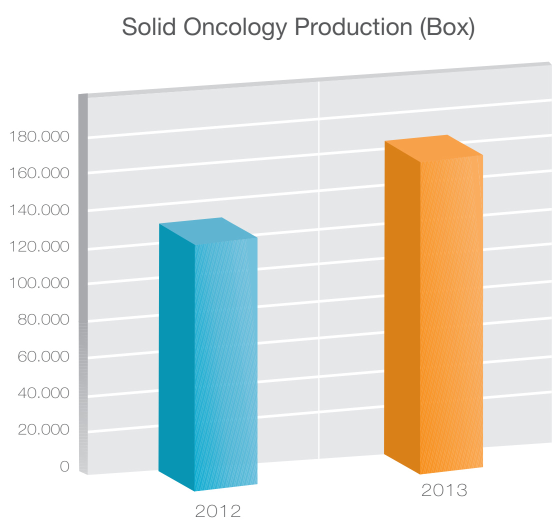
Solid Oncology Production Section

Total production : 163 thousand boxes
Capacity increase : 26%

Continuing as 5 products in 4 molecules in 2012, the production realized as 8 products with one molecule and 3 new products added in 5 molecules in 2013.

Products produced in 2012	Products produced in 2013	Active Substance
Hydrea 500 mg Capsule	Hydrea 500 mg Capsule	Hydroxyurea
Letrasan 2,5 mg Film Tablet	Letrasan 2,5 mg Film Tablet	Letrozol
Imatis 100 mg Film Tablet	Imatis 100 mg Film Tablet	Imatinib Mesylate
Imatis 400 mg Film Tablet	Imatis 400 mg Film Tablet	Imatinib Mesylate
Megace 160 mg Tablet	Megace 160 mg Tablet	Megastrol Acetate
	Veridex 1 mg Film Tablet	Anastrozol
	Imagliv 100 mg Film Tablet	Imatinib Mesylate
	Imagliv 400 mg Film Tablet	Imatinib Mesylate

The production quantity of the section being 129.676 boxes in 2012 realized as 163.130 boxes in 2013 with an increase of 26%.



For European market regulatory procedures in Solid Oncology section inspected by the Ministry of Health of Germany in 2012, validation series of Letrozol 2.5 mg Film Tablet, Anastrozol 1 mg Film Tablet, Imatis 100 mg Film Tablet, Imatis 400 mg Film Tablet, Exemestan 25 mg Film Tablet and Bicalutamide 50 mg Film Tablet were produced. The stability and regulatory studies of the products are in progress.

Besides, in terms of FDA studies for USA market, validation series of the products Temozolomide 5 mg Capsule, Temozolomide 20 mg Capsule, Temozolomide 100 mg Capsule, Temozolomide 140 mg Capsule, Temozolomide 180 mg Capsule, Temozolomide 250 mg Capsule were produced. The stability and regulatory file preparation studies of the products are in progress.

Production Facilities

Sterile Liquid Oncology Production Section

In Çerkezköy II Production Facility, a new production area was established for Sterile Liquid Oncology Production within 2013. DEVA Holding Topkapı Production Facility was moved to this area and qualification studies of this section were completed. After opening inspection of the Ministry of Health realized in January 2014, the production will be initiated with opening approval.

Vetaş Sterile Production Section

Total production :12 thousand boxes

Opening inspection of the section was carried out by the Ministry of Food, Agriculture and Livestock in 2013. The production was commenced after a successful inspection and the production of 4 products was realized within 2013.

Products produced in 2013
Penokain-G Injectable Suspension
Procastrep LA Injectable Suspension
Seftivet 100 ml Injectable Suspension
Mastisilin Intramammary Ointment

Production of 11.984 boxes was realized within 2013.

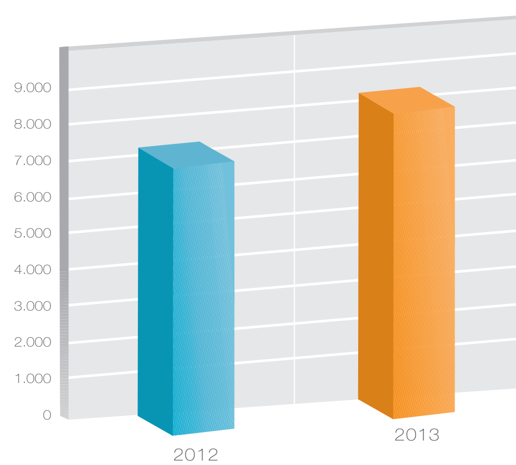
API Production Section

Total production : 8.2 thousand kg
Capacity increase : 13%

Within 2013, production was continued in Betalactamine API and Non-Betalactamine API sections. Also in the Sterile Potassium Clavulanate facility established in 2012, productions were realized. Being 7.272 kg in 2012, total API production realized as 8.212 kg with an increase of 13% in 2013. 13 different API productions were made within the year in line with the demands by customers.
In API production facility used for Imatinib Mesylate production, pilot series were produced by R&D API department and EU DMF (European Drug Master File) was formed.

Capacity Utilization Rate of 2013 in our Çerkezköy Main Production and API Production Facilities is 61%.

API production on kg basis



DEVA HOLDİNG KARTEPE PRODUCTION FACILITIES

Having the closed facilities of 16.500 m2 established on an area of 32.000 m2 in the locality of Kartepe, Kocaeli on İzmit - Ankara Highway, DEVA Holding Kartepe Production Facilities consist of modern buildings making production of sterile injectable, empty medical ampoule and eau de cologne.

Kartepe Sterile Production Facility:

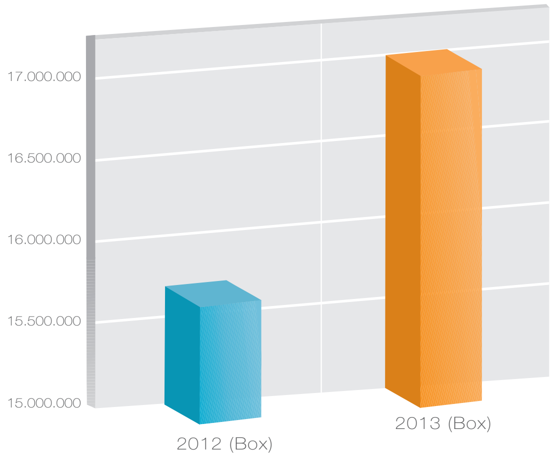
In Kartepe Sterile Production Facility, Sterile Liquid Injectable Ampoule, Sterile Liquid Injectable Vial, Sterile Liquid Injectable Lyophilized Vial, Sterile Ophtalmic Pomade and LVP and SVP parenteral suspensions using BFS (Blow-Fill-Seal) technology are able to be produced (Sterile Liquid Infusion Solution in PE bottle, Sterile Liquid Eye Drop in PE bottle and Sterile Liquid Diluent Vial).

Sterile Injectable Ampoule Production

Total production : 17 million boxes Ampoule – 30 million boxes diluent ampoule
Capacity increase : 8% - 100%

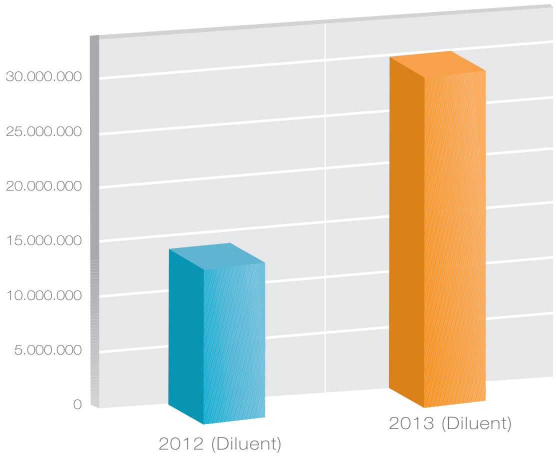
In our facility in which 15.8 million boxes of ampoule and 15 million diluents ampoule were produced in 2012, 17 million boxes of ampoule and 30 million boxes of diluents ampoule were produced in 2013. Total single ampoule produced in 2013 is 101 million.

Ampoule Production (Box)



An increase of approx. 8% has been experienced in ampoule production on basis of boxes in 2013 compared to 2012.

Diluent Ampoule Production (Pcs)



An increase of approx. 100% has been experienced in diluents ampoule production in 2013 compared to 2012.

Kartepe Sterile Production Facility – Sterile Liquid Injectable Vial, Sterile Liquid Injectable Lyophilized Vial Production

In Sterile Liquid Injectable Vial and Sterile Liquid Injectable Lyophilized Vial line brought in the facility in 2012, production was commenced as of 2013 and 3.5 million boxes of vials in total were realized.

Kartepe Sterile Production Facility – Sterile Ophtalmic Pomade Production

In Sterile Ophtalmic Pomade Production line brought in the facility in 2012, 235.258 boxes of sterile ophthalmic pomade production were realized within 2013.

Kartepe Sterile Production Facility – BFS-LVP Production

Another technology brought in the facility in 2012 is BFS (Blow-Fill-Seal)-LVP (Large Volume Parenteral) line and, in our line put into operation as of 2013, a production of 14.323 pieces was realized.

Kartepe Sterile Production Facility – BFS-SVP (Small Volume Parenteral) Production

In BFS-SVP line brought in the facility in 2012, process validations were realized within 2013. Besides, our BFS-SVP and BFS-LVP lines were inspected by the Ministry of Health of Germany within 2013 and inspection was completed successfully without receipt of any major and critical findings.

Our target in 2014 is to be inspected successfully by FDA in our Sterile Liquid Injectable Lyophilized Vial line and BFS-SVP production line.

Empty Medical Ampoule Production:

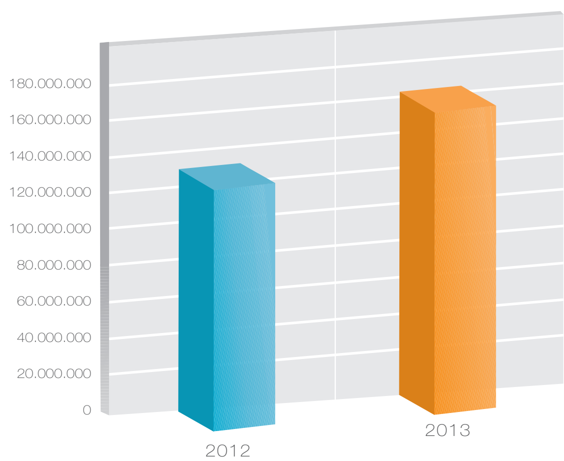
Total production	: 162.8 million pieces
Capacity increase	: 21.5%

Our Empty Medical Ampoule Production section meets the significant portion of market need as one of the three leading companies in our country in terms of medical ampoule production.

Having ISO 9001:2008 certificates, our facility is inspected by Bureau Veritas on a periodical basis.
Significant portion of medical ampoules produced in our section having ISO 9001 quality management system since 2001 is sold to leading pharmaceutical companies in Turkey apart from DEVA Holding.

Our empty ampoule production in 2012 is 134 million pieces and our production in 2013 increased to 162.8 million pieces with an increase of 21.5%.

Empty Medical Ampoule Production (Pcs)



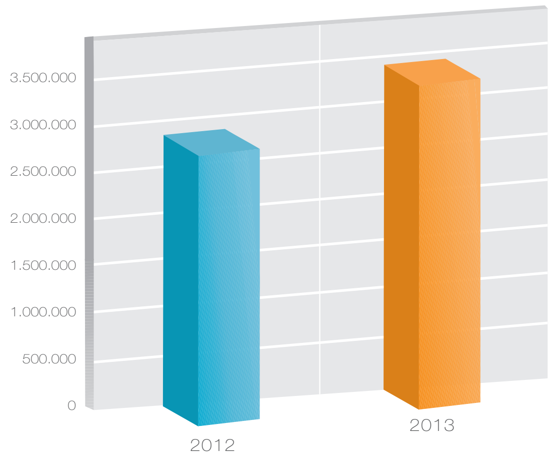
Eau de Cologne Production:

Total production : 3.5 million pieces
Capacity increase : 21%

In our section in which Boğaziçi Eau de Cologne, one of the most sold brands in Turkey, is produced, products appealing to various sections such as 80° Lemon cologne, Lavender cologne and aftershave are produced.

Our cologne production in 2012 is 2.85 million bottles and our production in 2013 increased to 3.45 million bottles with an increase of 21%.

Production of Cologne (Pcs)



Besides, our facilities will be inspected in line with ISO 14001 and OHSAS 18001 in the first quarter of 2014 and will have been certificated on subjects of environment and occupational safety and health as well.

Capacity Utilization Rate of 2013 in our Kartepe Production Facilities is 61%.

PRODUCTION INDICATORS

Production of drug for human use and veterinary drug on basis of boxes produced in our facility realized as 117.4 million boxes in 2010, 109.2 million boxes in 2011, 119.8 million boxes in 2012 and 123.7 million boxes in 2013.

Value of total production (drug and other) realized as TL 237.8 million in 2010, TL 214.2 million in 2011, TL 212.3 million in 2012 and TL 226.8 million in 2013.

DEVARGE

Our vision is to be the largest generic pharmaceutical manufacturer in Turkey and develop products exported to international markets and high quality economic products predominantly.

With our influential staff consisting of 155 personnel all of whom are educated and experienced in their field and general laboratories equipped with current technology and areas of production, we aim at developing innovative, new form and products with high added value. On the other hand, we try to conduct R&D activities in compliance with all ethical and legal regulations so that such activities will meet the expectations of relevant authorities, to increase product availability by proving that safety, efficiency and quality of the product have not changed by means of efforts for prolonging the shelf life, to develop methods to increase the productivity for sustainable growth and to adapt the same to the production. Our working principle is that the quality of our products meets the current standards continually, and new synthesis methods and new polymorphous not importing patent are found.

Our 2014 and long term targets are to be leader in equivalent drug production, to ensure vertical integration in strategic products, to compete with the world in development of active ingredients and new polymorphous, to make difference by developing value added products, to develop products to regulated markets (EMA and FDA), to invest in future by adapting new technologies to our firm, to develop products with high added value with provision of university and industry cooperation and to protect our intellectual property rights with registration of patent.

DevArge consists of the sections of Analytic Development, Pharmaceutical Development, Pharmaceutical Technology, API Development, CMC Documentation, Patent and Biotechnology, ArGe (R&D) Center Finance Follow-up.

DevArge consists of Pre-formulation and Pilot Production Field, Pilot Production Weighing Field, Raw Material Packaging Material and Finished Product Sample Storage, Synthesis and Scale-up Laboratories, Stability Laboratories, Analytic Development Laboratories, Oncolytic and Hormone Sample Production Field and Analysis Reports, Biotechnology Laboratories and CMC Documentation archives and comprises an area of 7.000 m2 in total.

As of the end of 2013, 28 new product development projects were completed and CTD file preparations were completed. 10 bio-equivalence studies, being the indicator of similarity of our products with innovator products, were completed and it has been found that the products obtained using the unit formula and production method we developed are similar with the reference product in terms of efficiency and safety.

Within 2013, new technologies and products were brought in our country by carrying on technology transfer studies for 43 products. Costs were decreased by making raw material alternative resource study for 43 products.

Within 2013, for 23 passive products of Vetaş, launching productions were supported by review of license files so that they will be in compliance with Veterinary Regulations.

Within 2013, 10 innovative projects in total with Tübitak support were studied. 2 out of 3 projects beginning in 2011 were completed successfully in 2013 and other is currently in progress. 3 projects initiated in 2012 and 4 projects initiated in 2013 are currently in progress.

REGULATORY ACTIVITIES

As DEVA Holding, applications were filed with the Ministry of Health for license of 95 drugs for human use and licenses were received for 24 drugs for human use within 2013.

Regarding the products with the aim to decrease our existing costs and increase our profitability, approx. 350 variation applications were filed.

On the other hand, within the scope of license renewal studies, license renewal applications were filed for 18 products.

INVESTMENTS

Within the period of 01.01.2013 – 31.12.2013, investment of TL 84.388.509 in total was made for DEVA Holding A.Ş. and its group of companies as TL 47.951.069 regarding Administrative Building, Plant, Machinery and Installation and Fixtures and TL 36.437.440 regarding R&D, Regulatory and Licenses.

In addition to cash supports provided to our company having R&D Center Certificate for R&D projects approved by Tübitak, tax and SGK deductions are provided for all projects operating within the R&D Center scope. Maximum 60% of total amounts of expenditures approved to be supported by TÜBİTAK upon an assessment by it is paid as cash support.

The company has 9 projects in progress with TÜBİTAK approval and R&D expenses of TL 21.009.576 took place in 2013.

Furthermore, within the scope of incentive certificates with numbers 5594 and 5596, expenditures of TL 2.238.677 were realized for certificate number 5594 and TL 5.728.616 for certificate number 5596. Also within the scope of the incentive certificate numbers 111282 and 112159 valid on the dates 28 May 2013 – 28 May 2016, received for DEVA Çerkezköy facilities, expenditures of TL 4.691.750 and TL 2.711.393 were made respectively.

The expenditures within the scope of incentive have various advantages in terms of VAT and customs duty exemption and other taxes.

Risk Management and Internal Control Mechanism

Our company's operations in relation to risk management are implemented under the coordination of Risk Management Committee which assesses the information from Credit Committee and Internal Audit within the framework of Corporate Risk Management and submits the assessment results and, if any, action plans relating to alleviating the risks formed to the Board of Directors.

Credit Committee determines the credit limits to be allocated to customers in purchases of goods and the principles for guarantees to be received. In determination of limits and guarantees, the shareholding structure of customer, its immovable properties, financial position and information studies made regarding it in the region are utilized. With continual control of open accounts of customers, it is aimed that the guarantee rates are kept at desired levels and bad debt risks are minimized.

Internal Control Directorate audits all the operations implemented by the Company in terms of their compliance with international audit principles and generally accepted management standards as well as policies and practices of the Company referred to in its Articles of Association and ensures that efficient and productive controls are conducted and remedial measures are taken on a timely basis. Internal Control Directorate assesses all the units in terms of risk management within the framework of audit plan and submits the audit results to Risk Management Committee and Committee responsible for Control on a regular basis.

In 2013, internal audit studies were made in terms of operations of the Company and findings and recommendations relating to improve the same were submitted to the Board of Directors upon assessment of risk notices received from all units.

AMENDMENTS MADE IN THE ARTICLES OF ASSOCIATION WITHIN THE PERIOD AND THE REASONS OF SUCH AMENDMENTS

In Ordinary General Assembly Meeting held on 22 May 2013, amendments were made to the below-written articles of the Articles of Association of the Company in order to ensure compliance with Turkish Commercial Code No. 6102, Capital Markets Law and related regulations.

As per permission numbers 29833736-110.03.02-1586-5143 dated 14.05.2013 of Capital Markets Board and 67300147-431-02-387-610628-5518-3923 dated 16.05.2013 of General Directorate of Domestic Trade of the Ministry of Customs and Trade of the Republic of Turkey, it has been resolved that Article 1 with heading "Provisions for Incorporation", Article 2 with heading "Incorporators", Article 5 with heading "Headquarters of the Company", Article 6 with heading " Duration of the Company", Article 7 with heading "Capital of the Company", Article 9 with heading "Shares", Article 10 with heading "Preferential Shares", Article 12 with heading "Integrity of Shares and Rights and Responsibilities of Shareholders", Article 14 with heading "Issuance of Bonds and other Capital Market Instruments having the Character of Debt Instruments", Article 15, Article 16 with heading "Board of Directors", Article 17, Article 18, Article 19, Article 20, Article 21, Article 22 with heading "General Coordinatorship and General Directorate", Article 23 with heading "Audit and Auditor", Article 24 with heading "General Assembly", Article 25 with heading "Participation in General Assembly Meetings on Electronic Ambient", Article 27, Article 28, Article 31, Article 33, Article 34, Article 35, Article 36, Article 37, Article 38, Article 39, Article 41 with heading "Company's Accounts", Article 42 with heading "Incentive Pay to Managers, Employees and other Servants as well as Members of the Board of Directors", Article 43 with heading "Distribution of Profit", Article 44, Article 46, Article 47, Article 48 with heading "Miscellaneous Issues", Article 49, and Article 50 be amended and Article 52 be added and Article 29, Article 30, Article 32, and Article 45 of Articles of Association be removed from the Articles of Association.

Changes in the capital position of the PARTNERSHIP within the period
No change has come into existence in capital position within the period.

Audits conducted within the period
Within 2013, Limited VAT Review for the Period 2008 and Limited VAT Review for the Period 2009 were conducted in our company by Tax Audit Committee of the Ministry of Finance of the Republic of Turkey.

Lawsuits brought against the company
Lawsuits brought against our company consist of labor lawsuits and lawsuits relating to tax penalties. Labor lawsuits consist of reemployment lawsuits brought by personnel dismissed, lawsuits of claims arising from employment contracts and indemnity lawsuits arising from employment contracts while tax lawsuits consist of the issues such as penalized value added tax, corporate tax, stamp tax, advance tax and default interest and loss of tax. Detailed information relating to the subject is given in Footnote 16 in financial statements.

Collective Bargaining Applications
No Collective Bargaining Agreement is in place with employees.

Personnel and Worker Movements
Not any personnel and worker movement has arisen.

Benefit Obligation
As of 31.12.2013, the benefit obligation of DEVA Holding and its Group of Companies is TL 4.873.079 and a provision has been allocated for the entire amount.

Rights and Benefits provided to personnel and workers
In line with the requirements and needs of their tasks, benefits such as food in the workplace, clothing, personnel service, pocket money for feast day, child and education benefits, food aid, fuel aid, marriage, family, birth, decease benefits were given to employees apart from their wages and life insurance and optional health insurance applications were continued.

Information on Donations made within the period

Donations and aid in the amount of TL 739.206 were made to various organizations and foundations within the period of 01.01.2013-31.12.2013.

Departing with the principle "Human health is our indispensable priority anywhere in the world", our company continued social responsibility activities it implemented together with public institutions and non-governmental organizations also in 2013 being aware of the responsibility of improving the life quality of the society and supporting economical, environmental, cultural and social development and, for this purpose, gave the necessary support for removal of the physical and equipment deficiencies of various education and health institutions.

Committees and their Working Principles

COMMITTEE RESPONSIBLE FOR CONTROL

Name-Family Name	Task	Explanation
Beat Martin Schlagenhauf	Chairman	Independent Member of the BOD
Cüneyt Demirgüreş	Member	Independent Member of the BOD

Detailed information has been given in "Report of Compliance with Corporate Governance" relating to working principles of committees.

