

**EİS ECZACIBAŐI İLAÇ, SİNAİ VE
FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ő.
AND IT'S SUBSIDIARIES**

**CONVENIENCE TRANSLATION
INTO ENGLISH OF
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2014 AND
REVIEW REPORT**

(ORIGINALLY ISSUED IN TURKISH)

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. (the “Company”) and its subsidiaries (together referred as the “Group”) as of 30 June 2014 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The Group Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

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

Hasan Ali Bekçe
Partner
İstanbul, 19 August 2014

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

CONTENTS	PAGE
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	1 - 3
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	4
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	5
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS.....	7 - 8
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	9 - 62
NOTE 1 ORGANISATION AND NATURE OF THE COMPANY	9 - 10
NOTE 2 BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS.....	10 - 13
NOTE 3 INTERESTS IN OTHER ENTITIES	14 - 15
NOTE 4 SEGMENT REPORTING.....	15 - 20
NOTE 5 CASH AND CASH EQUIVALENTS	20
NOTE 6 FINANCIAL INVESTMENTS.....	21 - 22
NOTE 7 FINANCIAL LIABILITIES.....	23
NOTE 8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	24 - 29
NOTE 9 TRADE RECEIVABLES AND PAYABLES	29 - 30
NOTE 10 INVENTORIES	30
NOTE 11 PREPAID EXPENSES AND DEFERRED INCOME.....	31
NOTE 12 CURRENT INCOME TAX ASSETS	31
NOTE 13 INVESTMENT PROPERTIES	32
NOTE 14 PROPERTY, PLANT AND EQUIPMENT	33 - 34
NOTE 15 INTANGIBLE ASSETS	35 - 36
NOTE 16 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES.....	37 - 42
NOTE 17 EMPLOYEE BENEFITS.....	42 - 43
NOTE 18 OTHER ASSETS AND LIABILITIES.....	44
NOTE 19 CAPITAL, RESERVES AND OTHER EQUITY ITEMS.....	45
NOTE 20 REVENUE	46
NOTE 21 RESEARCH AND DEVELOPMENT EXPENSES, MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES	46 - 47
NOTE 22 EXPENSES BY NATURE	47
NOTE 23 OTHER OPERATING INCOME / EXPENSES.....	47 - 48
NOTE 24 INCOME / EXPENSES FROM INVESTING ACTIVITIES	48
NOTE 25 FINANCIAL INCOME / EXPENSES	48
NOTE 26 TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED).....	49 - 52
NOTE 27 EARNINGS PER SHARE	52
NOTE 28 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	52 - 61
NOTE 29 EVENTS AFTER THE REPORTING PERIOD.....	62
NOTE 30 DISCLOSURES OF OTHER MATTERS, WITH MATERIAL EFFECT ON CONSOLIDATED FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND INTERPRETING THE FINANCIAL STATEMENTS.....	62

EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2014**

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

	<i>Notes</i>	<i>Reviewed 30 June 2014</i>	<i>Audited 31 December 2013</i>
ASSETS			
Current assets			
Cash and cash equivalents	5	614,556	719,594
Financial investments	6	733	308
Trade receivables			
- Trade receivables due from related parties	8	13,984	9,023
- Trade receivables due from third parties	9	224,288	198,791
Other receivables			
- Other receivables due from third parties		6,839	865
Inventories	10	184,746	198,343
Prepaid expenses	11	4,146	1,423
Current income tax assets	12	14	1,926
Other current assets	18	8,899	9,256
Total current assets		1,058,205	1,139,529
Non-current assets			
Trade receivables			
- Trade receivables due from third parties	9	723	1,930
Other receivables			
- Other receivables due from third parties		46	50
Financial investments	6	1,767,430	1,767,384
Investments accounted for using equity method	3	126,845	132,643
Investment properties	13	199,929	204,340
Property, plant and equipment	14	61,392	45,815
Intangible assets			
- Goodwill		39,511	39,511
- Other intangible assets	15	31,893	33,347
Prepaid expenses	11	2,371	3,118
Deferred income tax assets	26	10,431	9,628
Other non-current assets	18	55,699	59,924
Total non-current assets		2,296,270	2,297,690
Total assets		3,354,475	3,437,219