CORPORATE GOVERNANCE COMMITTEE

Name-Family Name	Task	Explanation
Beat Martin Schlagenhauf	Chairman	Independent Member of the BOD
Mesut Çetin	Member	Executive Member of the BOD
Ayşecik Haas	Member	Non-Executive Member of the BOD

COMMITTEE FOR EARLY DETERMINATION OF RISKS

Name-Family Name	Task	Explanation
Beat Martin Schlagenhauf	Chairman	Independent Member of the BOD
Mesut Çetin	Member	Executive Member of the BOD
Ayşecik Haas	Member	Non-Executive Member of the BOD

RISKS AND ASSESSMENT OF THE GOVERNING BODY

The Committee for Early Determination of Risk was established in order to make studies for the purpose of early diagnosis of risks which may endanger the existence, development and continuance of the company, application of the necessary measures relating to risks determined and managing the risks.
The working capital need of our company is met with its equity capital, short term and long term bank loans in TL and foreign currency and other debt instruments.

Increases in foreign currency rates and interests due to negativities to be able to be experienced in market conditions increase the financing costs of the company. For the purpose of managing the interest risks incurred by the company, earnings and losses to arise in probable changes in interests are measured using sensitivity analyses based on credit portfolio and cash flow projections. Furthermore, it is tried that loans with variable interest within total credits are kept at a reasonable rate. For the purpose of protection against foreign currency rate risks which may result from bank loans in foreign currency and purchase made in foreign currency, derivative products may be used.

Besides, breakdown of trade receivables and payment conditions have great importance in terms of risk management. The company tries to decrease its receivable risk by realizing its operations only with parties with credibility and, where possible, obtaining guarantee. In order to minimize the credit risks incurred by the company, financial positions, credit limits and guarantees of customers are followed up by the Credit Committee on a regular basis.

The pharmaceutical pricing policy (increase at discount rates of the organization and/or reduction in reference prices) determined/to be determined by the Ministry of Health may have negative impact on the sector and, accordingly, on our company. Such negative impacts are tried to be removed with policies such as increasing the product range, new sales policies and effectively managed cost contractionary policies.

SOURCES OF FINANCE OF THE ENTERPRISE AND NATURE AND AMOUNT OF CAPITAL MARKET INSTRUMENTS ISSUED

Sources of finance of our company consist of equity, funds arising as a result of its operations and short and long terms borrowings obtained from money and capital markets.

Our company issued bonds in the amount of TL 100.000.000 with 3-year maturity, variable interest in every 3 months, and monthly coupon payment by selling the same to qualified investors on 07.05.2013. The interest of the bond is found by addition of 300 basis points additional return to Annual Simple Interest rate of "Indicator Domestic Government Bond" in the market. As of the date of issuance, the simple interest of the bond is 8,09% and compound interest thereof is 8,40%. The fund obtained from such issuance was used in paying off the short term bank loans.

DEVA Holding Quality Culture

QUALITY - CARE AND INNOVATIVENESS

DEVA quality is based upon CARE and INNOVATIVENESS principles.

We are attentive to our patients, customers, employees and environment to which we produce our products. While being attentive, we provide reliable and ethical product so that it will support DEVA brand and reputation.

In order for our company to be able to develop its services on a continual basis, increase its market share and preserve its competitive position, we renew our products, processes and management applications. Our innovative approaches create opportunity for new cooperation.

QUALITY CULTURE

DEVA quality culture is established on the concept ‘correct in one go’. Every employee in DEVA adopts this principle for patient safety and excellence in operations.

DEVA quality culture starts with product research and development and comprises all processes from production to distribution networks.

QUALITY SYSTEM

Thanks to DEVA quality management system, we are able to apply our principles ‘care and innovativeness’ to our quality culture directly. Our quality management system provides an operational procedure framework assisting in all our production facilities making production with consistency and best practices. Besides, it also meets the legal requirements and the standards of international Good Manufacturing Practices (GMP). The quality management system contains risk management techniques and pragmatic applications.

QUALITY UNDERSTANDING

DEVA operates under the leadership of passionate and thoughtful people. At every stage of our products, DEVA employees focus on development and try to gain competitive advantage both in Turkey and in international markets. Our employees are resolute to overcome the hardships encountered in pharmaceutical markets and devoted themselves to this aim.

DEVA QUALITY CULTURE

EastPharma

Vetaş

DEVA

VETAŞ VETERİNER VE TARIM İLAÇLARI A.Ş.

Established under the umbrella of DEVA Holding to operate in field of production and marketing of veterinary drug and pesticide, Vetaş is among the leading firms in animal health drugs sector in Turkey. Vetaş has the broadest product range of the sector with its innovative product scale producing high quality solutions in prevention, diagnosis and treatment of diseases.

Evaluating all the developments in the sector being highly sensitive to economic developments, meat, milk, feed and livestock prices with correct strategies at correct time, Vetaş focuses on proactive projects for the purpose of preserving its strong position in the sector and advancing the same even further.

Vetaş continued to meet the need in 2013 as usual in every meaning with its superior technological infrastructure it owns for provision of quality, safe and productive animal food production and focused on the projects of expanding its product range in line with field dynamics by concentrating on new product operations.

Producing many products in production facilities with European GMP certificate and offering the quality solutions at economic prices, Vetaş completed the studies of 23 new products having great contribution to its product scale within 2013 and began to offer the same to market. At the same time, Vetaş received marketing authorization for 4 new products in line with new regulations and directives in 2013.

Being one of the most important domestic human health drug producers in Turkey, Vetaş celebrated its 40th anniversary together with many veterinaries it invited from various cities.

Being sponsor for 10th International Veterinary Internal Diseases Congress of Faculty of Veterinary Science of Erciyes University and 5th Veterinary Animal Obstetrics and Gynecology Congress of Faculty of Veterinary Science of Uludağ University, Vetaş was represented as participant in the symposium "Lameness and Foot Diseases in Cattle" organized under the partnership of Faculty of Veterinary Science of Uludağ University and Veterinary Surgical Association. Furthermore, it supported Pharmacology and Toxicology Congress of Faculty of Veterinary Science of Fırat University and Parasitological Congress of Faculty of Veterinary Science of Adnan Menderes University.

The company began producing the new products in injectable and antimastit pomade form of Betalactamine group in the production facility of DEVA Holding established in Çerkezköy and preliminary production permit of which was obtained in 2013.

DEVA HOLDINGS NZ LIMITED
It was founded for the purpose of carrying on sale and distribution of drugs for human use and veterinary drugs in New Zealand and Australia.

DEVA SINGAPORE PTE. LTD.
It was founded for the purpose of carrying on sale and distribution of drugs for human use and veterinary drugs in Singapore. Deva Singapore Pte. Ltd. entered into liquidation process as of 20.12.2013.

DEVA HOLDINGS PTY LTD
It was founded for the purpose of carrying on sale and distribution of drugs for human use and veterinary drugs in Australia.

EASTPHARMA CANADA
It was founded for the purpose of carrying on sale and distribution of drugs for human use and veterinary drugs in Canada.

DEVA
Subsidiaries and Related Companies

DEVA Subsidiaries and Related Companies

Information on Subsidiaries and Related Companies

Subsidiaries

DEVA Holding is the principal shareholder of Vetaş Veteriner ve Tarım İlaçları A.Ş. operating in field of production and marketing of veterinary drugs and pesticides in Turkey with a shareholding of 99.61%. Besides, it is, with a shareholding of 100%, the owner of Deva Holdings NZ Limited founded by it New Zealand to carry on sale and distribution of its own products in Australia and New Zealand. Furthermore, the company is the indirect owner with 100% of Deva Holding Singapore PTE. Ltd. founded by it in Singapore in 2012 for the purpose of sale and marketing of drugs for human use and veterinary drugs and Deva Holding PTY Ltd. founded in Australia, owned by Deva Holding Singapore PTE. Ltd. and of East Pharma Canada Ltd. founded in Canada.

Other Related Companies

Operating in field of production and marketing of drugs for human use, active pharmaceutical ingredients and veterinary drugs and having its registered offices being in Luxembourg, Eastpharma S.a.r.l. is the principal shareholder of DEVA Holding with shareholding of 82.21%. Eastpharma S.a.r.l. is also the principal shareholder of Saba İlaç San. ve Tic. A.Ş. operating in pharmaceutical industry in Turkey with a shareholding of 99.99%.

Information on the Trade Relation with Subsidiaries and Related Companies

Eastpharma S.a.r.l. acquired the license and right to sell of 18 Roche products as a result of the agreement entered into by it with the firm Roche operating in the pharmaceutical sector. It assigned the license and right to sell of 16 products out of 18 products to DEVA Holding and other 2 to Saba İlaç. Eastpharma S.a.r.l. obtains “royalty” income from DEVA Holding and Saba İlaç over sales of such products in Turkey.

A great majority of Vetaş and Seba products are produced and stored by DEVA Holding on a contract manufacturing basis. In addition to this, Vetaş and Saba receives financial and administrative services from DEVA Holding.

Besides, the operation of marketing, sale and distribution of Saba products is realized over DEVA Holding.

Affiliation Report of Transactions made with Holding Company and Subsidiaries

In accordance with Article 199 of Turkish Commercial Code No. 6102 having entered into force on 1 July 2012, the Board of Directors of DEVA Holding is obliged to prepare a report regarding its relationship with the holding company and subsidiaries affiliated with holding company in the previous operating year within the first three months of the operating year and include the conclusion of this report in the activity report. The necessary explanations regarding transactions made by DEVA Holding with related parties are included in the footnote of the financial table no. 6. Besides, the Board of Directors of DEVA Holding has prepared this Affiliation Report in accordance with related provision of such law.

In this report prepared by the board of directors of our Company, it has been concluded that, in all transactions made by our company with the holding company and subsidiaries of the holding company within 2013, a suitable counter performance was obtained in every transaction and there is not any measure taken or omitted to be taken which may harm the company and, within this framework, there is not any transaction or measure to require compensation according to circumstances and conditions known to us at the moment at which the transaction was made or measure was taken or omitted to be taken.

42 Conclusion

Operating Period has resulted in:

• profit after tax in the amount of TL 24.603.670 according to consolidated financial statements drawn up in accordance with the provisions of the communiqué Number II-14.1 of the Capital Markets Board,

• and profit in the amount of TL 17.316.880 according to the individual financial statements of Deva Holding, drawn up within the framework of the relevant provisions of Tax Procedural Law Number 213 and Turkish Commercial Code.

Kindly we hereby submit to the approval of Esteemed General Assembly the fact that it is not possible to distribute dividend since the profit coming into existence in the operating period 01.01.2013-31.12.2013 will be set off against the losses of the previous periods, according to the consolidated financial statements drawn up in accordance with provisions of the communiqué Number II-14.1 of the Capital Markets Board and individual financial statements of Deva Holding drawn up within the framework of the relevant provisions of Turkish Commercial Code and Tax Procedural Law No. 213.

Board of Directors
DEVA HOLDING A.Ş.

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS WITH:

RESOLUTION DATE : 10.03.2014
RESOLUTION NO : 2014/09

IN RELATION TO ACCEPTANCE OF FINANCIAL STATEMENTS AND ANNUAL REPORTS

IN ACCORDANCE WITH ARTICLE 9 OF THE SECTION TWO OF "THE COMMUNIQUE ON PRINCIPLES IN RELATION TO FINANCIAL REPORTING IN CAPITAL MARKET" OF CAPITAL MARKETS BOARD

We hereby state that:

the independently audited consolidated financial statement and annual report prepared within the framework of Turkish Accounting Standards / Turkish Financial Reporting Standards published by Public Oversight Accounting and Auditing Standards Authority in accordance with "Communiqué on Principles in relation to Financial Reporting in Capital Market (II-14.1)" and in compliance with the legislation for the period January-December 2013 approved by the Board of Directors and Auditing Committee of our Company,

a) have been reviewed by us,

b) within the framework of information we have in area of task and responsibility in our company, do not contain explanations contrary to facts on significant subjects or do not contain any deficiency which may result in the explanation being misleading as of the date on which it is made,

c) within the framework of information we have in area of task and responsibility in our company, consolidated financial statements prepared according to financial reporting standards in force reflect the real situation relating to assets, liabilities, financial position and profit and loss of our company fairly and the annual report reflects the development and performance of the business, financial position of our Company fairly together with significant risks and uncertainties faced by our company.

Truly yours,

Beat Martin SCHLAGENHAUF
Chairman of Committee
responsible for Audit

Mesut ÇETİN
Deputy Chairman
of the BOD / CFO

Rıza YILDIZ
Financial Reporting
and Accounting Director

Corporate Governance Principles Compliance Report

1-STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our company bases the governance principles regulating its relationships with all its stakeholders on equality, transparency, accountability and responsibility principles and takes and will continue to take the maximum care in the future regarding compliance with "Capital Markets Board Corporate Governance Principles" published by the Capital Markets Board (CMB).

Principles with which one fails to comply are given in the relevant sections of "the Compliance Report". Inapplicable Corporate Governance Principles have not cause any conflict of interest among our stakeholders.

For the purpose of ensuring compliance with Corporate Governance Principles, necessary regulations have been made by our company; Independent Members of Board of Directors have been elected; the distribution of tasks among the members of the Board of Directors has been regulated again on an executive/non-executive basis and Corporate Governance Committee and Committee for Early Determination of Risks have been formed in addition to Committee responsible for Control and task and working principles of Committees have been determined. Furthermore, task and working principles of Nomination Committee and Wage Committee have also been determined and it has been resolved that tasks of such committees are executed by the Corporate Governance Committee.

PART I - SHAREHOLDERS

2. Investor Relationships Section

In order to reply the questions of shareholders relating to shareholding rights and exercise of such rights and play the intermediary role in relationships between the company and shareholders within the company, the company has the unit "Relationships with Shareholders". Such unit performs duty affiliated with CFO.

Among the tasks of this unit are to reply written information requests from shareholders, to ensure that information and records in relation to shareholders are kept in a healthy, safe and up-to-date fashion, to realize the procedures in relation to capital increase, to prepare the documents to be submitted to the review of shareholders relating to general assembly meeting and to ensure that general assembly meetings are held in compliance with the laws and legislation, to carry out the procedures of shareholders such as capital increase and dividend payments, to ensure that any notice is given relating to public disclosure, to oversee and follow up that obligations resulting from capital market legislation are performed.

The persons being charge in such unit and their communication information are as follows:
Rıza Yıldız - Financial Reporting and Accounting Director
Telephone: 0212-692 94 20
Fax: 0212-697 40 32
E-mail: ryildiz@deva.com.tr

Gülseren Mahmutoğlu – Deputy Manager of Treasury and Relations with Shareholders
Telephone: 0212-692 94 21
Fax: 0212-697 02 08
E-mail: gmahmutoglu@deva.com.tr
This employee of ours has CMB Advanced and Corporate Governance Rating License.

3. Exercise by Shareholders of Right to obtain Information

Questions posed by shareholders to the company by means of various means of communications within the period were assessed and replied verbally and/or in writing by the relevant unit as soon as possible.

Questions posed by shareholders are regarding financial statements, capital increase, dividend payments, shares not dematerialized and subjects relating to the sector in general. The requests of all shareholders or potential investors were concluded within the shortest time possible either by means of various means of communication and in meetings made by coming to the headquarters of the company in person on condition that this remained within the legislation. Regarding any subjects concerning the shareholders, it has been ensured that shareholders exercised their right to obtain information by means of explanations made via Public Disclosure Platform (KAP) and website of the company: www.deva.com.tr within the framework of Corporate Governance Principles.

There is not any regulation relating to appointment of private auditor by shareholders in the Articles of Association nor has there been any request relating to the subject within the period.

4. General Assembly Meetings

The Ordinary General Assembly Meeting and Privileged Shareholders General Assembly Meeting for the accounting period 2012 of the company were held on 22 May 2013 in a physical and electronic ambient in accordance with Article 1527 of Turkish Commercial Code (TCK) No. 6102. In such meeting, approx. 82,46% of the company capital were represented. No participation existed by stakeholders and media.

Convocation to general assembly meetings was made by the Board of Directors 21 days prior to the annual general assembly on website wwww.deva.com.tr of the company and on Electronic General Assembly System (EGAS) in accordance with the points contemplated in Turkish Commercial Code, Capital Markets Board and Articles of Association so that it would ensure that shareholders in as much number as possible were reached. Furthermore, the agenda, power of attorney, information document,
balance sheet, profit and loss statement and Reports of the Board of Directors and Auditors were presented to the review by shareholders on

the website of the company, Public Disclosure Platform (KAP) and Electronic General Assembly System (EGAS) 21 days prior to the meeting in the headquarters of the company.

The subjects included in the agenda of general assembly meetings are conveyed in detail and shareholders are given the opportunity to express their opinion and pose question. All questions posed by shareholders in the general assembly meeting were replied by the senior executives of the company. The proposals given by shareholders relating to the items on the agenda were entered in the relevant General Assembly meeting minutes by being accepted unanimously by those being present.

General assembly meetings are held in the headquarters of the company and shareholders to attend the meeting are provided with the opportunity to access for ensuring the participation at the highest level. The minutes of meeting are sent to those shareholders who wish via postal service and also presented to the information of shareholders in the headquarters and on the website of the company and on KAP and EGAS.

The information on the amount of donations and aids made within the period and their beneficiaries were given to shareholders with a separate agenda item.

5. Rights to Vote and Minority Rights

In accordance with Article 27 of the Articles of Association of the Company, each of preferential shares of Group A and B of TL 0,10 in total has the right to vote 10 times the shares of Group C, namely, 10 rights to vote.

Among the shareholders of our company, no partnership exists with which there is reciprocal participation relationship bringing control relationship together. Minority shares are not represented in the management.

6. Dividend Right

As per Article 348 of the Turkish Commercial Code and in accordance with Articles 10 and 43 of Articles of Association of the company, 10% of the amount to be found after setting aside taxes which must be paid and 5% legal reserve and making a deduction at the rate of 6% of the paid up capital from net profit is appropriated to privileged shareholders of Group A on condition that no harm is caused for the first dividend from annual profit of the company.

The dividend policy of DEVA Holding is “to pay dividend in cash and/or bonus share at a reasonable rate from calculated distributable profit by taking into consideration the financial position of the company within the framework of the CMB legislation, other legal arrangements and Articles of Association of the company.” The dividend policy has been presented for the information of shareholders in the General Assembly Meeting and is published on the website of the company.

Dividend distribution has not become possible since the profit arising in the operating period of 2012 was set off against the losses from previous periods.

7. Transfer of Shares

In accordance with Article 9 of the Articles of Association of the company, the resolution of the Board of Directors is needed for transfer of preferential shares of Group A and C.

Furthermore, in the event that the share transfer transactions to be made either directly or indirectly by a natural or legal person who owns preferential share or other natural or legal persons who own preferential share, acting together with such natural or legal person, reaches 5% of preferential shares, the Board of Directors is entitled to decline the approval request or to propose to the transferor receiving the shares to the account of the company or other shareholders or third parties with their actual value at the moment of application in accordance with Article 493 of Turkish Commercial Code.

PART II- PUBLIC DISCLOSURE AND TRANSPARENCY

8. Information Policy

The information policy of the company was formed by the Board of Directors and presented to the information of shareholders in the General Assembly Meeting.
Furthermore, the policy is published at KAP and on the website of the company.
Implementation of the information policy is under the responsibility of Philipp D. Haas, the CEO, and Mesut Çetin, the CFO.

9. Company’s Website and its Content

The website of the company is accessible via the address www.deva.com.tr . The website of the company includes the points determined in Corporate Governance Principles under the heading “Investor Relations” and updating studies for the website are in progress.

10. Annual Report

The annual report of the company is prepared in compliance with the points referred to in the legislation as well as Corporate Governance Principles so that stakeholders will be ensured to access the detailed information on the operations of the Company.

PART III- STAKEHOLDERS

11. Informing the Stakeholders
The stakeholders of the company are informed by the company limited to the points concerning them through meetings and discussions made in the company when required and/or in case of a request by them. Informing the company's employees is carried out via intranet, electronic mail, meetings or announcements.

Stakeholders are able to convey the illegitimate or unethical transactions of the company to the Corporate Governance Committee through meetings or electronic mail.

12. Participation of Stakeholders in the Management
In determination of working conditions of company's employees and the rights and benefits provided to them, the most correct and satisfactory results are tried to be reached by asking the opinions of employees. Likewise, the company tries to form more effective working conditions by holding meetings and discussions with its customers and suppliers when required.

13. Human Rights Policy
DEVA Holding, as a company being aware of the fact that the greatest supporter of it is human resource in order to be able to come to the forefront, forms strategies to be able to put its name to top levels in ranking of corporations most preferred to work with.

Having employed the most qualified employee profile in production of drug for human use in Turkey, DEVA Holding has adopted the policy to improve its employees as individuals taking on responsibility in line with its values, developing and improving within a transparent management understanding, working in their area of expertise on a result-oriented and efficient basis. This policy is supported with training and development applications based on performance evaluation processes, scientific measurement and development center applications as well as lifelong learning.

As DEVA Holding, we aim at including success-oriented, innovative, customer and quality-oriented persons who are prone to teamwork, capable of solving problem in our team and developing our employees in this direction.

Since no Collective Bargaining Agreement was made with our employees, not any representative has been assigned to continue the meetings.

Not any complaint has reached from our employees to date that discrimination is made in the workplace.

Task definitions and distribution of and performance and rewarding criteria for company's employees have been formed and announced via directors and intranet.

14. Codes of Conduct and Social Responsibility
The mission and principles of our company have been shared with public by being published on the website and annual report.

Departing with the principle "Human health is our indispensable priority anywhere in the world", our company continued social responsibility activities it implemented together with public institutions and non-governmental organizations also in 2013 being aware of the responsibility of improving the life quality of the society and supporting economical, environmental, cultural and social development. For this purpose, it gave the necessary support for removal of the physical and equipment deficiencies of various education and health institutions and provided university and high school students with the opportunity of undergoing training. Furthermore, because of the 55th anniversary of incorporation of the company, interview was made with around 70 new university graduates and orientation training was given to eligible candidates after evaluation center applications and employment opportunity was provided at suitable departments throughout the company within the framework of the development program with heading "55 Young Talents in the 55th Year".

As DEVA Holding family, blood donations made by our employees within the scope of blood donation campaign carried out in our General Directorate Building have been conveyed by Turkish Red Crescent to patients needing blood free of charge.

PART IV- BOARD OF DIRECTORS

15. Structure and Formation of the Board of Directors
The information in relation to members performing duty in the Board of Directors of our Company is as follows:

Members of the Board of Directors:
Philipp Daniel Haas - Chairman of BOD – Executive
Being the Chairman of the Board of Directors and CEO of DEVA Holding, Philipp Haas took MBA degree in the specialty of banking at St. Gallen Economy, Law and Business Administration University. He speaks German, English, French, Spanish, Portuguese, Italian and Turkish fluently. Having served as investment consultant and director since 1992, Philipp D. Haas has a broad experience in markets of Eastern European Countries and particularly Turkish market. Having taken part in many restructuring projects in Ukraine and Turkey, Philipp D. Haas performed membership of many boards of directors on behalf of foreign corporate investors in 90s, among which are Rogan Brewery in Ukraine and Net Holding in Turkey. Having a broad experience in pharmaceutical industry, Philipp D. Haas served as consultant to funds in pharmaceutical industry in developing markets and oriented their investments to Eastern Europe. Among such firms is Slovakopharma named afterwards as Zentiva. Being the Chairman of the Board of Directors of Eastpharma Ltd and DEVA Holding, Haas also serves as the Chairman of BOD in Vetaş Veteriner ve Tarım İlaçları A.Ş., Saba İlaç Sanayi ve Ticaret A.Ş., New Life Yaşam Sigorta A.Ş., Eastpharma İlaç Üretim Pazarlama San. ve Tic. A.Ş., and member of BOD in Eastpharma S.a.r.l., Lypanosys Pte Limited. He also serves as senior executive in other companies within the Group. Philipp D. Has is Deputy Chairman in Turkish Pharmaceutical Industry Association.
Office Period: 22.05.2013 – 22.05.2016

Mesut Çetin for and on behalf of Vetaş Veteriner ve Tarım İlaçları A.Ş. - Chairman of the BOD - Executive
Being the Deputy Chairman of the Board of Directors and CFO of DEVA Holding, Mesut Çetin worked as director responsible for operations within GEM Global Equities Management S.A. 2005 and 2007 and has served in various positions within the same group as analyst, trader and project manager since 1999. Mesut Çetin is the member of the BOD in Eastpharma Ltd., Vetaş Veteriner ve Tarım İlaçları A.Ş. and Saba İlaç Sanayi ve Ticaret A.Ş. Furthermore, he also performs the duty of CFO in various companies within the group. Mesut Çetin is the graduate of Mathematics in Boğaziçi University and continues the EMBA program in Koç University.
Office Period: 22.05.2013 – 22.05.2016

Beat Martin Schlagenhauf - Member of the BOD - Independent
Being the Independent Member of the Board of Directors of DEVA Holding, Beat Schlagenhauf performs investment consultancy and portfolio management tasks over the firm Zurich-Switzerland-based company Schlagenhauf & Partner Portfolio Management. Before establishing his own firm in 1987, he performed at the position of portfolio manager and deputy chairman for 9 years in Rothschild Bank in Zurich. Being the Member of BOD in Eastpharma Ltd, Beat Schlagenhauf has been the Member of BOD of DEVA Holding since May 2011.
Office Period: 22.05.2013 – 22.05.2016

Cüneyt Demirgüreş - Member of the BOD - Independent
Being the Independent Member of the Board of Directors of DEVA Holding, Cüneyt Demirgüreş completed the Master of Business Administration in Boğaziçi University after graduating from Electrical and Electronic Engineering of ODTÜ and took Finance Doctorate at University of Alabama between the years of 1990-1993. Having performed important duties at senior executive positions in financial organizations among which are Eczacıbaşı Menkul Değerler, Demir Yatırım ve Demirbank, İsviçre Portföy Yönetimi and Unicredit Menkul Değerler, Demirgüneş is the member of BOD in Baytur Motorlu Vas. Ticaret A.Ş. and Baylas Otomotive A.Ş. and is a faculty member at Koç University.
Office Period: 22.05.2013 – 22.05.2016

Ayşecik Haas
Member of the BOD - Non-Executive
Being the Non-Executive Member of the Board of Directors of DEVA Holding, Ayşecik Haas completed her license degree in Electrical-Electronic Engineering in Doğu Akdeniz University after graduating Ankara Private Yükseliş College in 1991, then took her master degree in Economics branch in Texas Tech University. Having commenced the work life at various positions relating to engineering in Emek Elektrik and Beko Elektronik in Turkey, Ayşecik Haas worked in finance sector in New York after taking Economy Master degree after which she worked as investment specialist in Hattat Holding for a short period of time. Having commenced to perform as General Manager of NAR Group, a media company, in 2008, Ayşecik Haas is currently continuing this task.
Office Period: 22.05.2013 – 22.05.2016

STATEMENT OF INDEPENDENCE - Beat Martin Schlagenhauf

To the Corporate Governance Committee of DEVA Holding A.Ş.

In accordance with Corporate Governance Principles of Capital Markets Board because of the fact that I have been nominated in the capacity of "Independent Member" to the Membership of the Board of Directors in the Ordinary General Assembly Meeting to be held on 22 May 2013 in your company, I hereby declare to the information of your committee, shareholders and all related parties that:

a) I have not been in the membership of the Board of Directors more than six years within the past ten years in the Board of Directors of DEVA Holding A.Ş.,
b) no employment, capital or trade relation was established of significant character either directly or indirectly, within the past five years between myself, my spouse and blood relative up to second degree or relatives by marriage and DEVA Holding, A.Ş., one of the related parties of DEVA Holding, A.Ş. or legal persons with which shareholders holding a share of 10% or more, either directly or indirectly, in the capital of DEVA Holding, A.Ş. have relationship in terms of management or capital,
c) I have not worked nor performed duty as the member of the board of directors in companies carrying on whole or a certain part of the operation and organization of DEVA Holding, A.Ş. within the framework of agreements made, mainly in companies carrying on auditing, rating and consultancy of DEVA Holding, A.Ş. within the past five years,
d) I have not been a partner to, employee or member of the board of directors of any of the firms providing goods and services to DEVA Holding, A.Ş. to a great extent within the past five years,
e) I do not hold share more than 1% in the capital of DEVA Holding, A.Ş. and such rights are not preferential,
f) I have the sufficient professional education, knowledge and experience to perform duly the tasks I will assume because of the fact that I am an independent member of the board of directors,
g) I did not take office in public institutions and organizations on a full time bases,
h) I have the strong ethical standards, professional reputation and experience to be able to make positive contributions to the operations of DEVA Holding, A.Ş., to protect my independency in conflicts of interest between shareholders and to take decision freely taking into consideration benefit rights, and
i) I will allocate my time fully to works to the extent I will perform the requirements of the tasks I have assumed and will be able to follow up the operation of the activities of DEVA Holding, A.Ş..

Yours faithfully,
BEAT MARTIN SCHLAGENHAUF

STATEMENT OF INDEPENDENCE - Cüneyt Demirgüreş

To the Corporate Governance Committee of DEVA Holding A.Ş.

In accordance with Corporate Governance Principles of Capital Markets Board because of the fact that I have been nominated in the capacity of "Independent Member" to the Membership of the Board of Directors in the Ordinary General Assembly Meeting to be held on 22 May 2013 in your company, I hereby declare to the information of your committee, shareholders and all related parties that:

a) I have not been in the membership of the Board of Directors more than six years within the past ten years in the Board of Directors of DEVA Holding A.Ş.,
b) no employment at director position who would assume important tasks and responsibilities, capital or trade relation was established of significant character either directly or indirectly, within the past five years between myself, my spouse and blood relative up to second degree or relatives by marriage and DEVA Holding, A.Ş., one of the related parties of DEVA Holding, A.Ş. or legal persons with which shareholders holding a share of 5% or more, either directly or indirectly, in the capital of DEVA Holding, A.Ş. have relationship in terms of management or capital,
c) I have not worked nor performed duty as the member of the board of directors in companies carrying on whole or a certain part of the operation and organization of DEVA Holding, A.Ş. within the framework of agreements made, mainly in companies carrying on auditing, rating and consultancy of DEVA Holding, A.Ş. within the past five years,
d) I have not been a partner to, employee or member of the board of directors of any of the firms providing goods and services to DEVA Holding, A.Ş. to a great extent within the past five years,
e) I do not hold share more than 1% in the capital of DEVA Holding, A.Ş. and such rights are not preferential,
f) I have the sufficient professional education, knowledge and experience to perform duly the tasks I will assume because of the fact that I am an independent member of the board of directors,
g) I did not take office in public institutions and organizations on a full time bases,
h) I am deemed to be a resident in Turkey in accordance with the Income Tax Law,
i) I have the strong ethical standards, professional reputation and experience to be able to make positive contributions to the operations of DEVA Holding, A.Ş., to protect my independency in conflicts of interest between shareholders and to take decision freely taking into consideration benefit rights, and
j) I will allocate my time fully to works to the extent I will perform the requirements of the tasks I have assumed and will be able to follow up the operation of the activities of DEVA Holding, A.Ş.

Yours faithfully,
CÜNEYT DEMİRGÜREŞ

Prior to the General Assembly Meeting of 2012, for the Independent Membership of Board of Directors, the application of two candidates filed with the Corporate Governance Committee assuming also the task of the Nomination Committee have been assessed and the report with number 2013/3 dated 29.04.2013 that they had the criteria of independency has been submitted to the Board of Directors and it has been resolved with resolution number 2013/16 dated 29.04.2013 of the Board of Directors that they be nominated as the independent members to the Board of Directors in the General Assembly.

Not any situation has arisen which would remove the independency of Independent Members of the Board of Directors within the relevant period.

The Board of Directors carries out also the task of CEO due to the fact that he is also the Chairman of the Board of Directors of Eastpharma Ltd., our principal shareholder indirectly, and he knows the sector closely from his previous experiences.

In General Assembly meetings held, the newly elected members of the Board are permitted to be able to carry out the acts referred to in Articles 395 and 396 of Turkish Commercial Code. Because of this permit, there is not any situation to prevent the members of the Board of Directors from assuming other tasks outside the company. The tasks assumed by the Members of the Board of Directors outside the company are explained in their CVs and Beat Martin Schlagenhauf, Cüneyt Demirgüreş and Ayşecik Haas, three members of the Board of Directors, take office in companies outside the Group.

16. Principles of Activity of the Board of Directors
In cases where businesses require so, the Board of Directors convene under the coordination of the Legal Affairs. Convocation is carried out via telephone and/or e-mail. In such meetings, the subjects relating to the company are deliberated and resolved. Within the period comprised by this report, 51 meetings of Board of Directors were held. The agenda of the meeting is formed taking into consideration the subjects on which resolution is required to be taken and taking the preliminary opinions of other members of the Board of Directors. The resolutions taken in the meetings of the Board of Directors have been taken in compliance with quorums referred to in the Articles of Association and no dissenting vote has been cast.

In the Articles of Association, majority right of vote or veto right has not been vested to Members of the Board of Directors.

The resolutions of the Board of Directors relating to evaluation and approval of transactions in the status of transaction of importance character continuing with the related companies of the company (Saba-Vetaş-Eastpharma) within the framework of the Corporate Governance Principles, purchase of two lands located in Çerkezköy and establishment of lien on such lands, sale of the immovable in Topkapı and establishment of lien on the immovable in Çerkezköy have been approved by the members of the Board of Directors.

17. Number, Structure and Independency of Committees formed in the Board of Directors
The Board of Directors formed the "Committee responsible for Control", "Corporate Governance Committee" and "Committee for Early Determination of Risks", which have been regulated in detail and carry out their operations in line with their working principles.

The Committee responsible for Control carries out the supervision of the accounting system of the partnership, disclosure of financial information to public, independent audit and operation and efficiency of internal control system within the framework of the Capital Market Legislation and reports the points it determines within the framework of the assessments made by it to the Board of Directors. The Committee responsible for Control convenes 4 times a year.

COMMITTEE RESPONSIBLE FOR CONTROL

Name-Family Name	Task	Explanation
Beat Martin Schlagenhauf	Chairman	Independent Member of the BOD
Cüneyt Demirgüreş	Member	Independent Member of the BOD

CORPORATE GOVERNANCE COMMITTEE

Name-Family Name	Task	Explanation
Beat Martin Schlagenhauf	Chairman	Independent Member of the BOD
Mesut Çetin	Member	Executive Member of the BOD
Ayşecik Haas	Member	Non-Executive Member of the BOD

RISKS AND ASSESSMENT OF THE GOVERNING BODY

Name-Family Name	Task	Explanation
Beat Martin Schlagenhauf	Chairman	Independent Member of the BOD
Mesut Çetin	Member	Executive Member of the BOD
Ayşecik Haas	Member	Non-Executive Member of the BOD

The Corporate Governance Committee monitors the compliance of the Company with Corporate Governance Principles in accordance with the principles included in the Capital Markets Board Corporate Governance Principles and Capital Market Legislation, performs improvement studies on this subject and delivers recommendations to the Board of Directors. The Corporate Governance Committee convenes at times as it deems necessary. Since "Nomination Committee" and "Wage Committee" have not been formed in our company, the tasks of these committees are also implemented by "the Corporate Governance Committee".

The Committee for Early Determination of Risk performs studies for the purpose of early diagnosis of risks which may endanger the existence, development and continuance of the company, application of the necessary measures relating to risks determined and managing the risks and reports to the Board of Directors.

Since the Board of Directors of our company consists of 5 persons, same members take charge in various committees.

18. Risk Management and Internal Control Mechanism

The operations of our company in relation to risk management are implemented under the coordination of Risk Management Committee which evaluates the information from Credit Committee and Internal Control within the framework of Corporate Risk Management and presents the evaluation results and, if any, the action plans it prepares for alleviating the risks to the Board of Directors.

Convening once a month, the Credit Committee determines the credit limits to be allocated to customers in purchases of goods and the principles for guarantees to be taken. In determination of limits and guarantees, the shareholding structure, immovable properties, financial position of customers and the information studies made regarding the region are utilized. With continual control of open accounts of customers, it is aimed that the guarantee rates are kept at desired levels and bad debts are minimized.

Internal Control Directorate evaluates all units in terms of risks and presents the inspection results to the Risk Management Committee and the Committee responsible for the Control.

19. Strategic Targets of the Company

The strategy of DEVA Holding, one of the leading corporations of domestic pharmaceutical industry is to make Turkey a production base

and conquer the foreign markets for Turkey. In order to attain this strategy, annual sale, expense and investment budgets are prepared and financial statement projections are formed. The budget approved by the Board of Directors is the basic process necessary for attaining the targets within the period determined. The Board of Directors reviews the degree of attaining the targets of the company, its operations and past performance with comparison of budget and actual results at the end of every month.

20. Financial Rights

The total amount of financial rights such as attendance fee, remuneration, premium, bonus, severance pay etc. provided to Members of the Board of Directors and Senior Executives within the period is TL 3.531.210 and TL 3.539.023 respectively, and total amount of rights such as gasoline, telephone, lease pay, etc. is TL 41.110 for Members of the Board of Directors and TL 67.293 for Senior Executives, amounting to TL 7.178.636.

The Wage Policy of our Company has been presented to the information of shareholders in the General Assembly Meeting and is published on the website of the company. Explanations relating to financial rights are made as Members of the Board of Directors and Senior Executives. Remunerations of the Board of Directors are determined by the General Assembly. The financial rights to be given to senior executives are determined by "the Corporate Governance Committee" in accordance with Tasks and Working Principles of Wage Committee and submitted to the Board of Directors.

The company has not given any debt, loan or guarantee to any member of the Board of Directors or Senior Executive.

İnformation to Shareholders

Communication Information:
Address : Halkalı Merkez Mah. Basın Ekspres Cad. No. 1 Küçükçekmece-ISTANBUL
Telephone : 0212-692 92 92
Fax : 0212-697 02 08
Website : www.deva.com.tr
E-mail : deva@deva.com.tr

Trade Registry Info of the Company:
Trade Registry : Istanbul Trade Registry
Registration No : 70061

Independent Auditor:
Deloitte Touche Tohmatsu
DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Tel: +(90) 212 366 60 00
Fax: +(90) 212 366 60 10

Tax Attestation:
Başaran NAS YMM A.Ş.
Süleyman Seba Cad. BJK Plaza B Blok 48/12
Akaretler, Beşiktaş/Istanbul
Tel: +(90) 212 326 60 60
Fax: +(90) 212 326 60 50

Exchange Market
Shares of DEVA Holding are traded at Borsa İstanbul A.Ş. (BİST) National Market with the symbol 'DEVA'.

Information on share certificates appears on economy pages of daily newspapers and internet portals of investment companies.

Annual reports of DEVA Holding and other information may be obtained from the address given above or from the website address www.deva.com.tr.

2013 Performance of DEVA Holding Share
The issued capital of DEVA Holding is TL 200.000.000. The capital of the company has been divided into 20.000.000.000 shares each with a value of 1 kuruş. 1 lot of shares of DEVA Holding traded at Borsa İstanbul (BİST) was traded at TL 1.71 as the lowest value and at TL 2.76 as the highest value between the period of 01.01.2013-31.12.2013 and closed the year at TL 1.85.
The graph indicating 2013 performance of shares of DEVA Holding according to closing prices is presented below:

Profit Distribution Table of DEVA Holding A.Ş. for 2013 (TL)

	According to CMB	According to Legal Records (LR)
1. Issued Capital		200.000.000,00
2. General Legal Reserve (according to legal records)		7.411.510,00
If privilege exists in dividend distribution in accordance with Articles of Association, information on such privilege		
3. Profit for the Period	24.134.148,00	17.316.879,66
4. Taxes (-)	469.522,00	-
5. Net Profit for the Period	24.603.670,00	17.316.879,66
6. Losses of Previous Periods (-)	(115.328.514,00)	(143.731.898,15)
7. General Legal Reserve (-)	-	-
8. Net Distributable Profit/Loss for the Period	(90.724.844,00)	(126.415.018,49)
9. Donations made within the year (+)	739.205,92	
10. Net Distributable Profit/Loss for the Period with Donations added	(89.985.638,08)	
11. First Dividend to Shareholders		
-Cash		
-Free of charge		
-Total		
12. Dividend distributed to Privileged Shareholders		
13. Other Dividend Distributed		
-to Members of the Board of Directors		
-to Employees		
-Persons other than Shareholders		
14. Dividend distributed to Dividend Shareholders		
15. Second Dividend to Shareholders		
16. General Legal Reserve		
17. Statutory Reserves		
18. Special Reserves		
19. Extraordinary Reserves		
20. Other Resources foreseen to be distributed		
-Profits of the Previous Years		
-Extraordinary Reserves		
-Other Res. Dist. in acc. with Law and Articles of Association		

DIVIDEND RATES TABLE

INFORMATION ON DIVIDEND PER SHARE

	GROUP	TOTAL DIVIDEND DISTRIBUTED		TOTAL DIVIDEND DISTRIBUTED/NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND CORRESPONDING TO SHARE WITH NOMINAL VALUE OF TL 1	
		Cash (TL)	Without Charge (TL)	Rate (%)		
NET	A					
	B					
	TOTAL					

INDEPENDENT AUDITOR'S REPORT
RELATING TO ANNUAL REPORT

To the Board of Directors
of Deva Holding A.Ş.

1. As part of our independent audit study, we have assessed whether the consolidated financial information included in the annual report of Deva Holding A.Ş ("Company") and its subsidiaries prepared as of 31 December 2013 and the assessments and explanations of the Board of Directors are consistent with the audited consolidated financial statements with the same date.

2. The responsibility of preparation of the annual report, which is the subject of the report, in compliance with the Regulation on Adoption of the Minimum Content of Annual Reports of Companies lies with the management of the Company.

3. The responsibility assumed by us, as the independent auditing firm, is to deliver opinion in relation to consistency of the financial information included in the annual report with the consolidated financial statements independently audited and being the subject of the independent auditor's report dated 10 March 2014.

   Our assessments have been realized in accordance with the principles and rules in relation to preparation and publication of annual report put into force as per Turkish Commercial Code No. 6102 (TCC). Such regulations foresee the planning and implementing the audit to provide a reasonable assurance on whether there is a significant error in relation to consistency of the financial information included in the annual report with the independently audited financial statements and information obtained by the independent auditor during the audit.

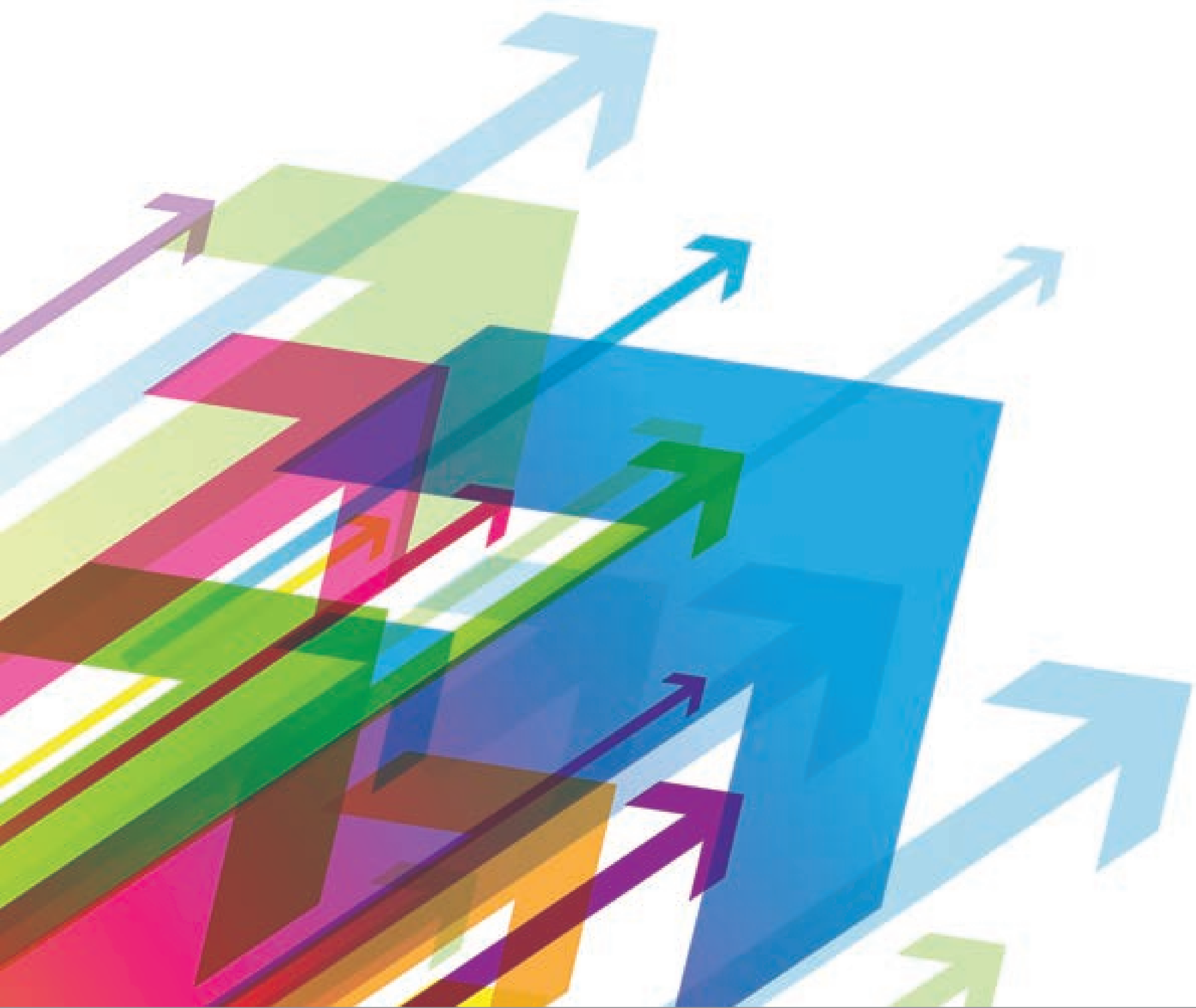
   We believe that our assessments constitute a reasonable and sufficient ground in formation of our opinion.