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

EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2014**

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

	<i>Notes</i>	<i>Reviewed 30 June 2014</i>	<i>Audited 31 December 2013</i>
LIABILITIES			
Current liabilities			
Short term borrowings	7	119,828	65,353
Trade payables			
- Trade payables due to related parties	8	125,703	94,784
- Trade payables due to third parties	9	109,039	147,152
Employee benefit obligations	17	1,324	3,597
Other payables			
- Other payables due to related parties		-	38,166
- Other payables due to third parties		4,771	6,261
Deferred income	11	19,998	45,812
Current income tax liabilities	26	-	7,824
Short term provisions			
- Short term provisions for employee benefits	17	5,476	4,664
- Other short term provisions	16	2,330	2,122
Other current liabilities	18	810	458
Total current liabilities		389,279	416,193
Non-current liabilities			
Deferred income	11	3,666	5,695
Long term provisions			
- Long term provisions for employee benefits	17	3,451	3,436
Deferred income tax liabilities	26	84,237	84,218
Other non-current liabilities	18	7,500	7,500
Total non-current liabilities		98,854	100,849

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

EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2014**

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

	<i>Notes</i>	<i>Reviewed 30 June 2014</i>	<i>Audited 31 December 2013</i>
EQUITY			
Share capital	19	548,208	548,208
Adjustments to share capital	19	105,777	105,777
Items that will not be reclassified subsequently to profit or loss			
- Defined benefit plans re-measurement gains / losses		(182)	(182)
Items that may be reclassified subsequently to profit or loss			
- Cumulative translation differences		4,160	3,366
- Gains / losses on available for sale financial assets due to revaluation or/and reclassification		1,540,808	1,540,598
Restricted reserves	19	308,538	299,764
Retained earnings		322,348	322,336
Net income for the period		(4,444)	61,414
Attributable to equity holders of the Company		2,825,213	2,881,281
Non-controlling interests		41,129	38,896
Total equity		2,866,342	2,920,177
Total liabilities and equity		3,354,475	3,437,219

The interim condensed consolidated financial statements for six months period ended 30 June 2014 were approved by the Board of Directors on 19 August 2014 and signed on its behalf by Bülent Avcı, Financial Director and by Gülnur Günbey Kartal, Internal Audit Manager.

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

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

	Notes	<i>Reviewed</i> 1 January - 30 June 2014	<i>Not reviewed</i> 1 April - 30 June 2014	<i>Reviewed</i> 1 January - 30 June 2013	<i>Not reviewed</i> 1 April - 30 June 2013
Revenue	20	516,272	259,330	584,602	331,462
Cost of sales (-)	20	(413,166)	(210,010)	(479,278)	(276,632)
Gross profit		103,106	49,320	105,324	54,830
General administrative expenses (-)	21	(40,241)	(20,850)	(35,737)	(18,745)
Marketing expenses (-)	21	(64,520)	(35,379)	(55,792)	(25,556)
Research and development expenses (-)	21	(626)	(297)	(515)	(253)
Other operating income	23	86,358	37,672	69,973	49,391
Other operating expense (-)	23	(71,106)	(37,509)	(25,574)	(10,717)
Operating profit / (loss)		12,971	(7,043)	57,679	48,950
Income from investing activities	24	123	41	8,653	8,126
Expenses from investing activities (-)	24	(27)	(1)	(22)	(5)
Share of (loss) / profit of investments accounted for using equity method	3	(6,826)	(3,307)	(30,493)	(25,371)
Operating income / (loss) before finance expense		6,241	(10,310)	35,817	31,700
Financial income	25	-	-	-	-
Financial expenses (-)	25	(5,199)	(2,552)	(2,237)	(1,471)
Profit / (loss) before tax		1,042	(12,862)	33,580	30,229
Tax income / (expense) from continuing operations		(3,375)	1,471	(12,525)	(10,393)
Income tax expense (-)	26	(4,175)	670	(11,837)	(9,220)
Deferred tax income / (expense)	26	800	801	(688)	(1,173)
Profit / (loss) for the period		(2,333)	(11,391)	21,055	19,836
Attributable to					
- Non-controlling interests		2,111	2,727	2,025	1,077
- Equity holders of the parent	27	(4,444)	(14,118)	19,030	18,759
Net profit / (loss) for the period		(2,333)	(11,391)	21,055	19,836
Weighted average number of ordinary shares with face value of KR 1 each		54,820,800,000	54,820,800,000	54,820,800,000	54,820,800,000
Basic and diluted earnings / (loss) per share (Kr)	27	(0.0081)	(0.0258)	0.0347	0.0342

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

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

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

Notes	<i>Reviewed</i> 1 January - 30 June 2014	<i>Not reviewed</i> 1 April - 30 June 2014	<i>Reviewed</i> 1 January - 30 June 2013	<i>Not reviewed</i> 1 April - 30 June 2013
Profit / (loss) for the period	(2,333)	(11,391)	21,055	19,836
Other comprehensive income / (expenses)				
Items that may be reclassified subsequently to profit or loss				
- Currency translation differences	206	(179)	470	106
- Gains / losses on available for sale financial assets due to revaluation or/and reclassification	313	469	(889)	(817)
- Group’s share in equity method accounted investments’ comprehensive income	3 623	641	431	3,749
- Tax income / (expenses) of other comprehensive income items	26 (16)	(24)	44	40
Other comprehensive income (after tax)	1,126	907	56	3,078
Total comprehensive income / (loss)	(1,207)	(10,484)	21,111	22,914
Total comprehensive income / (loss) attributable to:				
- Non-controlling interest	2,233	2,952	1,648	751
- Equity holders of the parent	(3,440)	(13,436)	19,463	22,163
Total comprehensive income / (loss)	(1,207)	(10,484)	21,111	22,914

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

	Share capital	Adjustments to share capital	Items that will not be reclassified subsequently to profit or loss	Items that may be reclassified subsequently to profit or loss		Retained Earnings			Non-controlling interest	Total Equity	
			Defined benefit plans re-measurement gains / losses	Cumulative translation differences	Financial assets' fair value reserve	Restricted reserves	Retained earnings	Net (loss) / profit for the period			Total
As of 1 January 2014	548,208	105,777	(182)	3,366	1,540,598	299,764	322,336	61,414	2,881,281	38,896	2,920,177
Transfers	-	-	-	-	-	8,774	52,640	(61,414)	-	-	-
Dividends paid	-	-	-	-	-	-	(52,628)	-	(52,628)	-	(52,628)
Total comprehensive income / (loss)	-	-	-	794	210	-	-	(4,444)	(3,440)	2,233	(1,207)
30 June 2014	548,208	105,777	(182)	4,160	1,540,808	308,538	322,348	(4,444)	2,825,213	41,129	2,866,342
As of 1 January 2013	548,208	105,777	(2,023)	1,877	1,528,836	258,084	384,423	34,550	2,859,732	45,903	2,905,635
Transfers	-	-	-	-	-	41,680	(7,130)	(34,550)	-	-	-
Dividends paid	-	-	-	-	-	-	(54,821)	-	(54,821)	(3,400)	(58,221)
Total comprehensive income / (loss)	-	-	-	944	(511)	-	-	19,030	19,463	1,648	21,111
30 June 2013	548,208	105,777	(2,023)	2,821	1,528,325	299,764	322,472	19,030	2,824,374	44,151	2,868,525

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

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

**CONDENSED CONSOLIDATED CASH FLOWS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

	<i>Notes</i>	<i>Reviewed 1 January - 30 June 2014</i>	<i>Reviewed 1 January - 30 June 2013</i>
A. Cash flows from operating activities			
Income / (loss) for the period		(2,333)	21,055
Adjustments for reconciliation of profit / loss for the period:			
Adjustments for depreciation and amortisation	22	9,440	6,361
Provision for employment termination benefits	22	663	1,024
Provision for unused vacation	21	885	875
Provision for doubtful receivable	21	64	186
Loss / (gain) on sale of property, plant and equipment, net	24	(96)	(400)
Provision for diminution in value of inventories, net	23	2,149	3,807
Group’s share in the associates’ loss	3	6,826	30,493
Adjustments for interest income and expenses	23, 25	(8,301)	(12,271)
Adjustments for income tax expense / income	26	3,375	12,525
Provision for litigations	16	317	-
Provision for premiums and bonuses	24	-	(8,114)
Adjustments for unrecognized foreign exchange differences		5,000	(33,113)
Income / expense accruals	9	1,958	(436)
		19,947	21,992
Changes in working capital:			
Adjustments for increase / decrease in trade receivables		(32,527)	(95,629)
Adjustments for increase / decrease in inventories		11,448	(18,063)
Adjustments for increase / decrease in trade payables		(5,404)	59,129
Adjustments for increase / decrease in other receivables related with operations		(1,584)	9,470
Adjustments for increase / decrease in other payables related with operations		(31,363)	(19,031)
		(39,483)	(42,132)
Cash flows from operating activities:			
Interest received		18,431	17,405
Credit finance expenses		(3,891)	(3,239)
Taxes paid		(11,999)	(4,884)
Employment termination benefits paid	17	(648)	(222)
Unused vacation paid	17	(73)	(23)
Collections of doubtful receivables	9	-	15
		(37,663)	(33,080)