4. According to our opinion, the consolidated financial information and the assessments and explanations of the Board of Directors included in the attached annual report are consistent with the independently audited financial statements of Deva Holding A.Ş. as at 31 December 2013.

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

Özlem Gören Güçdemir, SMMM
Cap Auditor

Istanbul, 10 March 2014



DEVA Holding A.Ş.
And Subsidiaries
Consolidated Financial Statements
For The Year Ended 31 December 2013

Independent Auditor's Report

To the Board of Directors of Deva Holding A.Ş.

1. We have audited the accompanying consolidated balance sheet of Deva Holding A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards ("TAS") published by Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Deva Holding A.Ş. and its subsidiaries as at 31 December 2013, and of their financial performance and their cash flows for the year then ended in accordance with TAS (refer to Note 2).

Reports on Other Legal and Regulatory Requirements

5. In accordance with Article 402 of Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors provided us all the required information and documentation in terms of audit; and nothing has come to our attention that may cause us to believe that the Group's set of accounts prepared for the period 1 January-31 December 2013 does not comply with the code and the provisions of the Company's articles of association in relation to financial reporting.

6. In accordance with Article 378 of Turkish Commercial Code No. 6102, in publicly traded companies, the board of directors is obliged to establish a committee consisting of specialized experts, to run and to develop the necessary system for the purposes of early identification of any risks that may compromise the existence, development and continuation of the company; applying the necessary measures and remedies in this regard and managing such risks. According to paragraph 4 of Article 398 of the same code, the auditor is required to prepare a separate report explaining whether the Board of Directors has established the system and authorized committee stipulated under Article 378 to identify risks that threaten or may threaten the company and to provide risk management, and, if such a system exists, the report, the principles of which shall be announced by POA, shall describe the structure of the system and the practices of the committee. This report shall be submitted to the Board of Directors along with the auditor's report. Our audit does not include the evaluation of the operational efficiency and adequacy of the operations carried out by the management of the Group in order to manage these risks. As of the balance sheet date, POA has not announced the principles of this report, yet. Therefore, no separate report has been drawn up regarding this matter. On the other hand, the Company established the mentioned committee on 10 August 2012, and the committee is comprised of 1 chairman and 2 members. Since the date of its establishment, the committee has held 9 meetings for the purposes of early identification of any risks that may compromise the existence and development of the Company, applying the necessary measures and remedies in this regard and managing such risks, and has submitted the relevant reports to the Board of Directors.

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

Özlem Gören Güçdemir
Partner

İstanbul, 10 March 2014

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Audited 31 December 2013	As restated Audited 31 December 2012	As restated Audited 31 December 2011
ASSETS				
Current Assets		**398.542.948**	**352.470.658**	**318.171.373**
Cash and cash equivalents	4	55.449.610	16.578.628	17.635.947
Trade receivables	7	178.968.811	193.307.703	167.848.045
Due from related parties	6	*8.833.988*	*3.005.179*	*1.126.966*
Other trade receivables		*170.134.823*	*190.302.524*	*166.721.079*
Other receivables	8	1.150.173	691.158	416.866
Inventories	9	146.146.025	116.770.976	109.133.697
Prepaid expenses	10	8.084.888	10.381.417	6.193.953
Assets relating to current tax	11	306.871	586.767	456.816
Other current assets	19	8.436.570	14.154.009	16.486.049
Non-Current Assets		**428.083.822**	**370.785.620**	**348.081.911**
Property, plant and equipment	12	280.901.014	262.221.601	229.896.238
Intangible assets		113.791.995	84.935.437	68.964.987
Goodwill	*14*	*1.782.731*	*1.782.731*	*1.782.731*
Other intangible assets	*13*	*112.009.264*	*83.152.706*	*67.182.256*
Prepaid expenses	10	11.887.747	2.595.038	10.842.579
Deferred tax assets	27	21.503.066	21.033.544	27.876.476
Other non-current assets		-	-	10.501.631
TOTAL ASSETS		**826.626.770**	**723.256.278**	**666.253.284**

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS OF 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Audited 31 December 2013	As restated Audited 31 December 2012	As restated Audited 31 December 2011
LIABILITIES				
Current Liabilities		**221.711.389**	**271.891.553**	**231.415.746**
Short term financial liabilities	5	117.344.814	168.227.072	115.226.053
Current portion of long term financial liabilities	5	49.734.490	46.707.343	39.999.924
Trade payables	7	26.450.203	24.216.472	35.908.562
Due to related parties	6	*1.303.622*	*1.753.370*	*1.204.709*
Other trade payables		*25.146.581*	*22.463.102*	*34.703.853*
Payables relating to the benefits provided to employees	18	5.093.100	4.083.913	6.019.307
Other payables	8	623.150	69.385	71.095
Due to related parties		*45.494*	*45.494*	*47.204*
Other trade payables		*577.656*	*23.891*	*23.891*
Deferred revenue	10	2.007.628	1.756.499	2.092.070
Current tax payable	27	69.089	276.357	483.203
Short term provisions		20.388.915	26.554.512	31.615.532
Provisions for benefits provided to employees	*18*	*7.469.309*	*7.515.115*	*4.327.451*
Other provisions	*16*	*12.919.606*	*19.039.397*	*27.288.081*
Non-Current Liabilities		**201.865.402**	**72.735.002**	**90.395.892**
Long term financial liabilities	5	181.893.419	53.881.346	73.711.717
Deferred revenue	10	15.098.904	13.420.505	10.908.438
Long term provisions		4.873.079	5.433.151	5.775.737
Provisions for benefits provided to employees	*18*	*4.873.079*	*5.090.015*	*4.403.194*
Other provisions	*16*	-	*343.136*	*1.372.543*
EQUITY		**403.049.979**	**378.629.723**	**344.441.646**
Equity attributable to equity holders of the parent		**402.987.051**	**378.551.799**	**344.365.399**
Paid-in capital	20	200.000.000	200.000.000	200.000.000
Inflation adjustment to share capital	20	140.080.696	140.080.696	140.080.696
Capital investment adjustment (-)	20	(28.847)	(28.847)	(28.847)
Premium in excess of par	20	2.870.803	2.870.803	2.870.803
Restricted reserves appropriated from profit	20	150.864.955	150.864.955	150.864.955
Other comprehensive income items that may be reclassified subsequently to profit or loss		(75.712)	92.706	147.149
Currency translation reserve		*(75.712)*	*92.706*	*147.149*
Accumulated deficit	20	(115.328.514)	(149.569.357)	(133.930.704)
Profit / (loss) for the year		24.603.670	34.240.843	(15.638.653)
Non-controlling interests		**62.928**	**77.924**	**76.247**
TOTAL LIABILITIES AND EQUITY		**826.626.770**	**723.256.278**	**666.253.284**

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

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Audited 1 January – 31 December 2013	As restated Audited 1 January – 31 December 2012
Revenue	21	418.391.085	419.510.418
Cost of revenue (-)	21	(261.494.294)	(251.094.364)
GROSS PROFIT		**156.896.791**	**168.416.054**
Marketing, sales and distribution expenses (-)	22	(86.335.709)	(78.461.363)
General administration expenses (-)	22	(32.037.365)	(28.056.960)
Research and development expenses (-)	22	(3.872.023)	(2.819.884)
Other operating income	24	60.469.454	54.722.693
Other operating expenses (-)	24	(47.693.392)	(49.950.978)
OPERATING PROFIT		**47.427.756**	**63.849.562**
Investment income	25	13.343.087	962.439
PROFIT BEFORE FINANCE EXPENSES		**60.770.843**	**64.812.001**
Finance expenses (-)	26	(36.651.691)	(23.606.769)
PROFIT BEFORE TAXATION		**24.119.152**	**41.205.232**
Tax income / (expense)		**469.522**	**(6.962.712)**
Current tax expense	27	-	(119.780)
Deferred tax income / (expense)	27	469.522	(6.842.932)
NET PROFIT FOR THE YEAR		**24.588.674**	**34.242.520**
Distribution of profit for the year			
Non-controlling interest		(14.996)	1.677
Equity holders of the parent		24.603.670	34.240.843
Profit per share	28	**0,0012**	**0,0017**
Diluted profit per share		**0,0012**	**0,0017**

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

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Audited 1 January – 31 December 2013	As restated Audited 1 January – 31 December 2012
Net profit for the year	**24.588.674**	**34.242.520**
Other Comprehensive Loss:		
Items that may be reclassified subsequently to loss	**(168.418)**	**(54.443)**
Change in foreign currency translation reserve	(168.418)	(54.443)
OTHER COMPREHENSIVE LOSS (AFTER TAX)	**(168.418)**	**(54.443)**
TOTAL COMPREHENSIVE INCOME	**24.420.256**	**34.188.077**
Total comprehensive income attributable to:		
Non - controlling interest	(14.996)	1.677
Equity holders of the parent	24.435.252	34.186.400

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

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Notes	Paid in capital	Inflation adjustment to share capital	Capital investment adjustment(-)	Premium in excess of par	Currency translation reserve	Restricted reserves appropriated from profit	Accumulated Deficit: Accumulated deficit	Accumulated Deficit: Net profit / (loss) for the year	Total equity attributable to equity holders of the parent	Non - controlling interest	Total shareholder's equity
Balance as of 1 January 2012	20	200.000.000	140.080.696	(28.847)	2.870.803	147.149	150.864.955	(133.930.704)	(15.628.653)	344.365.399	76.247	344.441.646
Transfer to retained earnings		-	-	-	-	-	-	(15.628.653)	15.628.653	-	-	-
Total comprehensive income		-	-	-	-	(54.443)	-	-	34.240.843	34.186.400	1.677	34.188.077
Currency translation reserve		-	-	-	-	(54.443)	-	-	-	(54.443)	-	(54.443)
Profit for the year		-	-	-	-	-	-	-	34.240.843	34.240.843	1.677	34.242.520
Balance as of 31 December 2012	20	200.000.000	140.080.696	(28.847)	2.870.803	92.706	150.864.955	(149.569.357)	34.240.843	378.551.799	77.924	378.629.723
Balance as of 1 January 2013	20	200.000.000	140.080.696	(28.847)	2.870.803	92.706	150.864.955	(149.569.357)	34.240.843	378.551.799	77.924	378.629.723
Transfer to retained earnings		-	-	-	-	-	-	34.240.843	(34.240.843)	-	-	-
Total comprehensive income		-	-	-	-	(168.418)	-	-	24.603.670	24.435.252	(14.996)	24.420.256
Currency translation reserve		-	-	-	-	(168.418)	-	-	-	(168.418)	-	(168.418)
Profit for the year		-	-	-	-	-	-	-	24.603.670	24.603.670	(14.996)	24.588.674
Balance as of 31 December 2013	20	200.000.000	140.080.696	(28.847)	2.870.803	(75.712)	150.864.955	(115.328.514)	24.603.670	402.987.051	62.928	403.049.979

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

DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Audited 1 January – 31 December 2013	As restated Audited 1 January – 31 December 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the year		24.588.674	34.242.520
Adjustments to reconcile profit to net cash provided / (used in) by operating activities:			
Depreciation of property, plant and equipment	12	20.370.307	17.966.985
Amortization of intangible assets	13	4.278.586	4.849.224
Impairment losses on intangible assets	13	1.027.043	789.166
Provision for employment termination benefits	18	2.132.141	2.026.122
Provisions charge for the year	16	313.205	1.501.361
Release for doubtful receivables	7	-	(1.190)
Change in allowance for diminution in value of inventories	9	575.883	(3.159.539)
Gain on sale of property, plant and equipment (net)	25	(13.343.087)	(962.439)
Income accruals		(1.697.051)	(1.202.535)
Bank loans interest expenses	26	17.791.600	23.489.774
Bonds issued interest expenses	26	7.797.648	-
Loss / (gain) on foreign currency borrowings	26	10.548.073	(5.578.712)
Interest income	24	(2.466.853)	(2.235.854)
Tax (income) / expense	27	(469.522)	6.962.712
Changes in working capital:			
Decrease / (increase) in trade receivables		21.370.369	(23.113.914)
Increase in inventories		(24.683.133)	(511.682)
Increase due from related parties		(5.828.809)	(1.878.213)
Decrease / (increase) in other receivables and assets		8.141.720	(1.672.900)
Increase / (decrease) in trade payables		2.683.479	(12.240.751)
(Decrease) / increase in due to related parties		(449.748)	548.661
Decrease in other provisions		(222.507)	(4.800.257)
Increase in other liabilities		1.638.277	1.056.483
Cash provided by operations		**74.096.295**	**36.075.022**
Taxes paid	11 - 27	(583.228)	(1.189.750)
Interest paid		(13.717.623)	(21.028.883)
Payment for legal provisions	16	(6.553.625)	(5.979.195)
Seniority incentive, management premium and retirement provision paid	16 - 18	(2.349.077)	(1.339.301)
Net cash provided by operating activities		**50.892.742**	**6.537.893**

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

DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Audited 1 January – 31 December 2013	As restated Audited 1 January – 31 December 2012
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	24	2.369.825	2.235.854
Cash received under the government incentives	10	2.371.869	3.383.124
Purchase of property, plant and equipment	12	(47.951.069)	(56.824.547)
Proceeds on sale of tangible and intangible assets		16.905.327	1.525.241
Purchase of intangible assets	13	(34.090.877)	(19.605.501)
Change in long term non-current assets	10	(9.292.709)	18.749.172
Net cash used in investing activities		**(69.687.634)**	**(50.536.657)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(680.220.164)	(450.624.705)
Proceeds from borrowings		644.629.831	493.620.593
Cash provided by bonds issued		93.327.597	-
Foreign currency translation reserve		(168.418)	(54.443)
Net cash provided by financing activities		**57.568.846**	**42.941.445**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**38.870.982**	**(1.057.319)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**16.578.628**	**17.635.947**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**55.449.610**	**16.578.628**

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

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Deva Holding A.Ş. ("the Company") and one of its subsidiaries (together "the Group") Vetaş Veteriner ve Tarım İlaçları A.Ş. are operating in İstanbul, Turkey. The Company was incorporated on 22 September 1958. The Company's principal activity is manufacturing and marketing of human pharmaceuticals. The registered office address and its principal place of business are as follows:

Deva Holding A.Ş. Halkalı Merkez Mahallesi Basın Ekspres Caddesi No: 1 K.Çekmece / İstanbul.

The average number of employees working in the Group for the year ended 31 December 2013 is 1.814 (31 December 2012: 1.655).

Eastpharma S.A.R.L. is the main shareholder of the Company. Eastpharma S.A.R.L. was founded in Luxembourg in 2006 and is fully owned by Eastpharma Ltd., which was incorporated in Bermuda in 2006. Eastpharma S.A.R.L. acquired 52,6% of the Company's shares on 27 November 2006. Subsequent to that date EP SARL increased its shareholdings and as of 31 December 2013, it owns 82,2% of the shares of Deva (31 December 2012: 82,2%). In 2011 the Company's issued share capital is raised from TRY 180.070.656 to TRY 200.000.000. TRY 16.384.384 of the total amount raised was paid in cash by Eastpharma S.A.R.L. and the remaining amount, TRY 3.544.960, was paid by other shareholders .The ultimate shareholders of Eastpharma S.A.R.L. are the funds controlled by Global Equities Management S.A.

The shares of the Company have been traded on Borsa Istanbul since 24 March 1986.

As of 31 December 2013, the Company's share capital consists of 20.000.000.000 shares with an amount of TRY 0,01 for each (31 December 2012: 20.000.000.000). The Company's nominal capital structure is as follows (Note 20):

Name	(%)	31 December 2013	(%)	31 December 2012
Eastpharma S.A.R.L.	82,2	164.424.760	82,2	164.424.760
Other	17,8	35.575.240	17,8	35.575.240
Nominal capital	100,0	200.000.000	100,0	200.000.000
Inflation adjustment to share capital		140.080.696		140.080.696
Capital investment adjustment (-)		(28.847)		(28.847)
Adjusted share capital		340.051.849		340.051.849

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Subsidiaries

As of 31 December 2013, the details of the subsidiaries in terms of ownership and principal business activities are as follows:

	Effective Ownership		
Company	31 December 2013 (%)	31 December 2012 (%)	Line of activity
Vetaş	99,6	99,6	Production and sale of veterinary drugs and agrochemicals
Deva Holdings NZ (*)	100,0	100,0	Distribution and sale of human and veterinary pharmaceuticals in New Zealand and Australia
Deva Singapore (**)	100,0	100,0	Distribution and sale of human and veterinary pharmaceuticals in Singapore
Deva Holdings PTY (**)	100,0	100,0	Distribution and sale of human and veterinary pharmaceuticals in Australia
EastPharma Canada (**)	100,0	100,0	Distribution and sale of human and veterinary pharmaceuticals in Canada

(*) The Company is incorporated on 19 December 2007; has limited effect on the consolidated financial statements.

(**) The companies are non-operating and do not have material effect on the consolidated financial statements. Therefore, they are not included in the consolidation. Excluding Vetaş, the Group's subsidiaries operate outside Turkey.

Full names of the Group subsidiaries are as follows:

Vetaş Veteriner ve Tarım İlaçları A.Ş.	Vetaş
Deva Holdings NZ Ltd.	Deva NZ
Deva Holding Singapore PTE. Ltd.	Deva Singapore
Deva Holdings PTY Ltd.	Deva Holdings PTY
East Pharma Canada Ltd.	EastPharma Canada

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Subsidiaries (cont'd)

The Company and its subsidiaries ("the Group") operate in the pharmaceutical industry and are one of the branded generic players in the market. The Group has a wide range product portfolio and a country-wide organized sales force. The Group has five production facilities in five different locations.

The Group has 127 pharmaceutical molecules in 248 pharmaceutical forms. Of these 13 molecules (in 21 presentation forms) are manufactured and marketed by using license rights.

As of 31 December 2013 the business segments are production and sale of human pharmaceuticals, veterinary products and other.

The human pharmaceuticals segment derives the majority of its revenues from the sale of branded generic and licensed products. Branded generic products are finished pharmaceutical products that Deva produces and sells under its trademark rather than the chemical name of the active pharmaceutical compound. Licensed products are finished pharmaceutical products that the Company produces and sells under licenses from other pharmaceutical companies that hold the rights to the pharmaceutical compound. The business encompasses a wide range of medicines combating diseases in the musculoskeletal, alimentary, metabolism and cardiovascular system and infections. Corporate expenses and assets are included in the human pharmaceuticals segment.

The human pharmaceuticals segment also contains API, which mainly derives its revenues from the manufacturing and sale of antibiotic active ingredients to local producers including the Company as well as to foreign pharmaceutical companies. In addition to its manufacturing activities, the Company conducts, at its microbiology laboratories, tests and research on the adaptation of raw materials, selection of micro-organisms, formulation of culture mediums, and executes various test and research fermentations on pilot fermentators.

Founded by the associated partners of the company in 1973, Vetaş operates in the animal health and agricultural pharmaceuticals sector. Vetaş has a wide product range fulfilling the needs of the veterinarians and animal breeders. The income of this segment is achieved by the sales of 60 registered products and 76 different forms.

The operations in the other segment include production and sale of cologne products.

Further segment information on the Group operations is presented in Note 3.

Approval of the financial statements

The accompanying financial statements have been approved by the Board of Directors and are authorized for issue on 10 March 2014.

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Accounting Standards

The Company and its Turkish subsidiary maintain their books of accounts and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation. Subsidiaries operating in foreign country maintain their books of accounts in the currency of the country in which they operate and prepare their statutory financial statements in accordance with the legislation effective in these countries.

The attached consolidated financial statements are prepared in accordance with the decree Series II No: 14.1 "Principals Relating to the Financial Reporting Standards in Capital Markets" ("Decree") issued by Capital Markets Board ("CMB") on 13 June 2013 and published in the Official Gazette numbered 28676 and are based on the Turkish Accounting Standards/ Turkish Financial Reporting Standards and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority.

Additionally consolidated financial statements and disclosures are presented in accordance with the formats published by CMB on 7 June 2013.

Presentation and Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional and presentation currency of the Group. Financial statements of subsidiary operating in foreign country translated into presentation currency with the exchange rate prevailing at balance sheet date for balance sheet items except equity. Historical rates are used for the conversion of equity items and average rate for income statement items.

Preparation of Financial Statements in Hyperinflationary Periods

The CMB decision No: 11/367 issued at 17 March 2005 requires all companies operating in Turkey and preparing their financial statements in accordance with the Turkey Accounting Standards (including companies adopting TAS/ TFRS) to cease the inflation accounting application as of 1 January 2005. Based on this requirement, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" is ceased as of 1 January 2005.

Consolidation

The consolidated financial statement incorparate the financial statements of the company and the entities (including structure entities) controlled by company. Control is achieved when the company :

- has power of the investee
- is exposed, or has rights ,to variable returns from its involvement with the investee and
- has the ability to use its power to affect its returns

The company reassesses whether or not it controls an investee if facts and circumtances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting of the rights of an investee,it has power of the investee when the voting rights are suffient to give it practical ability to direct the relevant activities of the investee unilaterally.The company considers all relavant facts and circumstances in assessing whether or not the Company´s voting rigths in an investee are sufficient to give it power,including;

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

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

Consolidation (cont'd)

- The size of the company 's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company,other vote holders or other parties ;
- Rigths arising from other contructual arregements ;and
- Any additional facts and circumtances that indicate that thre company has ,or does not have,the current ability to direct the relevant activities at the time that decisions need to be made,including voting patterns at previous shareholder' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company losses control of the subsidiary.Specially income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statementof profit or loss other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests.Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this result in the non-controlling interests having a deficit balance.

When necessary, adjusments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Accounting Policies

Changes made in the accounting policies are applied retrospectively and prior year financial statements are restated.There are no changes in the accounting policies of the Group during the period.

Comparative Information and Restatement of Prior Period Financial Statements

Consolidated financial statements of the Group 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 consolidated financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. In the current period, the Group made some reclassifications for the conformity with the format issued by CMB on 7 June 2013. The details of the reclassifications are as follows:

- In 2012, The Group presented amounting to TRY 17.985 of "Other trade receivables" in other receivables at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Other trade receivables".

- In 2012, The Group presented amounting to TRY 1.228.988 of "Income accruals" in other current assets at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Other trade receivables".