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

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

**CONDENSED CONSOLIDATED CASH FLOWS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

	<i>Notes</i>	<i>Reviewed</i> 1 January - 30 June 2014	<i>Reviewed</i> 1 January - 30 June 2013
B. Cash flows from investing activities			
Cash outflows from the purchase of tangible and intangible assets	13, 14, 15	(19,229)	(3,391)
Cash inflows from the sale of tangible and intangible assets	13, 14, 15, 24	173	907
Capital advance payments to associates		(38,571)	-
Changes in financial assets		(13)	365
		(57,640)	(2,119)
C. Cash flows from financing activities			
Cash inflows from bank borrowings		54,475	31,181
Interest paid		(5,116)	(1,967)
Dividends received		-	173
Dividends paid		(52,628)	(54,821)
		(3,269)	(25,434)
Net increase / (decrease) in cash and cash equivalents before the impact of foreign currency translation differences (A+B+C)		(98,572)	(60,633)
D. Impact of foreign currency translation differences on cash and cash equivalents		(5,343)	33,524
Net decrease in cash and cash equivalents (A+B+C+D)		(103,915)	(27,109)
E. Cash and cash equivalents at the beginning of the period	5	717,257	703,992
Cash and cash equivalents at the end of the period (A+B+C+D+E)	5	613,342	676,883

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 1 - ORGANISATION AND NATURE OF THE COMPANY

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

The Company’s registered address is as follows:

Büyükdere Caddesi, Ali Kaya Sokak No: 5 Levent 34394, Istanbul.

The Company is registered with the Capital Markets Board of Turkey (“CMB”) and its shares have been quoted on the Borsa İstanbul A.Ş. (“BIST”) since 1990. As of 30 June 2014, 24.26% (31 December 2013: 24.60%) of total shares are quoted on the BIST. The ultimate parent company of the Group is Eczacıbaşı Holding A.Ş., which possesses 50.62% (31 December 2013: 50.62%) shares of the Company (Note 19).

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

Subsidiaries

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

Companies accounted by line by line consolidation:

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

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

(**) The subsidiary which is consolidated in financial statements of Eczacıbaşı Girişim is presented below:

	Eczacıbaşı Girişim’s direct and indirect control (%)		Eczacıbaşı Girişim’s total proportion of ownership interests (%)	
	2014	2013	2014	2013
Eczacıbaşı Hijyen Ürünleri San. ve Tic. A.Ş. (“Eczacıbaşı Hijyen”)	100.00	100.00	100.00	100.00

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 1 - ORGANISATION AND NATURE OF THE COMPANY (Continued)

Joint Ventures

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

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

Associates

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

Associates	Nature of business
Ekom Eczacıbaşı Dış Ticaret A.Ş. (“Ekom”)	Export services
Vitra Karo Sanayi ve Ticaret A.Ş. (“Vitra Karo”)	Production of ceramic tiles
Eczacıbaşı Sağlık Hizmetleri A.Ş. (“ESH”)	Special care and nursing services
Eczacıbaşı Ortak Sağlık ve Güvenlik Birimi A.Ş. (“OSGB”)	Occupational health and safety services

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of compliance

The Company and its subsidiaries operating in Turkey maintains its books of account and prepares its statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation. Subsidiaries of the company which currently operate in foreign countries maintain their books of account and prepare their financial statements in accordance with the local tax legislations of the countries where they are operating and they maintain their books of account and prepare their financial statements in terms of national currency.

The accompanying financial statements are prepared in accordance with the CMB’s Communiqué Serial II, No: 14.1, “Basis of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/IFRS”) and its addendum and interpretations (“IFRIC”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”).

The financial statements have been prepared on the historical cost basis except for the financial assets and liabilities which are expressed with their fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

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

2.1 Basis of Presentation (continued)

Functional currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TRL, which is the functional currency of the Company and the presentation currency of the Group.

Restatement of the financial statements in Hyperinflationary periods

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies” has not been applied in the financial statements for the accounting periods starting 1 January 2005.

Comparative information and restatement of prior period financial statements

Group’s consolidated financial statements have been prepared in comparison with the previous period in order to give accurate trend analysis regarding the financial position and performance. Where necessary, comparative figures have been reclassified to conform to the presentation of the current period consolidated financial statements and significant changes are explained.

As of 30 June 2013, in the statement of financial position, “Lands and buildings” amounting to TRL 10,596 thousand was formerly disclosed in “Property, plant and equipment”. In the current year, Group management reclassified TRL 8,251 thousand and TRL 2,345 thousand to “Investment property” and “Inventory”; respectively.

2.2 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

The Group has prepared the consolidated financial statements in accordance with Turkish Accounting Standard No: 34 “Interim Financial Reporting”. The Group’s significant accounting policies that are used for the preparation of condensed consolidated financial statements for the six months interim period ended 30 June 2014 are consistent with accounting policies presented in the consolidated financial statements as 31 December 2013.