- In 2012, The Group presented amounting to TRY 7.786.677 of "Advances given for inventory", amounting to TRY 2.357.422 of "Prepaid expenses"and amounting to TRY 237.298 of "Business advances given" in other current assets at its consolidated financial statements. In current year, the Group management has reclassified these amount under "Short term prepaid expenses".

- In 2012, The Group presented amounting to TRY 587.767 of "Prepaid corporate tax" in other current assets at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Assets relating to current tax".

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

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

Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

- In 2012, The Group presented amounting to TRY 2.595.038 of "Advances given for tangibles", in other non-current assets at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Long term prepaid expenses".
- In 2012, The Group presented amounting to TRY 154.378 of "Expense accruals", in other current liabilities at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Trade payables".
- In 2012, The Group presented amounting to TRY 271.354 of "Due to personnel", amounting to TRY 2.179.570 of "Taxes and funds payables" and amounting to TRY 1.632.989 of "Social security premiums payable" in other payables at its consolidated financial statements. In current year, the Group management has reclassified these amount under "Payables relating to the benefits provided to employees".
- In 2012, The Group presented amounting to TRY 93.686 of "Advances received" in other payables at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Short term deferred revenue".
- In 2012, The Group presented amounting to TRY 23.091 of "Other current payables" in other current liabilities at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Other payables".
- In 2012, The Group presented amounting to TRY 1.662.813 of "Deferred revenue" in other current liabilities at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Short term deferred revenue".
- In 2012, The Group presented amounting to TRY 9.707.490 of "Provision for legal claims" and amounting to TRY 111.412 of "Provision for seniority incentive and management premium and indemnity" in provisions at its consolidated financial statements. In current year, the Group management has reclassified these amount under "Short term/ long term provisions".
- In 2012, The Group presented amounting to TRY 3.519.596 of "Accrued vacation pay liability" in provisions for benefits provided to employees at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Short term provisions".
- In 2012, The Group presented amounting to TRY 1.122.250 of "Bonus given to personnel" and amounting to TRY 2.873.269 of "Other accruals and payables" in other current liabilities at its consolidated financial statements. In current year, the Group management has reclassified these amount under "Provisions for benefits provided to employees".
- In 2012, The Group presented amounting to TRY 6.752.967 of "Expense accruals due to price regulation" and amounting to TRY 2.576.476 of "Accrued sales discounts" in other current liabilities at its consolidated financial statements. In current year, the Group management has reclassified these amount under "Short term provisions".
- In 2012, The Group presented amounting to TRY 5.090.015 of "Retirement pay provision" in provisions for employment termination benefits at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Provisions for employment termination benefits".
- In 2012, The Group presented amounting to TRY 13.420.505 of "Deferred revenue" in other non-current liabilities at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Long term deferred revenue".

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

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

Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

- In 2012, The Group presented amounting to TRY 94.816 of "Gain on sale of property, plant and equipment" in other operating income at its consolidated financial statements. In current year, the Group management has reclassified this amount under "Investment income".

- In 2012, The Group presented amounting to TRY 1.205.989 of "Interest income", amounting to TRY 819.750 of "Foreign exchange gain" and amounting to TRY 22.694.028 of "Discount interest income" in financial income at its consolidated financial statements. In current year, the Group management has reclassified these amount under "Other operating income".

- In 2012, The Group presented amounting to TRY 1.281.588 of "Foreign exchange loss" and amounting to TRY 23.815.645 of "Discount interest expenses" in financial expenses at its consolidated financial statements. In current year, the Group management has reclassified these amount under "Other operating expenses".

The application of these reclassifications did not have significant impact on profit for the year.

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

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

Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

	Reported formerly 31 December 2012	As restated 31 December 2012
Current Assets	**352.470.658**	**352.470.658**
Cash and cash equivalents	16.578.628	16.578.628
Trade receivables	192.060.730	193.307.703
Due from related parties	*3.005.179*	*3.005.179*
Other trade receivables	*189.055.551*	*190.302.524*
Other receivables	709.143	691.158
Inventories	116.770.976	116.770.976
Prepaid Expenses	-	10.381.417
Prepaid corporate tax	-	586.767
Other current assets	26.351.181	14.154.009
Non-Current Assets	**370.785.620**	**370.785.620**
Property, plant and equipment	262.221.601	262.221.601
Intangible assets	83.152.706	-
Goodwill	1.782.731	-
Intangible assets	-	84.935.437
Goodwill	-	*1.782.731*
Other intangible assets	-	*83.152.706*
Prepaid Expenses	-	2.595.038
Deferred tax assets	21.033.544	21.033.544
Other non-current assets	2.595.038	-
Current Liabilities	**271.891.553**	**271.891.553**
Financial liabilities	214.934.415	-
Short term financial liabilities	-	168.227.072
Current portion of long term financial liabilities	-	46.707.343
Trade payables	24.062.094	24.216.472
Due to related parties	*1.753.370*	*1.753.370*
Other trade payables	*22.308.724*	*22.463.102*
Payables for benefits provided to employees	-	4.083.913
Other payables	4.223.893	69.385
Due to related parties	*45.494*	*45.494*
Other trade payables	*4.178.399*	*23.891*
Deferred revenue	-	1.756.499
Current tax payable	276.357	276.357
Provisions	9.475.766	-
Provisions for benefits provided to employees	3.519.596	-
Short term provisions	-	26.554.512
Provisions for benefits provided to employees	-	*7.515.115*
Other provisions	-	*19.039.397*
Other current liabilities	15.399.432	-
Non-Current Liabilities	**72.735.002**	**72.735.002**
Financial liabilities	53.881.346	-
Long term financial liabilities	-	53.881.346
Deferred revenue	-	13.420.505
Provisions for employment termination benefits	5.090.015	-
Provisions	343.136	-
Long term provisions	-	5.433.151
Provisions for benefits provided to employees	-	*5.090.015*
Other provisions	-	*343.136*
Other non-current liabilities	13.420.505	-

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

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

Changes in the Accounting Estimates and Errors

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods. The Group has no significant changes to the accounting estimates in the current year.

When a significant accounting error occurs, it is corrected retrospectively and the prior year financial statements are restated.

Adoption of New and Revised Standards and Interpretations

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported and disclosures in these financial statements. Details of other standards and interpretations adopted in these financial statements but that have had no material impact on the financial statements are set out in further sections.

(i) New and Revised TFRSs affecting presentation and disclosure only

Amendments to TAS 1 Presentation of Items of Other Comprehensive Income

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

(ii) New and Revised TFRSs affecting the reported financial performance and/or financial position

None.

(iii) New and Revised TFRSs applied with no material effect on the consolidated financial statements

New and revised Standards on consolidation, joint arrangements, associates and disclosures

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

Key requirements of these five Standards are described below.

TFRS 10 replaces the parts of TAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation - Special Purpose Entities will be withdrawn upon the effective date of TFRS 10. Under TFRS 10, there is only one basis for consolidation, that is control. In addition, TFRS 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 return. Extensive guidance has been added in TFRS 10 to deal with complex scenarios.

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

Adoption of New and Revised Standards and Interpretations (cont'd)

(iii) New and Revised TFRSs applied with no material effect on the consolidated financial statements (cont'd)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (cont'd)

TFRS 11 replaces TAS 31 Interests in Joint Ventures. TFRS 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 will be withdrawn upon the effective date of TFRS 11. Under TFRS 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 TAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under TFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under TAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

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

In June 2012, the amendments to TFRS 10, TFRS 11 and TFRS 12 were issued to clarify certain transitional guidance on the application of these TFRSs for the first time.

The application of these five standards did not have significant impact on amounts reported in the consolidated financial statements.

TFRS 13 Fair Value Measurement

TFRS 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 TFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other TFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in TFRS 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 TFRS 7 Financial Instruments: Disclosures will be extended by TFRS 13 to cover all assets and liabilities within its scope.

The application of the new Standard did not have significant impact on the consolidated financial statements.

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

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

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

DEVA HOLDİNG A.Ş. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

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

Adoption of New and Revised Standards and Interpretations (cont'd)

(iii) New and Revised TFRSs applied with no material effect on the consolidated financial statements (cont'd)

TAS 19 Employee Benefits

The amendments to TAS 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 TAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of TAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to TAS 19 require retrospective application.

As the effect of the change in the standard was not significant, no change has been made (Note:18).

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

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

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

- Amendments to TAS 16 *Property, Plant and Equipment*;
- Amendments to TAS 32 *Financial Instruments: Presentation*; and
- Amendments to TAS 34 *Interim Financial Reporting*.

Amendments to TAS 16

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

Amendments to TAS 32

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

Amendments to TAS 34

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

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

Adoption of New and Revised Standards and Interpretations (cont'd)

(iv) New and Revised TFRSs in issue but not yet effective

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

TFRS 9	Financial Instruments
Amendments to TFRS 9 and TFRS 7	Mandatory Effective Date of TFRS 9 and Transition Disclosures
Amendments to TAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to TAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to TAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
TFRS Interpretation 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014.

TFRS 9 Financial Instruments

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

Amendments to TFRS 9 and TFRS 7 Mandatory Effective Date of TFRS 9 and Transition Disclosures

On November 2013, it is tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017. This amendment is not issued by Accounting and Auditing Standards Authority.

Amendments to TAS 32 Offsetting Financial Assets and Financial Liabilities

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

Amendments to TAS 36 Recoverable Amount Disclosures for Non-Financial Assets

As a consequence of TFRS 13 Fair Value Measurements, there are amendments in the explanations about the measurement of the recoverable amount of an impaired asset. This amendment is limited to non-financial assets and paragraphs 130 and 134 of TAS 36 has been changed.

Amendments to TAS 39 Novation of Derivatives and Continuation of Hedge Accounting

This amendment to TAS 39 makes it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

TFRS Interpretation 21 Levies

TFRS Interpretation 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

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

Summary of Significant Accounting Policies

a. Revenue Recognition

Revenue is generated from the sale of pharmaceutical goods to third party warehouse distributors. Revenue is measured at the fair value of the consideration received or receivable for goods provided in the normal course of business, net of related taxes, and incentives.

Standard prices for pharmaceutical products in Turkey are established by the Ministry of Health based on the Decree Related with the Pricing of Human Pharmaceutical Products. Gross product sales are subject to sales discounts, volume discounts and free of charge goods incentives.

Sales discounts are granted at the point of sale based on a fixed percentage and are recorded as a reduction of revenue in the period of the sale. Sale discount percentages vary depending on the product sold.

Volume discounts are granted in the period of sale based on a fixed percentage and the total sales made in the period. Volume discount percentages vary depending on the distributor. The estimate for volume discounts is based on actual invoiced sales within each period at a fixed discount rate and is recorded as a reduction of revenue in the period of the sale.

The Company also provides distributors with sales incentives in the form of free products (free of charge goods). Free of charge good incentive allows distributors to provide its customers with free products at no cost to the distributor as the Company will provide an equivalent amount of product to the distributor. At the end of each period, distributors provide the Company with a total amount of goods provided to customers for free. The estimate for sales credit is measured based on the actual number of products given for free during the period and is recorded as a reduction of revenue.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods which occurs upon delivery of the goods to the customer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Cost of sales - free of charge goods

Free goods provided to distributors are estimated based on the actual number of free products given by the distributors to its customers during the period and the cost of the free goods are included as part of cost of sales.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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

Summary of Significant Accounting Policies (cont'd)

b. 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 being valued on standard costing basis. At the end of the each reporting period, the standard costs are updated based on the actual costs. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

c. Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated amortization and any permanent impairment loss. Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when assets are ready for their intended use.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in net income / (loss), but not classified as revenue, when the item is derecognised (unless TAS 17 requires otherwise on a sale and leaseback).

The disposal of an item of property, plant and equipment may occur in a variety of ways (eg by sale, by entering into a finance lease or by donation). In determining the date of disposal of an item, an entity applies the criteria in TAS 18 for recognising revenue from the sale of goods. TAS 17 applies to disposal by a sale and leaseback.

If an entity recognises in the carrying amount of an item of property, plant and equipment the cost of a replacement for part of the item, then it derecognises the carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately. If it is not practicable for an entity to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

Summary of Significant Accounting Policies (cont'd)

d. Leasing Transactions

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

e. Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development costs

Research costs are recognised as expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The Group has development activities related to licenses of new medicines. The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development cost is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are recognized at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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

Summary of Significant Accounting Policies (cont'd)

f. Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

g. 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recorded in the income statement in the period in which they are incurred. Assets that necessarily take a substantial period of time to get ready for intended use or sale of the Group are license development costs. Transformation of these costs to be ready for sale state may take more than one financial year. Borrowing costs incurred for development costs are added to cost of the related asset until it is ready for sale. During the year ended 31 December 2013, TRY 855.519 (31 December 2012: TRY 720.165) amount was capitalized on these qualifying assets. The weighted average capitalization rate on funds borrowed generally is 6% per annum (31 December 2012: 4% per annum).

h. Financial Instruments

(i) Financial assets

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

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'.

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL

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 categorised as held for trading unless they are designated as hedges. The Group has no financial asset at fair value through profit or loss as of balance sheet date.

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

Summary of Significant Accounting Policies (cont'd)

h. Financial Instruments (cont'd)

(i) Financial assets (cont'd)

Held-to-maturity investments

Investments in debt securities with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis. The Group has no held-to-maturity investments as of balance sheet date.

Available-for-sale financial assets

Quoted equity investments and quoted certain debt securities held by the Group that are traded in an active market are classified as being available- for-sale financial assets and are stated at fair value. The Group also has investments in unquoted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at cost since their value can't be reliably measured. 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 the investment is determined to be impaired totally, the cumulative gain or loss previously accumulated in the investments revaluation reserve account is being reclassified to profit or loss.

Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. The Group has no financial asset available for sale as of balance sheet date.

Loans and receivables

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 amortised cost using the effective interest method less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

Summary of Significant Accounting Policies (cont'd)

h. Financial Instruments (cont'd)

(i) Financial assets (cont'd)

Impairment of financial assets (cont'd)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which have an original maturity of 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. The carrying amount of these assets approximates their fair value.

(ii) Financial Liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. The Group has no financial liability at FVTPL as of balance sheet date.

Bonds issued

Bonds issued, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group may use derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group does not use any derivative financial instruments for speculative purposes.

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

Summary of Significant Accounting Policies (cont'd)

i. Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with TAS 39, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

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

Summary of Significant Accounting Policies (cont'd)

i. Business Combinations (cont'd)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of TFRS 3.

j. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

k. Treasury Shares

If an entity reacquires its own equity instruments, those instruments ("treasury shares") are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received is recognised directly in equity. After merger of Deva and Deva İlaç in 2010, certain preference shares (TRY 0,013 nominal value of A type and TRY 0,01 nominal value of B type shares) and 28.847 nominal value of C type shares of Deva are owned by Vetaş.

l. Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Summary of Significant Accounting Policies (cont'd)

l. Foreign Currency Transactions (cont'd)

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and;
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

m. Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, 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.

n. Subsequent Events

Subsequent events comprise events between the balance sheet date and the publication date of the balance sheet even if they emerge after any announcement or declaration related with the financial results or other selected financial information.

o. Provisions, Contingent Liabilities, Contingent Assets

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

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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is actually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

Summary of Significant Accounting Policies (cont'd)

o. Provisions, Contingent Liabilities, Contingent Assets (cont'd)

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan and announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

p. Related Parties

In the accompanying consolidated financial statements, EastPharma Ltd., EastPharma S.A.R.L., EastPharma İlaç, Lypanosys Pte Ltd and Saba İlaç Sanayi ve Ticaret A.Ş, the key management personnel and Board of Directors, close members of the family of any individual who directly or indirectly controls the Company are considered and referred to as related parties.

r. Segmental Information

The Group classifies its operations into three business segments: production and sale of human pharmaceuticals, veterinary products and other. These segments are prepared according to the TFRS 8. The Group does not have any significant asset outside Turkey.

s. Share Capital and Dividends

Ordinary and preferred shares are classified as equity. Dividends distributed on ordinary shares and preferred stocks are recognised less any retained earnings in the period in which they are announced.

t. Taxation and Deferred Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is 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. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Summary of Significant Accounting Policies (cont'd)

t. Taxation and Deferred Tax (cont'd)

Deferred tax (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. 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 Group intends to settle its current tax assets and liabilities on a net basis.

u. Employment Termination Benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 (revised) "Employee Benefits" ("TAS 19"). The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

v. Statement of Cash Flows

In statement of cash flow, cash flows are classified as from operating, investment and finance activities. Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments.

y. Government Grants and Incentives

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment and intangible assets are included current and non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

The Group receives assistance from Scientific and Technological Research Council of Turkey ("TUBITAK"). TUBITAK runs a program to organize and regulate the Republic of Turkey's support to encourage research and technology development activities of the industries in Turkey. Within the framework of this program, a certain portion of the development expenditures of the industrial companies are reimbursed.

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

Summary of Significant Accounting Policies (cont'd)

z. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the entity's accounting policies

In the process of applying the entity's accounting policies, the Group Management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Recoverability of internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized only if the technical feasibility and the intention to complete the intangible asset, the ability to use or sell the intangible asset are demonstrated, how the intangible asset will generate probable future economic benefits is determined, adequate technical, financial and other resources to complete the development and to use or sell the intangible asset is available and the expenditure attributable to the intangible asset during its development can be reliably measured. Other development expenditures that do not meet these criteria are recognized as expense when incurred.

During the period, management reconsidered the recoverability of its internally-generated intangible assets. Management believes the projects will continue as expected and based on this analysis management continues to anticipate similar revenues from the projects. Management is confident that the carrying amount of the assets will be recovered in full, even if estimated revenues are reduced. This situation is closely monitored by management, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate. During the year ended 31 December 2013, the Group Management has recognized an impairment loss of TRY 1.027.043 (31 December 2012: TRY 789.166) (Note 13).

Intangible asset recognized on business combination

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Valuation was conducted to serve as a basis for allocation of the purchase price to the various classes of assets acquired in accordance with TFRS 3 "Business Combinations" and TAS 38 "Intangible Assets". For TFRS 3 and TAS 38 purposes, the standard of value is fair value defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. In determining the fair value of the intangible assets, the three traditional approaches to valuation were considered: the cost approach, the market approach and the income approach. The cost approach was utilized in the valuation of the Group's customer relationships as well as in valuing the total assembled workforce, which is not considered as a separately identifiable intangible asset for financial reporting purposes. The income approach was utilized in arriving at the value of the acquired product rights, license and supply agreement.

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realised. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realise the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilise some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognised. As of 31 December 2013 and 2012, as a result of the assessment made, the Group has recognized deferred tax assets because it is probable that taxable profit will be available sufficient to recognize deferred tax assets.

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

Summary of Significant Accounting Policies (cont'd)

z. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

Critical judgments in applying the entity's accounting policies (cont'd)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (CGU) and a suitable discount rate in order to calculate present value. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

As of 31 December 2013, the recoverable amount of the cash-generating units is determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10,6% per annum. Cash flows beyond that five-year period have been extrapolated by using a steady 6,6% per annum growth rate consisting of 5% inflation and real growth rate of 1,52%. The impairment testing is performed annually.

For the impairment testing the Company considered the higher of the fair value less costs to sell of the cash-generating unit or its value in use. The fair value less costs to sell is determined by using market approach which included guideline company method, guideline transaction method and publicly traded stock of the cash-generating unit. Fair value less cost to sell also incorporated the value in use calculated from the cash flow projections approved by the management. Weighting factors were utilized to conclude on the fair value of the cash-generating unit.

The impairment testing is performed annually. As at 31 December 2013, no impairment loss is recognized in the accompanying consolidated financial statements.

Net realizable value

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 being valued on standard costing basis. At the end of the each reporting period, the standard costs are updated based on the actual costs. 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 its 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. According to the calculations based on the management's assumptions, a part of the inventories are written down to their net realizable value since the net realizable value of these inventories is less than their cost.

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3. SEGMENTAL INFORMATION

As of 31 December 2013 the business segments are production and sale of human pharmaceuticals, veterinary products and other. Other segment includes sale of cologne products.

31 December 2013	Human pharma	Veterinary products	Other	Total
External sales	398.892.783	12.340.516	7.157.786	418.391.085
Cost of sales	(247.854.979)	(8.008.288)	(5.631.027)	(261.494.294)
Operating expenses	(115.722.988)	(5.806.834)	(715.275)	(122.245.097)
Segment results	35.314.816	(1.474.606)	811.484	34.651.694
Other operating income				60.469.454
Other operating expenses (-)				(47.693.392)
Investment income				13.343.087
Finance expenses (-)				(36.651.691)
Income tax income				469.522
Profit for the year				**24.588.674**

Distribution of the Group's products by the two largest wholesalers in the Turkish market corresponded to approximately 30% and 34% of the revenues of the Human Pharmaceuticals business line derived from Turkey (31 December 2012: 28% and 36%). As of 31 December 2013, two customers represented 32% and 30% of the total trade and other receivables balance, respectively (31 December 2012: 30% and 35%).

31 December 2012	Human pharma	Veterinary products	Other	Total
External sales	387.966.039	24.939.582	6.604.797	419.510.418
Cost of sales	(230.500.660)	(15.434.177)	(5.159.527)	(251.094.364)
Operating expenses	(103.151.270)	(5.215.954)	(970.983)	(109.338.207)
Segment results	54.314.109	4.289.451	474.287	59.077.847
Other operating income				54.722.693
Other operating expenses (-)				(49.950.978)
Investment income				962.439
Finance expenses (-)				(23.606.769)
Income tax expense (-)				(6.962.712)
Profit for the year				**34.242.520**

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4. CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Petty cash	59.451	82.629
Cash in banks	55.390.159	16.495.999
Demand deposits	*277.409*	*452.599*
Time deposits	*55.112.750*	*16.043.400*
	55.449.610	16.578.628

As of 31 December 2013, the Group has Euro and USD time deposit. The average interest rate for Euro time deposit is 3,0% and USD time deposit is 3,3% (The Group has USD time deposit as of 31 December 2012 and it's average interest rate is 3,1%). All of the financial investments are short term and have a maturity of one month.

5. FINANCIAL LIABILITIES

	31 December 2013	31 December 2012
Short term bank loans	117.344.814	168.227.072
Current portion of long term loans	48.151.813	46.707.343
Current portion of bonds issued (*)	1.582.677	-
Total short term financial liabilities	167.079.304	214.934.415
Long term portion of bank loans	82.350.851	53.881.346
Bonds issued (*)	99.542.568	-
Total long term financial liabilities	181.893.419	53.881.346
Total financial liabilities	348.972.723	268.815.761

(*)The Group issued corporate bonds amounting to TRY 100.000.000 with three years maturity, quarterly floating interest rate and monthly coupon payments. The bonds were sold on 7 May 2013 only to qualified investors. Annual simple yield of the bond is calculated by adding 300 basis points over the annual simple yield of "reference government bond". As of issuance date, annual simple and compound bond yield were 8,09% and 8,40%, respectively.

The effective interest rate is 11,18% as at 31 December 2013 and discounted estimated future cash payments through the expected life of the financial liability is calculated as TRY 101.125.245.

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5. FINANCIAL LIABILITIES (cont'd)

i) Bank loans and bonds issued

Repayment schedule of bank borrowings is as follows:

	31 December 2013	31 December 2012
Less than 1 year or to be paid on demand	167.079.304	214.934.415
To be paid between 1-2 years	28.664.120	31.955.181
To be paid between 2-3 years	132.287.760	15.827.731
To be paid between 3-4 years	11.701.539	6.098.434
To be paid between 4-5 years	9.240.000	-
	348.972.723	268.815.761

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5. FINANCIAL LIABILITIES (cont'd)

ii) Bank loans (cont'd)

Short term bank loans consist of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2013	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2012
TRY	9,1%	115.408.013	115.408.013	TRY	8,3%	166.821.370	166.821.370
Accrued interest			1.941.801	Accrued interest			1.405.702
			117.349.814				168.227.072

Short term borrowings consist of spot and revolving line of credits with several banks and carry fixed and floating rate interests. As of 31 December 2013 and 2012, the total available lines of credits are TRY 729.587.170 and TRY 612.356.589, respectively. The principal and interest is paid on the maturity. The agreements have no expiration date unless there is a breach of contract which would include nonpayment of interest and principal within the maturity.

Short term portion of long term bank loans consists of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2013	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2012
TRY	10,3%	21.024.614	21.024.614	TRY	10,7%	11.436.138	11.436.138
US Dollar	5,6%	11.711.110	24.995.023	US Dollar	5,4%	19.194.444	34.216.016
Accrued interest			2.132.176	Accrued interest			1.055.189
			48.151.813				46.707.343

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[illegible]. FINANCIAL LIABILITIES (cont'd)

i) Bank loans (cont'd)

Long-term bank loans consist of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2013	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2012
TRY	[illegible]	[illegible]	[illegible]	TRY	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	US Dollar	[illegible]	[illegible]	[illegible]
EUR	[illegible]	[illegible]	[illegible]	EUR	–	–	–
			[illegible]				[illegible]

The fair value of the Group's borrowings approximates the carrying amount.

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5. FINANCIAL LIABILITIES (cont'd)

i) Bank loans (cont'd)

The details of the Group's long term borrowings are as follows:

a) A loan of US Dollar 3.600.000 (2012: US Dollar 7.200.000) was drawn down on 24 December 2010. Repayments of interest and principal commenced on 24 June 2011 and will continue till 24 December 2014 on semiannual basis. The loan carries interest of 5%. This loan is also secured by the Group's factory buildings located at Çerkezköy and other buildings' mortgages at an amount of TRY 20.000.000 (Note 17).

b) A loan of US Dollar 1.000.000 (2012: US Dollar 2.000.000) was drawn down on 24 December 2010. Repayments of interest and principal commenced on 24 June 2011 and will continue till 24 December 2014 on semiannual basis. The loan carries interest of 5%.

c) A loan of US Dollar 3.611.112 (2012: US Dollar 5.055.556) was drawn down on 15 February 2011. Repayments of interest and principal commenced on 14 February 2012 and will continue till 9 February 2016 on semiannual basis. The loan carries interest of 5%.

d) A loan of US Dollar 4.500.000 (2012: US Dollar 7.500.000) was drawn down on 29 March 2011. Repayments of interest and principal commenced on 29 March 2012 and will continue till 27 March 2015 on semiannual basis. The loan carries interest of 5%. This loan is also secured by the Group's factory buildings located at Çerkezköy and other buildings' mortgages at an amount of US Dollar 15.750.000 (Note 17).

e) A loan of TRY 2.936.528 (2012: TRY 4.040.611) was drawn down on 26 January 2011. Repayments of interest and principal commenced on 25 April 2011 and will continue until 25 January 2016. The loan carries interest of 10,6%.

f) A loan of TRY 199.247 (2012: TRY 957.159) was drawn down on 11 March 2011. Repayments of interest and principal commenced on 8 June 2011 and will continue until 21 February 2014. The loan carries interest of 9,7%.

g) A loan of TRY 495.376 (2012: TRY 724.913) was drawn down on 26 August 2011. Repayments of interest and principal commenced on 24 November 2011 and will continue until 24 August 2015. The loan carries interest of 15,6%.

h) A loan of TRY 1.701.838 (2012: TRY 2.469.527) was drawn down on 16 September 2011. Repayments of interest and principal commenced on 14 December 2011 and will continue until 14 September 2015. The loan carries interest of 17,4%.

i) A loan of US Dollar 2.666.666 (2012: US Dollar 5.333.334) was drawn down on 28 December 2011. Repayments of interest and principal commenced on 28 March 2012 and will continue till 29 December 2014 quarterly. The loan carries interest of 8%.

j) A loan of TRY 627.511 (2012: 1.001.747) was drawn down on 14 May 2012. Repayments of interest and principal commenced on 14 June 2012 and will continue till 14 May 2015. The loan carries interest of 13%. This loan is also secured by pledges on the purchased vehicles (Note 17).

k) A loan of TRY 13.350.000 (2012: 17.800.000) was drawn down on 23 October 2012. Repayments of interest and principal commenced on 23 January 2013 and will continue till 23 October 2016 quarterly. The loan carries interest of 11,2%. This loan is also secured by the Group's factory building located at Kocaeli Kartepe and other buildings' mortgages at an amount of TRY 20.000.000 (Note 17).

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5. FINANCIAL LIABILITIES (cont'd)

i) Bank loans (cont'd)

l) A loan of TRY 6.000.000 (2012: 9.000.000) was drawn down on 24 December 2012. Repayments of interest and principal commenced on 24 March 2013 and will continue until 24 December 2015 quarterly. The loan carries interest of 9,4%.

m) A loan of TRY 1.058.877 (2012: 1.549.400) was drawn down on 5 October 2012. Repayments of interest and principal commenced on 5 November 2012 and will continue till 5 October 2015. The loan carries interest of 10,8%. This loan is also secured by pledges on the purchased vehicles (Note 17).

n) A loan of TRY 34.992 (2012: 51.202) was drawn down on 12 October 2012. Repayments of interest and principal commenced on 12 November 2012 and will continue till 12 October 2015. The loan carries interest of 10,8%. This loan is also secured by pledges on the purchased vehicles (Note 17).

o) A loan of TRY 31.494 (2012: 46.094) was drawn down on 16 October 2012. Repayments of interest and principal commenced on 16 November 2012 and will continue till 16 October 2015. The loan carries interest of 10,8%. This loan is also secured by pledges on the purchased vehicles (Note 17).

p) A loan of TRY 33.054 (2012: 48.368) was drawn down on 19 October 2012. Repayments of interest and principal commenced on 19 November 2012 and will continue till 19 October 2015. The loan carries interest of 10,8%. This loan is also secured by pledges on the purchased vehicles (Note 17).

q) A loan of TRY 88.004 (2012: None) was drawn down on 15 January 2013. Repayments of interest and principal commenced on 15 February 2013 and will continue till 15 January 2016. The loan carries interest of 9%. This loan is also secured by pledges on the purchased vehicles (Note 17).

r) A loan of TRY 110.274 (2012: None) was drawn down on 17 January 2013. Repayments of interest and principal commenced on 18 February 2013 and will continue till 15 January 2016. The loan carries interest of 9%. This loan is also secured by pledges on the purchased vehicles (Note 17).

s) A loan of Euro 5.000.000 (2012: None) was drawn down on 10 July 2013. Principal will be commenced on 18 July 2016. Repayments of interest will be on semiannual basis. The loan carries interest of 4,3%.

t) A loan of TRY 16.200.000 (2012: None) was drawn down on 1 August 2013. Repayments of interest and principal commenced on 3 February 2014 and will continue till 1 August 2018 on semiannual basis. The loan carries interest of 9,8%. This loan is also secured by the Group's two lands located at Çerkezköy at an amount of TRY 16.200.000 (Note 17).

u) A loan of TRY 8.000.000 (2012: None) was drawn down on 24 October 2013. Repayments of interest and principal will be commenced on 24 October 2014 and will continue till 19 October 2017 quarterly. The loan carries interest of 11,0%. This loan is also secured by the Group's factory buildings located at Çerkezköy and other buildings' mortgages at an amount of US Dollar 15.750.000 (Note 17).

v) A loan of TRY 10.000.000 (2012: None) was drawn down on 4 December 2013. Repayments of interest and principal will be commenced on 4 June 2014 and will continue till 4 December 2018 on semiannual basis. The loan carries interest of 11,5%.

w) A loan of TRY 20.000.000 (2012: None) was drawn down on 10 December 2013. Repayments of interest and principal will be commenced on 10 December 2014 and will continue till 10 December 2018 on semiannual basis. The loan carries interest of 11,5%. This loan is also secured by the Group's factory buildings located at Çerkezköy and other buildings' mortgages at an amount of TRY 20.000.000 (Note 17).

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5. FINANCIAL LIABILITIES (cont'd)

i) Bank loans (cont'd)

x) The Group has spot loans amounting to TRY 113.370.000 (2012: TRY 165.072.284), with an average interest of 9,1%, and have loans with no interest amounting to TRY 2.018.661 (2012: TRY 1.735.426).

The Group uses its notes receivables as collaterals for its revolving loans. As of 31 December 2013, the amount of the notes receivables given as collateral is TRY 67.272.296 (31 December 2012: TRY 107.293.284).

ii) Obligations under finance leases

None (2012: None).

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6. RELATED PARTY TRANSACTIONS

All intra-group transactions, balances, income and expenses are eliminated on consolidation; therefore they are not disclosed in this note.

	31 December 2013							
	Receivables				Payables			
	Current		Non-current		Current		Non-current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading
Shareholders								
East Pharma S.A.R.L.	-	-	-	-	1.305.622	-	-	-
Individual shareholders	-	-	-	-	-	45.494	-	-
Other companies managed by ultimate parent								
Saba İlaç Sanayi ve Ticaret A.Ş.	8.833.988	-	-	-	-	-	-	-
	8.833.988	-	-	-	1.305.622	45.494	-	-

	1 January - 31 December 2013							
Transactions with related parties	Purchases	Sales	Interest received	Interest given	Rent income	Royalty expenses (*)	Other income (**)	Other expense
Shareholders								
East Pharma S.A.R.L.	13.475.808	-	-	-	-	5.152.030	-	-
Other companies managed by ultimate parent								
Saba İlaç Sanayi ve Ticaret A.Ş.	48.281.021	7.099.813	1.617.998	-	269.653	-	1.667.611	-
	61.756.829	7.099.813	1.617.998	-	269.653	5.152.030	1.667.611	-

(*) Pursuant to the terms of the agreement related to the purchase of Roche product licenses signed between Deva Holding A.Ş. and its main shareholder EastPharma SARL, the Group is liable to pay a royalty amount for the product licenses acquired through Eastpharma SARL calculated over the net sales of the products. The royalty percentages have been arrived at on the basis of a valuation carried out by Kapital Karden Bağımsız Denetim ve YMM A.Ş. ("Kapital Karden") on January 2013, with an updated Valuation Report. Kapital Karden is an independent valuer not connected with the Group and was one of the accredited independent auditors by Capital Markets Board on the related date. The valuation was arrived at by economic approach method predicated on discounted cash flow.

(**)-Other income consists of commission income received from the sale of Saba İlaç products, the Group's related party.

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6. RELATED PARTY TRANSACTIONS (cont'd)

	31 December 2012							
	Receivables				Payables			
	Current		Non-current		Current		Non-current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading
Shareholders								
East Pharma S.A.R.L.	-	-	-	-	1.753.370	-	-	-
Individual shareholders	-	-	-	-	-	45.494	-	-
Other companies managed by ultimate parent								
Saba İlaç Sanayi ve Ticaret A.Ş.	3.005.179	-	-	-	-	-	-	-
	3.005.179	-	-	-	1.753.370	45.494	-	-

	1 January - 31 December 2012							
Transactions with related parties	Purchases	Sales	Interest received	Interest given	Rent income	Royalty expenses (*)	Other income (**)	Other expense
Shareholders								
East Pharma S.A.R.L.	21.574.310	-	-	-	-	5.679.536	-	-
Other companies managed by ultimate parent								
Saba İlaç Sanayi ve Ticaret A.Ş.	42.389.161	2.540.949	1.304.994	-	169.308	-	1.477.900	-
	63.963.471	2.540.949	1.304.994	-	169.308	5.679.536	1.477.900	-

(*) Pursuant to the terms of the agreement related to the purchase of Roche product licenses signed between Deva Holding A.Ş. and its main shareholder EastPharma SARL, the Group is liable to pay a royalty amount for the product licenses acquired through Eastpharma SARL calculated over the net sales of the products. The royalty percentages have been arrived at on the basis of a valuation carried out by Kapital Karden Bağımsız Denetim ve YMM A.Ş. ("Kapital Karden"), independent valuers not connected with the Group (Valuation Report was updated as of July 2011, and Company started to use new rates after July 2011). Kapital Karden is one of the accredited independent auditors by Capital Markets Board. The valuation was arrived at by economic approach method predicated on discounted cash flow.

(**) Other income consists of commission income received from the sale of Saba İlaç products, the Group's related party.

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6. RELATED PARTY TRANSACTIONS (cont'd)

Loans used by related parties for the year ended 31 December 2013 and 2012 are stated below:

	31 December 2013			
Loans used by related parties	Original currency	Maturity (Day)	Interest Rate %	Short term Payables
Subsidiaries				
Deva Holdings NZ	US Dollar	151	%3,5	280.933
				280.933

	31 December 2012			
Loans used by related parties	Original currency	Maturity (Day)	Interest Rate %	Short term Payables
Subsidiaries				
Deva Holdings NZ	US Dollar	94	3,5%	161.468
				161.468

Benefits provided to key management personnel include the salaries, premiums and retirement pay for the year ended 31 December 2013 and 2012 are stated below:

Compensation of key management personnel	1 January- 31 December 2013	1 January- 31 December 2012
Short-term benefits	7.069.458	4.124.136
Long-term benefits	109.178	92.776
	7.178.636	4.216.912

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7. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Current trade receivables	31 December 2013	31 December 2012
Trade receivables	49.198.418	52.318.730
Notes receivable	128.335.791	146.249.825
Discount on notes receivables (-)	(2.922.304)	(2.604.265)
Due from related parties (Note: 6)	8.833.988	3.005.179
Other trade receivables	-	17.985
Income accruals	2.431.657	1.228.988
Provision for doubtful receivables (-)	(6.908.739)	(6.908.739)
	178.968.811	193.307.703

As of 31 December 2013 and 2012, the Group provided for all its past due trade and other receivables. The rest of the receivable amount is neither past due nor impaired. During 2013, the average credit period on sales is 134 days (2012: 129 days).

Collaterals held for trade receivables that are neither past nor due as at the balance sheet date, are as follows:

	31 December 2013	31 December 2012
Letter of guarantees received	15.237.406	15.281.594
	15.237.406	15.281.594

The Group's principal financial assets are trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. As of 31 December 2013, two customers represented 32% and 30% of the total trade and other receivables balance, respectively (31 December 2012: 30% and 35%).

The Company is the distributor of the Saba İlaç A.Ş's, a related party, pharmaceutical products. Receivable amounting to TRY 8.833.988 is related to this transaction (Note 6).

The allowance for trade receivables is provided based on the estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience and current financial structure of customers.

The movement of the allowance for doubtful receivables for the year ended 31 December 2013 and 2012 is as follows:

	1 January-31 December 2013	1 January-31 December 2012
Balance at 1 January	6.908.739	6.909.929
Provision released	-	(1.190)
Balance at 31 December	6.908.739	6.908.739

The effective interest rate used for the discount of TRY trade receivables is 11% (2012: 11%), and for foreign currency trade receivables year end libor rates have been used.

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7. TRADE RECEIVABLES AND PAYABLES (cont'd)

Trade Payables

Current trade payables	31 December 2013	31 December 2012
Trade payables	25.044.991	22.305.749
Notes payable	3.563	2.975
Due to related parties (Note: 6) (*)	1.303.622	1.753.370
Expense accruals	98.027	154.378
	26.450.203	24.216.472

(*) As of 31 December 2013, royalty payable to Eastpharma S.A.R.L for the sale of products that Eastpharma S.A.R.L. holds the rights is TRY 1.303.622 (31 December 2012: TRY 1.098.397). Eastpharma S.A.R.L. holds Turkey rights of 17 Roche products acquired in 2008. Eastpharma S.A.R.L. also holds the right of one Roche product in 17 different foreign countries. As of 31 December 2013, there is no payable amount to Eastpharma S.A.R.L. related with the raw material purchase from F. Hoffman – La Roche Ltd (31 December 2012: TRY 654.973).

Notes payables consist of cheques given to suppliers with maturities less than 1 year.

As of 31 December 2013 and 2012, the Group has no long term trade payables.

8. OTHER RECEIVABLES AND PAYABLES

Other current receivables	31 December 2013	31 December 2012
Other receivables	927.861	503.233
Due from personnel	60.897	135.235
Deposits and guarantees given	161.415	52.690
	1.150.173	691.158

Other current payables	31 December 2013	31 December 2012
Due to related parties (Note 6)	45.494	45.494
Other current payables	577.656	23.891
	623.150	69.385

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9. INVENTORIES

	31 December 2013	31 December 2012
Raw materials	79.575.145	59.483.697
Work-in-progress	18.820.364	12.467.320
Finished goods	47.325.172	43.958.782
Trade goods	1.841.777	1.610.962
Other inventories	-	90.765
Allowance for diminution in value of inventories	(1.416.433)	(840.550)
	146.146.025	116.770.976

The movement of allowance for diminution in value of inventories is as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Balance at 1 January	840.550	4.000.089
Provision for the year	2.370.289	168.672
Provision utilized	(1.794.406)	(3.328.211)
Balance at 31 December	1.416.433	840.550

10. PREPAID EXPENSES AND DEFERRED REVENUE

<u>Short term prepaid expenses</u>	31 December 2013	31 December 2012
Advances given for inventory	5.290.257	7.786.677
Prepaid expenses	2.306.777	2.357.443
Business advances given	487.854	237.297
	8.084.888	10.381.417

<u>Long term prepaid expenses</u>	31 December 2013	31 December 2012
Advances given for property, plant & equip.	11.793.142	2.595.038
Prepaid expenses	94.605	-
	11.887.747	2.595.038

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

10. PREPAID EXPENSES AND DEFERRED REVENUE (cont'd)

Short term deferred revenue	31 December 2013	31 December 2012
Advances received	136.399	93.686
Deferred revenue (*)	1.871.229	1.662.813
	2.007.628	1.756.499

Long term deferred revenue	31 December 2013	31 December 2012
Deferred revenue (*)	15.098.904	13.420.505
	15.098.904	13.420.505

(*) The Group receives government grants related to development costs. The balance consists of the income accrual for the grants received from TUBITAK (Scientific and Technological Research Council of Turkey). As the grant related to the assets is capitalized as development cost, consideration received or receivable is recorded as deferred revenue. Deferred revenue is amortised over useful life of the asset to match the related expense in the income statement.

During the year ended 31 December 2013, the Group received TRY 2.371.869 grant related with its development costs.

11. ASSETS RELATING TO CURRENT TAX

Current assets relating to current tax	31 December 2013	31 December 2012
Prepaid corporate tax	306.871	586.767
	306.871	586.767

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12. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Acquisition cost									
Opening balance 1 January 2013	15.110.660	574.188	133.968.580	198.814.899	4.412.233	20.517.306	241.505	27.139.605	400.778.974
Additions	13.162.758	41.500	-	-	1.569.495	1.627.971	6.310	31.543.035	47.951.069
Disposals	-	-	(3.070.734)	(321.074)	(188.480)	(5.048)	-	-	(3.585.336)
Transfers from construction in progress	-	-	3.043.887	42.033.866	-	-	-	(45.077.753)	-
Closing balance, 31 December 2013	28.273.418	615.688	133.941.733	240.527.691	5.793.248	22.140.229	247.815	13.604.887	445.144.707
Accumulated depreciation									
Opening balance 1 January 2013	-	(200.856)	(15.657.525)	(107.852.959)	(1.068.752)	(13.633.665)	(142.580)	-	(138.557.373)
Reclassifications (*)	-	-	-	(2.346.563)	-	-	-	-	(2.346.563)
Depreciation charge For the year	-	(34.074)	(3.402.777)	(19.287.943)	(870.817)	(2.018.877)	(23.618)	-	(25.638.106)
Disposals	-	-	1.968.530	275.222	50.230	4.367	-	-	2.298.349
Closing balance, 31 December 2013	-	(234.930)	(17.091.772)	(129.213.279)	(1.889.339)	(15.648.175)	(166.198)	-	(164.243.693)
Carrying amount at 31 December 2013	28.273.418	380.758	116.849.961	111.314.412	3.903.909	6.492.054	81.615	13.604.887	280.901.014

(*) TRY 2.346.563, partial depreciation charge of machinery and equipment is directly attributable to development costs related to product licenses and rights. The balance is capitalized in cost value of intangible assets in respect of TAS 16 and TAS 38 (Note 13) as the projects are in progress as at 31 December 2013.

As of 31 December 2013, cost of the property, plant and equipment acquired through finance leases is TRY 1.429.828 and total accumulated depreciation of these property, plant and equipments are TRY 1.102.389. Net carrying amount of leased property plant and equipment is TRY 327.439 of machinery and equipment. During 2013, the Group does not have any disposed property plant and equipment previously acquired through leasing. There were no new finance leases during 2013.

The Group's headquarter building and factory and other buildings located in Kocaeli Kartepe and Tekirdağ Çerkezköy and land in Çerkezköy are pledged against the borrowings used at an amount of US Dollar 18.500.000, TRY 20.000.000, TRY 20.000.000, US Dollar 15.750.000 and TRY 16.200.000 (Note 17).

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12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Acquisition cost									
Opening balance, 1 January 2012	14.986.522	574.188	129.661.683	180.677.640	2.061.904	18.520.881	235.308	870.464	347.588.590
Additions	124.138	-	-	6.443	3.584.317	2.135.052	6.195	50.968.402	56.824.547
Disposals	-	-	-	(2.261.548)	(1.233.988)	(138.627)	-	-	(3.634.163)
Transfers from construction in progress	-	-	4.306.897	20.392.364	-	-	-	(24.699.261)	-
Closing balance, 31 December 2012	15.110.660	574.188	133.968.580	198.814.899	4.412.233	20.517.306	241.503	27.139.605	400.778.974
Accumulated depreciation									
Opening balance, 1 January 2012	-	(167.438)	(12.571.876)	(91.392.662)	(1.843.452)	(11.592.197)	(124.727)	-	(117.692.352)
Reclassifications (*)	-	-	-	(2.003.339)	-	-	-	-	(2.003.339)
Depreciation charge for the year	-	(33.418)	(3.085.649)	(16.263.514)	(394.780)	(2.137.829)	(17.853)	-	(21.933.043)
Disposals	-	-	-	1.805.520	1.169.480	96.361	-	-	3.071.361
Closing balance, 31 December 2012	-	(200.856)	(15.657.525)	(107.853.995)	(1.068.752)	(13.633.665)	(142.580)	-	(138.557.373)
Carrying amount at 31 December 2012	15.110.660	373.332	118.311.055	90.960.904	3.343.481	6.883.641	98.923	27.139.605	262.221.601

(*) TRY 2.003.339, partial depreciation charge of machinery and equipment, is directly attributable to development costs related to product licenses and rights and is capitalized in cost value of intangible assets in respect of TAS 16 and TAS 38 as the projects are in progress as at 31 December 2012 (Note 13).