2.3 Changes in the accounting estimates and errors

If changes in estimates are for only one period, changes are applied to the current year but if changes in estimates are for the following periods, changes are applied both to the current and following years prospectively. The Group did not have any major changes in the accounting estimates during the current year.

Significant accounting errors are corrected retrospectively, by restating the prior period consolidated financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

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

2.4 New and Revised Turkish Accounting Standards

a) Amendments to TASs affecting presentation and disclosures only

None.

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

Amendments to TFRS 10, 11, TAS 27	<i>Investment Entities¹</i>
Amendments to TAS 32	<i>Offsetting Financial Assets and Financial Liabilities¹</i>
Amendments to TAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets¹</i>
Amendments to TAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting¹</i>
IFRIC 21	<i>Levies¹</i>

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

Amendments to TFRS 10, 11, TAS 27 *Investment Entities*

This amendment with the additional provisions of TFRS 10 provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss.

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 have 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.

IFRIC 21 *Levies*

IFRIC 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

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

2.4 New and revised Turkish Financial Reporting Standards (continued)

c) 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

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 TFRS 9 will be no earlier than annual periods beginning on or after 1 January 2017.

The Group evaluates the effects of these standards on the consolidated financial statements.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 3 - INTERESTS IN OTHER ENTITIES

	30 June 2014	31 December 2013
Associates		
Vitra Karo	-	-
Ekom	17,107	16,679
ESH	-	-
Joint Ventures		
Eczacıbaşı-Monrol	39,636	44,507
ESK	1,467	1,702
EBX	68,635	69,755
	126,845	132,643
	2014	2013
As of 1 January	132,643	129,618
The Group’s share in investments accounted for using equity method’ profit / (loss)	(6,826)	(30,493)
Capital advance payments	405	-
Change in the fair value of available-for-sale financial assets	22	(34)
Increases due to currency translation differences	601	465
As of 30 June	126,845	99,556

The Group’s share in the assets, liabilities as of 30 June 2014 and 31 December 2013, net sales of the associates for the periods ended 30 June are presented below:

	30 June 2014					
	Assets	Liabilities	Goodwill attributable to equity holders	Net sales	Net profit / (loss) for the period	Total proportion of ownership interests (%)
Ekom	1,379,540	1,314,655	-	613,914	407	26%
Vitra Karo	885,327	1,032,417	-	445,721	351	25%
ESH	6,189	8,971	-	12,779	(405)	48%
Eczacıbaşı-Monrol	195,098	168,584	26,379	49,423	(5,823)	50%
ESK	10,161	7,040	-	9,641	(236)	47%
EBX	285,294	148,016	-	219,649	(1,120)	50%
					(6,826)	

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 3 - INTERESTS IN OTHER ENTITIES (Continued)

	31 December 2013		30 June 2013			
	Assets	Liabilities	Goodwill attributable to equity holders	Net sales	Net profit / (loss) for the period	Total proportion of ownership interest (%)
Ekom	1,436,270	1,373,013	-	507,269	400	26%
Vitra Karo	835,902	974,590	-	372,484	(924)	25%
ESH	7,052	7,535	-	10,507	(213)	48%
Eczacıbaşı-Monrol	201,607	165,349	26,379	43,432	(4,244)	50%
ESK	10,697	7,076	-	10,243	(299)	47%
EBX	349,848	210,330	-	192,368	(25,213)	50%
					(30,493)	

NOTE 4 - SEGMENT REPORTING

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

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

The Group continues to operate primarily in three reportable segments as of 30 June 2014:

1. Health:

Production and sale of human health and veterinary medicine.

2. Personal care:

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

3. Real estate development:

Kanyon:

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

Ormanada project:

On 31 December 2007, the Company acquired half of the 22 pieces of land with a total area of 196,409.74 m² in Yorgancı Çiftliği Mevkii, Uskumru Mahallesi, Sarıyer district in Istanbul. The remaining half belongs to Eczacıbaşı Holding A.Ş. The aforementioned real estates are apt for residential and partially trade centre development and construction.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 4 - SEGMENT REPORTING (Continued)

3. Real estate development (continued):

Ormanada project (continued):

Total planned construction area amounts to 90 thousand m². Architectural practices with various architecture group works within the scope of the project development operations, interior decoration and infrastructure practices have been completed for this construction project. Process for receiving of construction licences for the buildings is continuing. Acquisition value of the land and the costs attributable to this project are presented in inventories in the consolidated financial statements (Note 10). Sales and cost of residential units that the delivery started at April 2013 are presented in the revenue and cost of sales in the financial statements.