As of 31 December 2012, cost amount of the property, plant and equipment acquired through finance leases are TRY 1.451.524 and total accumulated depreciation of these property, plant and equipments are TRY 867.975. Net carrying amount of leased property plant and equipment consist of TRY 583.549 machinery and equipment. During 2012, the Group has disposed property plant and equipment previously acquired through leasing at an amount of TRY 986.953. There were no leased purchases during 2012.

The Group's headquarter building and factory and other buildings located in Kocaeli Kartepe, Çerkezköy and Topkapı are pledged against the borrowings used at an amount of US Dollar 18.500.000, TRY 20.000.000, TRY 28.500.000, US Dollar 15.750.000 and US Dollar 8.125.000.

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12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Depreciation periods for property, plant and equipment, which approximate the useful lives of such assets, are as follows:

Land improvements	25-50 years
Buildings	25-50 years
Machinery and equipment	4-30 years
Vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	2-3 years

Property, plant and equipment are depreciated principally on a straight-line basis except land and construction in progress. The estimated useful lives, residual values and depreciation method are reviewed at each syear end for the possible effects of change in estimates, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation and amortization expense of TRY 17.451.325 (2012: TRY 15.107.882) has been charged to 'cost of goods sold', TRY 7.197.568 (2012: TRY 7.708.327) to 'operating expenses' and TRY 5.267.799 is capitalized on inventory (2012: TRY 3.966.058).

13. INTANGIBLE ASSETS

	Product Licenses and Rights	Customer Relationship	Capitalized Development Costs	Total
Acquisition cost				
Opening balance, 1 January 2013	76.604.577	3.730.513	37.839.004	118.174.094
Reclassifications (*)	-	-	2.346.563	2.346.563
Additions (**)	10.950.625	-	23.140.252	34.090.877
Disposals	-	-	(2.358.817)	(2.358.817)
Closing balance, 31 December 2013	87.555.202	3.730.513	60.967.002	152.252.717
Accumulated amortization				
Opening balance, 1 January 2013	(23.857.419)	(839.367)	(10.324.602)	(35.021.388)
Amortization charge for the year	(3.289.624)	(186.527)	(802.435)	(4.278.586)
Disposals	-	-	83.564	83.564
Impairment	(309.479)	-	(717.564)	(1.027.043)
Closing balance, 31 December 2013	(27.456.522)	(1.025.894)	(11.761.037)	(40.243.453)
Carrying amount, 31 December 2013	60.098.680	2.704.619	49.205.965	112.009.264

(*) TRY 2.346.563, partial depreciation charge of machinery and equipment, is directly attributable to development costs related to product licenses and rights and is capitalized in cost value of intangible assets in respect of TAS 16 and TAS 38 as the projects are in progress as at 31 December 2013 (Note 12).

(**) Additions mainly consist of own-developed and inlicensed products.

Carrying amount of internally generated intangible assets consist of TRY 16.458.538 of rights and TRY 45.880.394 of capitalized development costs.

Amortization periods for intangible assets, which approximate the useful lives of such assets, are as follows:

Licenses and Rights	3-15 years
Customer relationship	20 years
Development costs	15 years

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13. INTANGIBLE ASSETS (cont'd)

	Product Licences and Rights	Customer Relationship	Capitalized Development Costs	Total
Acquisition cost				
Opening balance, 1 January 2012	64.807.127	3.730.513	28.027.614	96.565.254
Reclassifications (*)	-	-	2.003.339	2.003.339
Additions (**)	11.797.450	-	7.808.051	19.605.501
Closing balance, 31 December 2012	76.604.577	3.730.513	37.839.004	118.174.094
Accumulated amortization				
Opening balance, 1 January 2012	(20.151.508)	(652.840)	(8.578.650)	(29.382.998)
Amortization charge for the year	(3.705.911)	(186.527)	(956.786)	(4.849.224)
Impairment	-	-	(789.166)	(789.166)
Closing balance, 31 December 2012	(23.857.419)	(839.367)	(10.324.602)	(35.021.388)
Carrying amount, 31 December 2012	52.747.158	2.891.146	27.514.402	83.152.706

(*) TRY 2.003.606, partial depreciation charge of machinery and equipment is directly attributable to development costs related to product licenses and rights and is capitalized in cost value of intangible assets in respect of TAS 16 and TAS 38 as the projects are in progress as at 31 December 2012 (Note 12).

(**) Additions mainly consist of own-developed and inlicensed products.

Carrying amount of internally generated intangible assets consist of TRY 14.008.957 of rights and TRY 30.601.681 of capitalized development costs.

14. GOODWILL

	31 December 2013	31 December 2012
Goodwill	1.782.731	1.782.731

On 14 March 2008, the Company's parent Eastpharma S.A.R.L signed a definitive Asset Purchase Agreement with F. Hoffmann-La Roche Ltd ("Roche") relating to the purchase of all rights, liabilities and registrations for eight Roche products registered in Turkey.

In addition, on 16 May 2008, the Eastpharma S.A.R.L signed a License and Supply Agreement allowing Eastpharma S.A.R.L to license an additional eight Roche products on an exclusive basis for Turkey. Company is a party to the agreements signed by its ultimate parent company, Eastpharma S.A.R.L.

There is no termination date for the Asset Purchase Agreement. The License and Supply Agreement will remain in force for five years as of effective date. At the expiry date, the Company has used the right to extend the agreement for an additional three years.

The necessary regulatory approvals of the Turkish Competition Board were obtained on 16 May 2008 and the agreement has become effective as of 19 September 2008. The Company's parent Eastpharma S.A.R.L transferred the rights and registration of 14 pharmaceuticals products in Turkey to Deva Holding A.Ş. within the scope of Asset Purchase and License and Supply Agreement.

The purchase price was funded through cash of TRY 18.897.646 net of cash received for the past termination rights of the personnel transferred to the Company. Based on the goodwill impairment test performed, there is no indicator of impairment as of 31 December 2013.

Goodwill arising from the business combination is allocated to human pharma segment and there is no allocation to other segments as of 31 December 2013.

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15. GOVERNMENT INCENTIVES AND GRANTS

The Group has 9 ongoing research and development projects approved by TÜBİTAK. Deva has started 1 new project in 2011, 4 new projects in 2012 and 4 in 2013. Total research and development expenses incurred during the year ended 31 December 2013 related with these projects amounted to TRY 21.009.576.

In May 2010, the Group obtained the license of Research and Development Center within the scope of the Support of Research and Development Document numbered 5746. This license permits expenses related to TÜBİTAK and research and development center projects to be partially funded and exempt from tax. The cash based payments to be made to Deva are identified by TÜBİTAK within the context of each project based on the period expense. 60% of the total amount of approved expenses incurred in 2013 has been paid in cash. In addition, based on the approval of the expenses incurred in 2013, 57% of the total expenses incurred related with projects has been recorded as income accrual.

In 2010, the Group has obtained the license of support of Research and Development Documents numbered 5594 and 5596. Total expenses related with the project numbered 5594 and 5596 for the year 2013 amount to TRY 2.238.677 and TRY 5.728.616, respectively.

The Group has obtained the license of support of Research and Development Documents numbered 111282 and 112159 for Çerkezköy facility for the period between May 28, 2013 and May 28, 2016. Total expenses related with the project numbered 111282 and 112159 for the year 2013 amount to TRY 4.691.750 and TRY 2.711.393, respectively.

The expenses within the scope of research incentive are exempt from value added tax and custom tax, and have different advantages in scope of other tax.

16. PROVISIONS

Short term provisions	31 December 2013	31 December 2012
Expense accruals due to price regulation	3.903.556	6.752.967
Accrued sales discounts	2.834.512	2.576.476
Provision for legal claims	5.553.532	9.364.354
Royalty expense accruals	494.612	234.188
Provision for seniority incentive and management premium and indemnity	133.394	111.412
	12.919.606	19.039.397

Long term provisions	31 December 2013	31 December 2012
Provision for legal claims	-	343.136
	-	343.136

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16. PROVISIONS (cont'd)

	Expense accruals due to price regulation	Provision for legal claims (*)	Provision for seniority incentive and management premium (**)	Total
Opening balance, 1 January 2013	6.752.967	9.707.490	111.412	16.571.869
Charge for the year	866.556	3.590.920	21.982	4.479.458
Payments made during the year	(740.967)	(6.553.625)	-	(7.294.592)
Reversal of provision	(2.975.000)	(1.191.253)	-	(4.166.253)
Closing balance, 31 December 2013	3.903.556	5.553.532	133.394	9.590.482
Opening balance, 1 January 2012	11.221.035	16.227.927	118.056	27.567.018
Charge for the year	2.049.247	1.784.222	-	3.833.469
Payments made during the year	(6.517.315)	(5.979.195)	-	(12.496.510)
Reversal of provision	-	(2.325.464)	(6.644)	(2.332.108)
Closing balance, 31 December 2012	6.752.967	9.707.490	111.412	16.571.869

(*) Provisions include amounts related to labor and tax cases against the Group. Labor cases are related to re-employment, debt related to labor contracts and damage related to labor contract. Tax cases are related with value added taxes, corporate tax, stamp duty and the related tax penalties.

Total provisions for the legal cases opened and currently pending against the Group represent the Management's best estimate of the Group's legal liability to claiming parties. The charge in the year of 2013 and 2012 include the provisions for the legal cases opened by the discharged personnel and fines received from tax authority as a result of general inspections in the pharmaceutical sector in Turkey. Since there is more than 1 legal case, potential cash outflows will be in the different periods. As of 31 December 2013, there are 324 pending legal cases. TRY 5.129.993 represents provision for legal cases opened by discharged personnel and TRY 423.539 represents provision for fines received from tax authority.

(**) The provision for seniority incentive and other benefits as of 31 December 2013 includes US Dollar 62.500 (TRY 133.394) related to special termination benefits granted to certain employees of Deva immediately prior to the acquisition by Eastpharma. The Company is required to pay these individuals incremental termination benefits, in addition to all other legal termination benefits, when the employee leaves the Company.

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17. COMMITMENTS

	Currency Type	Balance	Currency Rate	31 December 2013
Mortgage	US Dollars	34.250.000	2,1343	73.099.775
	TRY	56.200.000	1,0000	56.200.000
				129.299.775
Promissory notes (*)	TRY	55.155.000	1,0000	55.155.000
	EUR	1.702.707	2,9365	5.000.000
	US Dollars	22.590.545	2,1343	48.215.000
				108.370.000
Guarantee letters given	TRY	20.433.512	1,0000	20.433.512
				20.433.512
Pledges (**)	TRY	1.984.206	1,0000	1.984.206
				1.984.206
				260.087.493

	Currency Type	Balance	Currency Rate	31 December 2012
Mortgage	US Dollars	42.375.000	1,7826	75.537.675
	TRY	48.500.000	1,0000	48.500.000
				124.037.675
Promissory notes (*)	TRY	38.847.500	1,0000	38.847.500
	EUR	10.410.992	2,3517	24.483.530
	US Dollars	24.523.993	1,7826	43.716.471
				107.047.501
Guarantee letters given	TRY	20.501.894	1,0000	20.501.894
				20.501.894
Pledges (**)	TRY	2.696.810	1,0000	2.696.810
				2.696.810
				254.283.880

(*) Promissory notes are given as guarantees for the loans obtained.
(**) Pledges are given as guarantees for the vehicle loans obtained.

The legal, physical and administrative responsibilities of factory building located in Kartepe which belong to the period before 28 December 2011 when the building is sold is pertained by the Company. Any penalty to be applied for the Company's operations that have occurred as a result of matters that constitute a violation of environmental legislation till the date of delivery is limited by US Dollars 3.000.000 and any claim above this limit can not be demanded from the Company. The Group management does not expect any cash outflow for the corresponding matter and no provision is recognized to the consolidated financials as of balance sheet date.

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17. COMMITMENTS (cont'd)

The Group's Guarantees/Pledge/Mortgages ("GPM") are as follows:

Guarentees/Pledge/Mortgages given by the Group (GPM)	31 December 2013			
	TRY Equivalent	US Dollars	EUR	TRY
A. GPM given on behalf of its own legal entity				
-Guarantee	18.922.512	-	-	18.922.512
-Pledge	1.984.206	-	-	1.984.206
-Mortgage	129.299.775	34.250.000	-	56.200.000
	150.206.493	34.250.000	-	77.106.718
B. GPM given on behalf of subsidiaries that are included in full consolidation				
-Guarantee	109.881.000	22.590.545	1.702.707	56.666.000
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	109.881.000	22.590.545	1.702.707	56.666.000
C. GPM's given on behalf of third parties for ordinary course of the business	-	-	-	-
D. Other GPM	-	-	-	-
Total	**260.087.493**	**56.840.545**	**1.702.707**	**133.772.718**

	31 December 2012			
	TRY Equivalent	US Dollars	EUR	TRY
A. GPM given on behalf of its own legal entity				
-Guarantee	18.636.894	-	-	18.636.894
-Pledge	2.696.810	-	-	2.696.810
-Mortgage	124.037.676	42.375.000	-	48.500.000
	145.371.380	42.375.000	-	69.833.704
B. GPM given on behalf of subsidiaries that are included in full consolidation				
-Guarantee	108.912.500	24.523.993	10.410.992	40.712.500
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	108.912.500	24.523.993	10.410.992	40.712.500
C. GPM's given on behalf of third parties for ordinary course of the business	-	-	-	-
D. Other GPM	-	-	-	-
Total	**254.283.880**	**66.898.993**	**10.410.992**	**110.546.204**

As of 31 December 2013, the Company's Other GPM / Equity ratio is nil (31 December 2012: Nil).

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17. COMMITMENTS AND CONTINGENT LIABILITIES (cont'd)

As of 31 December 2013 and 2012, Group's irreversible operating lease liabilities are as follows:

	EUR	TRY	31 December 2013
Maturity less than 1 year	645.419	1.707.908	3.603.180
Maturity between 1 - 5 years	1.059.817	-	3.112.153
	1.705.236	1.707.908	6.715.333

	EUR	TRY	31 December 2012
Maturity less than 1 year	1.348.335	1.707.908	4.878.787
Maturity between 1 - 5 years	89.007	1.280.931	1.490.249
	1.437.342	2.988.839	6.369.036

The Group's operational leases mainly consist of vehicles given to sales personnel and the total expense related with the operating lease payments for the year ended 31 December 2013 amounts to TRY 6.088.423 (1 January – 31 December 2012: TRY 5.873.526).

18. EMPLOYMENT BENEFITS

Short-term benefits provided to employees

Payables for benefits provided to employees	31 December 2013	31 December 2012
Due to personnel	435.381	271.354
Taxes and funds payables	2.759.633	2.179.570
Social security premiums payable	1.898.086	1.632.989
	5.093.100	4.083.913

Provisions for benefits provided to employees	31 December 2013	31 December 2012
Accrued vacation pay liability	3.828.852	3.519.596
Bonus given to personnel	646.158	1.122.250
Other accruals and payables	2.994.299	2.873.269
	7.469.309	7.515.115

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18. EMPLOYMENT BENEFITS (cont'd)

Provision for employment termination benefits

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions in accordance with the provisions set out in law no: 2422 issued at 6 March 1981, law no: 4447 issued at 25 August 1999 and the amended Article 60 of the existing Social Insurance Law No: 506. Some transitional provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 3.254,44 for each period of service at 31 December 2013 (31 December 2012: TRY 3.033,98).

The provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are 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 the 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 2013, the provision is 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 are calculated assuming an annual inflation rate of 7,00% and a discount rate of 11,00%, resulting in a real discount rate of approximately 3,74% (31 December 2012: 2,19%). The anticipated rate of retirement is considered as 91,03% (2012: 90,48%). As the maximum liability is revised semi annually, the maximum amount of TRY 3.438,22 effective from 1 January 2014 is taken into consideration in the calculation of provision from employment termination benefits.

Below is the movement of employment termination provision:

	1 January - 31 December 2013	1 January - 31 December 2012
Provision at 1 January	5.090.015	4.403.194
Service cost	2.300.010	2.123.359
Interest cost	111.145	162.849
Termination benefits paid	(2.349.077)	(1.339.301)
Actuarial gain	(279.014)	(260.086)
Provision at 31 December	4.873.079	5.090.015

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19. OTHER CURRENT ASSETS

Other current assets	31 December 2013	31 December 2012
Deferred VAT	6.638.988	11.197.163
Deductible VAT	-	23
Other VAT	1.797.582	2.956.823
	8.436.570	14.154.009

20. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Capital

Name	(%)	31 December 2013	(%)	31 December 2012
Eastpharma S.A.R.L.	82,2	164.424.760	82,2	164.424.760
Other	17,8	35.575.240	17,8	35.575.240
Nominal capital	100,0	200.000.000	100,0	200.000.000
Inflation adjustment to share capital		140.080.696		140.080.696
Capital investment adjustment (-)		(28.847)		(28.847)
Adjusted share capital		340.051.849		340.051.849

As of 31 December 2013, the Company's capital consists of 19.999.999.990 Type C common shares each with a nominal value of TRY 0,01, 5 Type B preferred shares and 5 Type A preferred shares (31 December 2012: Company's capital consists of 19.999.999.990 Type C common shares each with a nominal value of TRY 0,01, 5 Type B preferred shares and 5 Type A preferred shares).

Common shares

Each common share has one voting right. Dividend distribution is based on the approval of the decision taken by the Board of Directors, by the General Assembly within the rules of Turkish Commercial Code, Capital Markets Board (CMB) regulations and the Company's main agreement.

Preferred shares

Each one of the type A and B preferred share certificates have a voting right 10 times that of the common shares. Pursuant to the Articles of Association of the Company, 10% of the amount calculated after deducting the 5% of first legal reserves, statutory tax payments and 6% of the paid-in capital is distributed to holders of Type A shares. The remaining profit amount, in full or partial, is allocated equally to each ordinary share. A and B type shares do not have liquidation preferences. Liquidation is carried out based on the terms of the Turkish Commercial Code. In the general assembly meeting dated 27 April 2007, nominal value of shares has been changed to TRY 0, 01. As a result, the number of preferred shares decreased to 10 from 100 in respect of 5274 numbered law.

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20. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (cont'd)

Capital (cont'd)

As of 31 December 2013 and 2012, the details of capital and other balances disclosed under equity are as follows:

	31 December 2013	31 December 2012
Capital	200.000.000	200.000.000
Premium in excess of par	2.870.803	2.870.803
Restricted reserves assorted from profit	150.864.955	150.864.955
Capital investment adjustment (-)	(28.847)	(28.847)
	353.706.911	353.706.911

Restricted reserves appropriated from profit

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from the first-time application of inflation adjustments on financial statements, and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss deduction.

Retained earnings

The Group's accumulated deficit as of 31 December 2013 and 2012 amounts to TRY 115.328.514 and TRY 149.569.357, respectively. The accumulated deficit balance also includes TRY 26.410.082 of extraordinary reserves (31 December 2012: TRY 26.410.082).

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21. REVENUE AND COST OF SALES

Revenue (net)	1 January – 31 December 2013	1 January – 31 December 2012
Human pharma revenue	398.892.783	387.966.039
Veterinary products revenue	12.340.516	24.939.582
Other revenue	7.157.786	6.604.797
	418.391.085	419.510.418

Cost of revenue	1 January – 31 December 2013	1 January – 31 December 2012
Raw and other materials used	(125.874.378)	(128.382.539)
Direct labor cost	(14.587.302)	(12.748.803)
Production overheads	(75.202.528)	(57.169.583)
Depreciation expenses	(17.451.325)	(15.107.882)
Change in work in process	6.353.044	1.310.127
Change in finished goods	3.366.390	(2.059.655)
	(223.396.099)	(214.158.335)
Cost of merchandises sold (*)	(38.098.195)	(36.936.029)
	(261.494.294)	(251.094.364)

(*) Cost of merchandise sold consists of products of Saba İlaç.

22. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES

	1 January – 31 December 2013	1 January – 31 December 2012
Marketing, sales and distribution expenses	(86.335.709)	(78.461.363)
General administration expenses	(32.037.365)	(28.056.960)
Research and development expenses	(3.872.023)	(2.819.884)
	(122.245.097)	(109.338.207)

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22. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES (cont'd)

i)Research and development expenses

	1 January – 31 December 2013	1 January – 31 December 2012
Employee benefits expenses	(9.274.426)	(6.823.477)
Depreciation and amortization expenses	(141.555)	(154.291)
Travel, transportation and accommodation expenses	-	(98.131)
Other expenses	(3.674.735)	(1.696.423)
	(13.090.716)	(8.772.322)
Capitalized development costs	9.218.693	5.952.438
	(3.872.023)	(2.819.884)

ii)Marketing, sales and distribution expenses

	1 January – 31 December 2013	1 January – 31 December 2012
Employee benefits expenses	(44.226.984)	(37.355.231)
Depreciation and amortization expenses	(1.100.477)	(903.339)
Royalty expenses	(6.784.144)	(6.016.811)
Rent expenses	(6.539.610)	(6.219.759)
Travel, transportation and accommodation expenses	(5.399.748)	(5.887.169)
Consultancy expenses	(1.603.373)	(1.237.577)
Promotional goods and advertising expenses	(22.140.784)	(17.448.315)
Other expenses	1.459.411	(3.393.162)
	(86.335.709)	(78.461.363)

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22. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES (cont'd)

iii)General administration expenses

	1 January – 31 December 2013	1 January – 31 December 2012
Employee benefits expenses	(19.163.689)	(15.879.106)
Depreciation and amortization expenses	(5.955.536)	(6.650.697)
Rent expenses	(261.998)	(830.861)
Travel, transportation and accommodation expenses	(1.595.458)	(880.583)
Consultancy expenses	(1.389.697)	(1.222.036)
Promotional goods and advertising expenses	(618.929)	(375.468)
Other expenses	(6.837.949)	(3.000.493)
	(35.823.256)	(28.839.244)
Capitalized development costs	3.785.891	782.284
	(32.037.365)	(28.056.960)

23. EXPENSES BY NATURE

	1 January – 31 December 2013	1 January – 31 December 2012
Employee benefits expenses	(72.665.099)	(60.057.815)
Depreciation and amortization expenses	(7.197.568)	(7.708.327)
Royalty expenses (*)	(6.784.144)	(6.016.811)
Rent expenses	(6.801.608)	(7.107.375)
Promotional goods and advertising expenses	(22.759.713)	(17.823.783)
Travel, transportation and accommodation expenses	(6.995.206)	(6.865.883)
Consultancy expenses	(2.993.070)	(2.459.613)
Other expenses	(9.053.273)	(8.033.322)
	(135.249.681)	(116.072.929)
Capitalized personnel expenses	13.004.584	6.734.722
	(122.245.097)	(109.338.207)

(*) Royalty expenses consist of the amount paid to Eastpharma S.A.R.L for the sale of Roche products in the current period. Eastpharma S.A.R.L. holds Turkey rights of 17 Roche products acquired in 2008. Eastpharma S.A.R.L. also holds the right of one Roche product in 17 different foreign countries.

As of 31 December 2013, the Group realized research and development expenses of TRY 7.201.999 for tangible assets and TRY 26.179.528 for intangible assets with the total amount TRY 33.381.527 (31 December 2012: TRY 19.175.114). As of balance sheet date TRY 26.737.993 of the amount is for the government grants and incentives (31 December 2012: TRY 15.049.976). Of this total amout TRY 29.509.504 was capitalized on development costs, of which TRY 9.218.693 consists of employee related expenses.

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24. OTHER OPERATING INCOME /EXPENSES

	1 January – 31 December 2013	1 January – 31 December 2012
Foreign exchange gain	6.952.097	1.185.619
Discount interest income	46.006.635	46.940.849
Commission income (*)	1.678.777	1.497.900
Interest income	2.317.835	1.926.423
Interest on deferred settlement sales	149.018	309.431
Other income and profits	3.365.092	2.862.471
	60.469.454	54.722.693

(*) Commission income consists of consideration received for the sale of Saba İlaç products, the Group's related party (1.667.611 TRY) (Note 6).

	1 January – 31 December 2013	1 January – 31 December 2012
Foreign exchange loss	(20.257)	(1.694.392)
Discount interest expenses	(46.308.596)	(47.498.035)
Other expense and losses	(1.364.539)	(758.551)
	(47.693.392)	(49.950.978)

25. INVESTMENT INCOME

	1 January – 31 December 2013	1 January – 31 December 2012
Gain on sale of property, plant and equipment (*)	13.343.087	962.439
	13.343.087	962.439

(*) TRY 12,715,620 of gain on sale of property, plant and equipment has been obtained from the dispose of inactive Topkapı production facility on 9 December 2013, amounting to TRY 14,100,000. Disposed amount has been collected in cash advance.

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26. FINANCIAL EXPENSES

	1 January – 31 December 2013	1 January – 31 December 2012
Bank loans interest cost	(18.647.119)	(24.209.939)
Bonds issued interest and expenses	(7.797.648)	-
Total interest cost	(26.444.767)	(24.209.939)
Capitalized expenses (-)	855.519	720.165
	(25.589.248)	(23.489.774)
Foreign exchange (loss)/gain	(10.548.073)	5.578.712
Gain / (loss) on derivative instruments	191.675	(4.930.315)
Other expenses	(706.045)	(765.392)
	(36.651.691)	(23.606.769)

27. TAX ASSETS AND LIABILITIES

Corporate tax

The Company is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 10% starting from 24 April 2003. This rate was changed to 15% commencing from 23 July 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Current tax payable	31 December 2013	31 December 2012
Current tax liability	-	119.780
Effect of taxable base increase on corporate tax (*)	69.089	276.357
Prepaid taxes and dues	-	(119.780)
	69.089	276.357

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27. TAX ASSETS AND LIABILITIES (cont'd)

(*)The law numbered 6111 which also contains the provisions regarding the tax amnesty was approved by the Parliamentary Counsel and announced at Trade Registry Gazette on 25 February 2011. Based on the provisions of the law in consideration, the Group applied for taxable base increase for 2006, 2007, 2008 and 2009. In years where taxable profit exists, corporate tax base was increased by the rates stated in law and corporate tax is calculated by applying 20% tax rate. In years where taxable profit does not exist, corporate tax is calculated by the minimum amounts stated in law. Additionally, the Group applied for an increase in the tax base calculated over its carryforward tax losses transferred to 2010 and TRY 50.779.055 of carryforward tax losses which represent 50% of the total previous year losses were written off. For the years where the Group applied for taxable base increase, no further tax investigation will be done.

Tax provision	1 January- 31 December 2013	1 January- 31 December 2012
Current tax provision	-	119.780
Deferred tax (income) / expense	(469.522)	6.842.932
Total tax (income) / expense	(469.522)	6.962.712

Total charge for the period can be reconciled to the accounting profit as follows:

	1 January- 31 December 2013	1 January- 31 December 2012
Profit before tax	24.119.152	41.205.232
Enacted tax rate	20%	20%
Expected taxation	4.823.830	8.241.046
Tax effects of:		
- non-deductible expenses	743.040	514.743
- non-taxable income	(2.225.286)	(86.707)
- r&d incentives deductions	(3.811.106)	(1.706.370)
Tax (income) / expense recognized in income statement	(469.522)	6.962.712

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported in accordance with TFRS and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

The effective tax rate used for the calculation of deferred tax in 2013 is 20% (2012: 20%).

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

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27. TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax (cont'd)

Deferred tax balances in the balance sheet are presented as follows:

Deferred tax (assets) / liabilities	31 December 2013	31 December 2012
Restatement and useful life differences of property, plant and equipment and intangible assets	3.385.463	3.329.976
Provision for employment termination benefits	(974.616)	(1.018.003)
Carry forward tax losses	(17.220.351)	(15.708.539)
Inventories	(491.077)	(187.805)
Accrued vacation pay liability	(765.770)	(703.919)
Accrued sales discounts and free samples	(566.902)	(515.295)
Expense accruals due to price regulation	(780.711)	(1.350.593)
Provision for doubtful receivables	(1.227.419)	(1.227.419)
Provision for legal cases	(1.110.706)	(1.714.645)
Other	(1.750.977)	(1.937.302)
	(21.503.066)	(21.033.544)

The movement of deferred tax assets for the year ended as of 31 December 2013 and 2012 are as follows:

Movements of deferred tax assets	1 January-31 December 2013	1 January-31 December 2012
Balance at 1 January	21.033.544	27.876.476
Deferred tax income / (expense)	469.522	(6.842.932)
Closing balance, 31 December	21.503.066	21.033.544

As of balance sheet date, the Group has unused tax losses of TRY 86.101.755 available for offset against future profits (31 December 2012: TRY 78.542.695). Deferred tax assets amounting to TRY 17.220.351 are recognized in respect of such losses at 31 December 2013 (31 December 2012: TRY 15.708.539). The total amount of these assets is recognized as management of the Group Management estimates that these losses are recoverable based on the Group's recent forecasts and budget.

28. PROFIT PER SHARE

	1 January–31 December 2013	1 January–31 December 2013
Profit for the year	24.603.670	34.240.843
Weighted-average number of outstanding shares	20.000.000.000	20.000.000.000
Profit per share (TRY)	0,0012	0,0017

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

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

The capital structure of the Group consists of debt, which includes the financial borrowings disclosed in Note 5, cash and cash equivalents disclosed in Note 4 and equity attributable to equity holders of the parent disclosed in Note 20, comprising issued capital, reserves and retained earnings.

As of 31 December 2013 and 2012, equity/total financial liability rate is as follows:

	31 December 2013	31 December 2012
Financial liability	348.972.723	268.815.761
Less: Cash and cash equivalents	(55.449.610)	(16.578.628)
Liability (net)	293.523.113	252.237.133
Total equity	403.049.979	378.629.723
Total invested capital	771.114.232	706.599.726
Liability (net) / Total invested capital rate	38%	36%

The Group's management reviews the capital structure on a quarterly basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from prior year.

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors under policies approved with forward purchase and sale contracts. Policies and risks are regularly reviewed by Audit Committee. As a result of this procedure the Group evaluates the risk performance.

(b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 monthly.

Distribution of the Group's products by the two largest wholesalers in the Turkish market corresponded to approximately 30% and approximately 34% (31 December 2012: 28% and 36%) of the revenues of the Human Pharmaceuticals business line derived from Turkey. As of 31 December 2013, 32% and 30% of accounts receivable were from these two wholesalers respectively. (31 December 2012: 30% and 35%). The Group manages its credit risk by following up financial positions and their account receivables balances.

Credit quality of undue financial assets evaluated based on to retrospective internal rating consideration is as follows:

Trade Receivables	31 December 2013	31 December 2012
(According to internal rating)		
Customers in Group A	142.330.387	169.356.957
Customers in Group B	9.569.537	3.827.771
Customers in Group C	18.234.899	17.117.796
	170.134.823	190.302.524

Customers in Group A: Customers of which credit limit defined without an indemnity and approved by CEO after credit committee confirmation.

Customers in Group B: Customers of which credit limit defined with an existing indemnity and approved by CEO after credit committee confirmation.

Customers in Group C: Customers of which credit limit defined with an indemnity directly attributable (Letter of warranty or credit limit of 70% of mortgage amount)

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.1) Credit risk management (cont'd)

Credit risks as to financial instrument types

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2013	Related Party	Other	Related Party	Other	Bank Deposits	Derivative Instruments
Maximum credit limits as of balance sheet date (*)	8.833.988	170.134.823	-	1.150.173	55.390.159	-
Secured amount with letter of guarantee	-	15.237.406	-	-	-	-
A.Net book value of the not amortized financial assets	8.833.988	170.134.823	-	1.150.173	55.390.159	-
B. Net book value of the financial assets conditions are reset, otherwise impaired	-	-	-	-	-	-
C. Net book value of the overdue assets but not impaired	-	-	-	-	-	-
Secured amount with letter of guarantee	-	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
-Carrying value (due dates passed assets)	-	6.908.739	-	-	-	-
-Impairment(-)	-	(6.908.739)	-	-	-	-
-Secured amount with letter of guarantee	-	-	-	-	-	-
-Carrying value (unexpired assets)	-	-	-	-	-	-
-Impairment(-)	-	-	-	-	-	-
-Secured amount with letter of guarantee	-	-	-	-	-	-
E. Off balance sheet items that have credit risk	-	-	-	-	-	-

(*) Components increasing credit safety are not taken into consideration in determination of the amount.

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.1) Credit risk management (cont'd)

Credit risks as to financial instrument types

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2012	Related Party	Other	Related Party	Other	Bank Deposits	Derivative Instruments
Maximum credit limits as of balance sheet date (*)	3.005.179	190.302.524	-	691.158	16.495.999	-
Secured amount with letter of guarantee	-	15.281.594	-	-	-	-
A.Net book value of the not amortized financial assets	3.005.179	190.302.524	-	691.158	16.495.999	-
B. Net book value of the financial assets conditions are reset, otherwise impaired	-	-	-	-	-	-
C. Net book value of the overdue assets but not impaired	-	-	-	-	-	-
Secured amount with letter of guarantee	-	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
-Carrying value (due dates passed assets)	-	6.908.739	-	-	-	-
-Impairment(-)	-	(6.908.739)	-	-	-	-
-Secured amount with letter of guarantee	-	-	-	-	-	-
-Carrying value (unexpired assets)	-	-	-	-	-	-
-Impairment(-)	-	-	-	-	-	-
-Secured amount with letter of guarantee	-	-	-	-	-	-
E. Off balance sheet items that have credit risk	-	-	-	-	-	-

(*) Components increasing credit safety are not taken into consideration in determination of the amount.

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.1) Credit risk management (cont'd)

Overdue Receivables

31 December 2013	Trade Receivables	Other Receivables	Bank deposits	Other	Total
Less than a month	-	-	-	-	-
1-3 month	-	-	-	-	-
3-12 month	-	-	-	-	-
1- 5 year	2.224.777	-	-	-	2.224.777
5+ years	4.683.962	-	-	-	4.683.962
Total	6.908.739	-	-	-	6.908.739
Secured with letter of guarantee and other	-	-	-	-	-

Overdue Receivables

31 December 2012	Trade Receivables	Other Receivables	Bank deposits	Other	Total
Less than a month	-	-	-	-	-
1-3 month	-	-	-	-	-
3-12 month	-	-	-	-	-
1- 5 year	5.434.342	-	-	-	5.434.342
5+ years	1.474.397	-	-	-	1.474.397
Total	6.908.739	-	-	-	6.908.739
Secured with letter of guarantee and other	-	-	-	-	-

(b.2) Liquidity risk management

The responsibility of the liquidity risk management belongs to the Board of Directors. The Group's management has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The Group's liquidity requirements arise primarily from the need to fund working capital due to the research and development investments mainly factory, machinery and equipment investments and pharma licence investments.

The Board of Directors has formed appropriate liquidity risk management for the Group management's short, medium and long term funding and liquidity needs. The Group manages the liquidity risk estimate and actual cash flows by regularly following up and matching the maturities of financial assets and liabilities in order to keep continuance of funds and borrowing reserves.

Liquidity analysis

The following table details the Group's expected maturity for its non derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the Group is entitled and intense to repay the liability before its maturity.

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.2) Liquidity risk management (cont'd)

31 December 2013

Due dates according to the agreements	Carrying value	Cashflow according to the agreement	Less than 3 months	Between 3-12 months	1-5 years
Non-derivative financial liabilities					
Bank loans and bonds issued	348.972.723	403.754.186	111.509.126	73.111.990	219.133.070
Liabilities under the law numbered 6111	423.539	544.097	394.606	-	149.491
Trade payables	26.450.203	26.612.275	26.217.141	395.134	-
Total financial liabilities	375.846.465	430.910.558	138.120.873	73.507.124	219.282.561

31 December 2012

Due dates according to the agreements	Carrying value	Cashflow according to the agreement	Less than 3 months	Between 3-12 months	1-5 years
Non-derivative financial liabilities					
Bank loans	268.815.761	283.901.544	162.958.547	56.997.545	63.945.452
Liabilities under the law numbered 6111	1.245.678	1.578.424	394.606	789.212	394.606
Trade payables	24.216.472	24.347.095	20.824.235	3.522.860	-
Total financial liabilities	294.277.911	309.827.063	184.177.388	61.309.617	64.340.058

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market Risk Management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see b.3.1) and interest rates (see b.3.2). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

Market risk exposures are supplemented by sensitivity analysis.

In the current year, there has been no change in the market risk the Group is exposed or in the risk management and assessment policies of the Group.

(b.3.1) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise from future trade transactions and difference between assets and liabilities. Exchange rate exposures are managed within the approved policy parameters utilising forward foreign exchange contracts.

The Group's foreign currency position is as follows:

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market risk management (cont'd)

(b.3.1) Foreign currency risk management (cont'd)

Foreign Currency Position	31 December 2013					
	TRY Equivalent	USD	EUR	CHF	GBP	Other
1. Trade receivables	4.346.800	2.026.375	-	-	-	21.907
2a. Monetary financial assets	55.333.992	10.023.862	11.547.180	2.402	7.412	-
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	15.483.935	2.046.563	3.562.236	226.478	32.519	-
4. CURRENT ASSETS	75.164.727	14.096.800	15.109.416	228.880	39.931	21.907
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	1.149.145	377.596	116.807	100	-	-
8. NON-CURRENT ASSETS	1.149.145	377.596	116.807	100	-	-
9. TOTAL ASSETS	76.313.872	14.474.396	15.226.223	228.980	39.931	21.907
10. Trade payables	2.662.402	144.470	782.475	4.987	12.646	-
11. Financial liabilities	24.995.023	11.711.111	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. CURRENT LIABILITIES	27.657.425	11.855.581	782.475	4.987	12.646	-
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	22.508.270	3.666.668	5.000.000	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	22.508.270	3.666.668	5.000.000	-	-	-
18. TOTAL LIABILITIES	50.165.695	15.522.249	5.782.475	4.987	12.646	-
19.Net asset/liability position of off-balance sheet items (19a-19b)	-	-	-	-	-	-
19.a Total asset amount of hedging items	-	-	-	-	-	-
19b. Total liability amount of hedging items	-	-	-	-	-	-
20. Net foreign currency position (9-18)	26.148.177	(1.047.853)	9.443.748	223.993	27.285	21.907
21. Monetary items net foreign curreny position	9.515.097	(3.472.012)	5.764.705	(2.585)	(5.234)	21.907
22. Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-	-
23. Hedged part of foreign currency assets	-	-	-	-	-	-
24. Hedged part of foreign currency liabilities	-	-	-	-	-	-

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market risk management (cont'd)

(b.3.1) Foreign currency risk management (cont'd)

Foreign Currency Position			**31 December 2012**			
	TRY Equivalent	**USD**	**EUR**	**CHF**	**GBP**	**Other**
1. Trade receivables	6.775.824	3.516.024	216.082	-	-	-
2a. Monetary financial assets	16.270.669	9.071.389	29.473	4.182	7.864	-
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	4.216.120	355.830	1.381.306	116.270	37.442	-
4. CURRENT ASSETS	27.262.613	12.943.243	1.626.861	120.452	45.306	-
5. Trade receivables						
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	424.719	203.250	25.586	1.150	-	-
8. NON-CURRENT ASSETS	424.719	203.250	25.586	1.150	-	-
9. TOTAL ASSETS	27.687.332	13.146.493	1.652.447	121.602	45.306	-
10. Trade payables	4.492.649	624.143	1.149.505	343.653	320	8.125
11. Financial liabilities	34.216.016	19.194.444	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. CURRENT LIABILITIES	38.708.665	19.818.587	1.149.505	343.653	320	8.125
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	27.412.428	15.377.779	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	27.412.428	15.377.779	-	-	-	-
18. TOTAL LIABILITIES	66.121.093	35.196.366	1.149.505	343.653	320	8.125
19.Net asset/liability position of off-balance sheet items (19a-19b)	-	-	-	-	-	-
19.a Total asset amount of hedging items	-	-	-	-	-	-
19b. Total liability amount of hedging items türev ürünlerin tutarı	-	-	-	-	-	-
20. Net foreign currency position (9-18)	(38.433.761)	(22.049.873)	502.942	(222.051)	44.986	(8.125)
21. Monetary items net foreign curreny position (1+2a+5+6a-10-11-12a-14-15-16a)	(43.074.600)	(22.608.953)	(903.950)	(339.471)	7.544	(8.125)
22. Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-	-
23. Hedged part of foreign currency assets	-	-	-	-	-	-
24. Hedged part of foreign currency liabilities	-	-	-	-	-	-

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market Risk Management (cont'd)

(b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity

The functional currency of the Group companies is TRY. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in the TRY against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates (31 December 2012: 10%). The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss. There is no equity effect.

	Foreign Currency Sensitivity	**31 December 2013**	
		Profit / (Loss)	
		If foreign currency appreciates	If foreign currency depreciates
	If US dollar changes 10%		
1-	US dollar net asset/liability	(741.031)	741.031
2-	Amount protected from US dollar risk (-)	-	-
3-	**US Dollar net effect (1+2)**	(741.031)	741.031
	If EUR changes 10%		
4-	EUR net asset/liability	1.692.806	(1.692.806)
5-	Amount protected from EUR risk (-)	-	-
6-	**EUR net effect (4+5)**	1.692.806	(1.692.806)
	If other currencies change 10%		
7-	Other net asset/liability	(265)	265
8-	Amount protected from other currency risk (-)	-	-
9-	**Other net effect (7+8)**	(265)	265
	Total (3 + 6 +9)	951.510	(951.510)

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market Risk Management (cont'd)

(b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

	Foreign Currency Sensitivity	31 December 2012	
		Profit / (Loss)	
		If foreign currency appreciates	If foreign currency depreciates
	If US dollar changes 10%		
1-	US dollar net asset/liability	(4.030.272)	4.030.272
2-	Amount protected from US dollar risk (-)	-	-
3-	**US Dollar net effect (1+2)**	(4.030.272)	4.030.272
	If EUR changes 10%		
4-	EUR net asset/liability	(212.582)	212.582
5-	Amount protected from EUR risk (-)	-	-
6-	**EUR net effect (4+5)**	(212.582)	212.582
	If other currencies change 10%		
7-	Other net asset/liability	(64.606)	64.606
8-	Amount protected from other currency risk (-)	-	-
9-	**Other net effect (7+8)**	(64.606)	64.606
	Total (3 + 6 +9)	(4.307.460)	4.307.460

(b.3.2) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

As of 31 December 2013, 39,3% of total indebtedness was floating rate and mainly denominated in US Dollar, EUR and TRY.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. 50 basis points is the sensitivity rate used when reporting interest rate risk internally to key management personnel.

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29. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market Risk Management (cont'd)

(b.3.2) Interest rate risk management (cont'd)

Interest rate sensitivity (cont'd)

Interest Position

	31 December 2013	31 December 2012
Fixed Rated Instruments		
Financial Assets	-	-
	-	-
Financial Liabilities	242.667.478	229.628.728
Floating Rated Instruments		
Financial Assets	-	-
Financial Liabilities	106.305.245	39.187.033
	348.972.723	268.815.761

If Libor and Euribor had been higher by 50 basis points and all other variables were held constant, profit for the year ended at 31 December 2013 would decrease by TRY 260.594, (31 December 2012: TRY 157.178). The equity effect is nil. If Libor and Euribor had been lower by 50 basis points, the profit of the Group for the period ended would increase with the same absolute amount.

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30. FINANCIAL INSTRUMENTS

Categories of financial instruments

31 December 2013	Loans and receivables	Financial liabilities through profit and loss	Financial liabilities at amortized cost	Carrying Value	Note
Financial Assets					
Cash and cash equivalents	55.449.610	-	-	55.449.610	4
Trade receivables (including related parties)	178.968.811	-	-	178.968.811	7
Financial Liabilities					
Borrowings	-	-	348.972.723	348.972.723	5
Liabilities under the Law Numbered 6111	-	-	423.539	423.539	16
Trade payables (including related parties)	-	-	26.450.203	26.450.203	7

31 December 2012	Loans and receivables	Financial liabilities through profit and loss	Financial liabilities at amortized cost	Carrying Value	Note
Financial Assets					
Cash and cash equivalents	16.578.628	-	-	16.578.628	4
Trade receivables (including related parties)	193.307.703	-	-	193.307.703	7
Financial Liabilities					
Borrowings	-	-	268.815.761	268.815.761	5
Liabilities under the Law Numbered 6111	-	-	1.245.678	1.245.678	16
Trade payables (including related parties)	-	-	24.216.472	24.216.472	7

The fair value of the Group's financial assets and liabilities approximate the carrying amount.

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30. FINANCIAL INSTRUMENTS (cont'd)

Categories of financial instruments (cont'd)

Fair value of financial instruments

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

• 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 derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of 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.

31. SUBSEQUENT EVENTS

None.

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