Ayazağa facilities leased to EBX:

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

Eczacıbaşı Gayrimenkul:

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

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

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

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

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

Segment assets and liabilities as of 30 June 2014 and 31 December 2013:

	30 June 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Health	77,677	(86,350)	85,328	(88,802)
Personal care	416,416	(272,574)	363,594	(222,225)
Real estate development	376,353	(40,735)	385,846	(72,629)
Undistributed	2,484,029	(88,474)	2,602,451	(133,386)
Total	3,354,475	(488,133)	3,437,219	(517,042)

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Capital expenditures and non-cash expenses of segments for the interim periods ended 30 June:

1 January - 30 June 2014	Health	Personal care	Real estate development	Undistributed	Inter-segment elimination	Total
Capital expenditures (Notes 13, 14 and 15)	601	18,387	241	-	-	19,229
Non-cash expenses:						
- Depreciation and amortisation (Notes 13, 14 and 15)	1,374	3,489	4,577	-	-	9,440
- Provision for diminution in value of inventories (Note 10)	1,384	765	-	-	-	2,149
- Provision for employment termination benefits and actuarial loss (Note 17)	382	191	90	-	-	663
- Provision for unused vacation (Note 17)	513	316	56	-	-	885
- Provision for litigations (Note 16)	83	234	-	-	-	317
- Provision for doubtful receivables (Note 9)	21	43	-	-	-	64
- Expense accruals (Note 9)	919	1,789	-	-	-	2,708
	4,676	6,827	4,723	-	-	16,226
1 January - 30 June 2013						
Capital expenditures (Notes 13, 14 and 15)	914	2,230	247	-	-	3,391
Non-cash expenses:						
- Depreciation and amortisation (Notes 13, 14 and 15)	1,017	2,382	2,962	-	-	6,361
- Provision for diminution in value of inventories (Note 10)	1,259	2,548	-	-	-	3,807
- Provision for employment termination benefits and actuarial loss (Note 17)	407	566	51	-	-	1,024
- Provision for unused vacation (Note 17)	529	342	4	-	-	875
- Provision for doubtful receivables (Note 9)	1	185	-	-	-	186
- Expense accruals	70	280	-	-	-	350
	3,283	6,303	3,017	-	-	12,603

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Segment results for the interim periods ended 30 June:

1 January - 30 June 2014	Health	Personal care	Real estate development	Undistributed	Inter-segment elimination	Total
Total sales	72,891	386,486	118,895	-	-	578,272
Elimination of sales within the Group (-)	-	(36,865)	(25,135)	-	-	(62,000)
Sales to third parties	72,891	349,621	93,760	-	-	516,272
Cost of sales (-)	(45,691)	(294,484)	(72,991)	-	-	(413,166)
Gross profit	27,200	55,137	20,769	-	-	103,106
Marketing, sales and distribution expenses (-)	(23,056)	(36,153)	(5,311)	-	-	(64,520)
General administrative expenses (-)	(14,548)	(18,372)	(3,640)	(3,681)	-	(40,241)
Research and development expenses (-)	-	(626)	-	-	-	(626)
Other operating income	5,319	24,095	193	56,751	-	86,358
Other operating expenses (-)	(6,020)	(15,595)	(437)	(49,054)	-	(71,106)
Operating (loss) / profit	(11,105)	8,486	11,574	4,016	-	12,971
1 April - 30 June 2014						
Total sales	34,574	211,548	37,145	-	-	283,267
Elimination of sales within the Group (-)	-	(18,996)	(4,941)	-	-	(23,937)
Sales to third parties	34,574	192,552	32,204	-	-	259,330
Cost of sales (-)	(22,971)	(162,941)	(24,098)	-	-	(210,010)
Gross profit	11,603	29,611	8,106	-	-	49,320
Marketing, sales and distribution expenses (-)	(11,108)	(21,429)	(2,842)	-	-	(35,379)
General administrative expenses (-)	(7,459)	(9,041)	(1,727)	(2,623)	-	(20,850)
Research and development expenses (-)	-	(297)	-	-	-	(297)
Other operating income	4,481	17,961	190	15,040	-	37,672
Other operating expenses (-)	(2,875)	(8,818)	(151)	(25,665)	-	(37,509)
Operating (loss) / profit	(5,358)	7,987	3,576	(13,248)	-	(7,043)

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Segment results for the interim periods ended 30 June (continued):

1 January - 30 June 2013	Health	Personal care	Real estate development	Undistributed	Inter-segment elimination	Total
Total sales	58,667	423,541	141,920	9	-	624,137
Elimination of sales within the Group (-)	-	(3,771)	(35,764)	-	-	(39,535)
Sales to third parties	58,667	419,770	106,156	9	-	584,602
Cost of sales (-)	(32,564)	(364,623)	(82,091)	-	-	(479,278)
Gross profit	26,103	55,147	24,065	9	-	105,324
Marketing, sales and distribution expenses (-)	(21,034)	(30,125)	(4,633)	-	-	(55,792)
General administrative expenses (-)	(15,329)	(16,238)	(698)	(3,472)	-	(35,737)
Research and development expenses (-)	-	(515)	-	-	-	(515)
Other operating income	1,633	3,873	48	64,419	-	69,973
Other operating expenses (-)	(3,715)	(7,326)	(339)	(14,194)	-	(25,574)
Operating (loss) / profit	(12,342)	4,816	18,443	46,762	-	57,679
1 April - 30 June 2013						
Total sales	29,865	220,905	88,255	4	-	339,029
Elimination of sales within the Group (-)	-	6,894	(14,461)	-	-	(7,567)
Sales to third parties	29,865	227,799	73,794	4	-	331,462
Cost of sales (-)	(17,874)	(199,483)	(59,275)	-	-	(276,632)
Gross profit	11,991	28,316	14,519	4	-	54,830
Marketing, sales and distribution expenses (-)	(10,454)	(12,852)	(2,250)	-	-	(25,556)
General administrative expenses (-)	(7,435)	(8,545)	(326)	(2,439)	-	(18,745)
Research and development expenses (-)	-	(253)	-	-	-	(253)
Other operating income	1,095	1,880	24	46,392	-	49,391
Other operating expenses (-)	(1,836)	(5,820)	(25)	(3,036)	-	(10,717)
Operating (loss) / profit	(6,639)	2,726	11,942	40,921	-	48,950

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Operating profits related to operating segments	8,955	6,205	10,917	8,029
Undistributed expenses (-)	4,016	(13,248)	46,762	40,921
Inter-segment elimination	-	-	-	-
Losses shares from associates (-)	(6,826)	(3,307)	(30,493)	(25,371)
Income from investing activities	123	41	8,653	8,126
Expenses from investing activities (-)	(27)	(1)	(22)	(5)
Financial income	-	-	-	-
Financial expenses (-)	(5,199)	(2,552)	(2,237)	(1,471)
Profit / (loss) before tax	1,042	(12,862)	33,580	30,229

NOTE 5 - CASH AND CASH EQUIVALENTS

	30 June 2014	31 December 2013
Cash in hand	42	62
Banks	614,511	719,531
- demand deposits	8,401	5,458
- time deposits	606,110	714,073
Other liquid assets	3	1
	614,556	719,594

Interest rates for TRL denominated time deposits vary between 10.50% and 11.00% (31 December 2013: 8.45% - 10.20%), whereas interest rates for foreign currency denominated time deposits vary between 0.50% and 2.70% (31 December 2013: 2.80% - 3.30%). The weighted average interest rates per annum for TRL, USD and EUR denominated time deposits are 10.83%, 2.46% and 2.44%, respectively (31 December 2013: 8.95%, 3.04% and 2.90%).

Cash and cash equivalents included in the consolidated statements of cash flows for the interim periods ended 30 June are presented below:

	30 June 2014	31 December 2013	30 June 2013	31 December 2012
Cash and cash equivalents	614,556	719,594	678,131	705,168
Interest accruals (-)	(1,214)	(2,337)	(1,248)	(1,176)
	613,342	717,257	676,883	703,992

Cash and cash equivalents amounting TRL 7,500 thousand (31 December 2013: TRL 7,500 thousand) which was blocked in order to be used in continuing operations and fulfil the obligations of the Group, have been reclassified separately in “Other Current Assets”.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 6 - FINANCIAL INVESTMENTS

The details of financial investments included in current assets as of 30 June 2014 and 31 December 2013 are as follows

	30 June 2014	31 December 2013
Financial assets at fair value through profit and loss	733	308
Financial investments, current	733	308
Financial assets available-for-sale	1,765,073	1,764,615
Financial assets at fair value through profit and loss	2,357	2,769
Financial investments, non-current	1,767,430	1,767,384

TFRS 7 and TFRS 13 explain the classifications of valuation techniques.

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

According to the observability of the data used in fair value measurement, the fair value hierarchy of the Group’s financial assets at fair value is shown as follows:

30 June 2014	Level 1	Level 2	Level 3 (*)	Total
Financial assets at fair value through profit and loss	-	733	-	733
Financial investments, current	-	733	-	733
Financial assets available-for-sale	205,934	244,401	1,314,738	1,765,073
Financial assets at fair value through profit and loss	-	2,357	-	2,357
Financial investments, non-current	205,934	246,758	1,314,738	1,767,430
31 December 2013	Level 1	Level 2	Level 3 (*)	Total
Financial assets at fair value through profit and loss	-	308	-	308
Financial investments, current	-	308	-	308
Financial assets available-for-sale	205,570	244,401	1,314,644	1,764,615
Financial assets at fair value through profit and loss	-	2,769	-	2,769
Financial investments, non-current	205,570	247,170	1,314,644	1,767,384

(*) The movement of assets included in Level 3 is not presented since there is no change in the fair value of assets except capital increases.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

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

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

The Group expects to transfer the investments in foreign portfolio accounts amounted to TRL 733 thousand (31 December 2013: TRL 308 thousand) in one year period from balance sheet date, remaining balance of TRL 2,357 thousand (31 December 2013: TRL 2,769 thousand) in following periods to the depository accounts in Turkey.

b) Available-for-sale financial assets:

Long-term available-for-sale financial assets:

The list of long-term available for sale financial assets as of 30 June 2014 and 31 December 2013 is as follows:

Listed:	30 June 2014	%	31 December 2013	%
Eczacıbaşı Yatırım Ortaklığı A.Ş. (*)	3,276	15	3,056	15
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. (*)	778	2	634	2
Türkiye İş Bankası A.Ş. (*)	23	<1	23	<1
Ak Enerji Elektrik Üretim A.Ş. (*) (**)	<1	<1	<1	<1
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş. (*) (**)	<1	<1	<1	<1
	4,077		3,713	
Not listed:				
Eczacıbaşı Holding A.Ş. (***)	1,760,038	37	1,760,038	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (***)	768	14	768	14
Eczacıbaşı Yatırım Menkul Değerler A.Ş. (***)	162	1	68	1
Other (***)	28		28	
	1,760,996		1,760,902	
Total	1,765,073		1,764,615	

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

(**) As of 30 June 2014, the market prices of Ak Enerji Elektrik Üretim A.Ş. and Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş. are TRL 117 and TRL 707 respectively (31 December 2013: TRL 121 and TRL 673).

(***) Based on the impairment analysis performed for available for sale investments during the interim period, the Group concluded that there isn't any indication for impairment. In this respect, fair value determination study performed as of 31 December 2013, has not been updated for interim period.

EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 7 - FINANCIAL LIABILITIES

	30 June 2014		31 December 2013	
	Effective interest rate per annum (%) (*)	TRL	Effective interest rate per annum (%) (*)	TRL
TRL denominated bank borrowings	6.00 - 12.65	112,578	8.00 - 13.25	65,353
Euro denominated bank borrowings	2.50	7,250	-	-
Short-term bank borrowings		119,828		65,353
TRL denominated bank borrowings	-	-	-	-
Long-term bank borrowings	-	-	-	-
Total financial liabilities		119,828		65,353

(*) Annual weighted interest rate of TRL denominated short-term bank borrowings are 10.54% (31 December 2013: 8.38%).

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

	30 June 2014	31 December 2013
6 months and less	119,828	65,353
Total	119,828	65,353

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties at 30 June 2014 and 31 December 2013

Short-term trade receivables from related parties	30 June 2014	31 December 2013
Due from shareholders		
Eczacıbaşı Holding A.Ş.	11,978	7,505
	11,978	7,505
Due from Joint Ventures		
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	834	571
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	220	408
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	16	17
	1,070	996
Due from Associates		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	271	367
Eczacıbaşı Sağlık Hizmetleri A.Ş.	5	-
	276	367
Due from other related parties		
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	402	68
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	206	51
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	36	-
Other	16	36
	660	155
Short-term due from related parties	13,984	9,023

Average maturity of the Group's receivables from related parties is 35 days (31 December 2013: 18 days) and is amortised at 8.19% per annum (31 December 2013: 9.15%).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

a) Balances with related parties at 30 June 2014 and 31 December 2013 (continued):

Short-term trade payables to related parties	30 June 2014	31 December 2013
Due to shareholders		
Eczacıbaşı Holding A.Ş.	2,473	1,962
	2,473	1,962
Due to Joint Ventures		
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	6,106	4,762
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	35	132
	6,141	4,894
Due to Associates		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	13	10
Ekom Eczacıbaşı Dış Ticaret A.Ş.	2	4
	15	14
Due to other related parties		
İpek Kağıt Sanayi ve Ticaret A.Ş.	110,940	84,806
İntema İnşaat ve Tesisat Mlz. Yatırım ve Paz. A.Ş.	4,073	2,400
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	1,736	63
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	635	497
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	316	391
Other	215	215
	117,915	88,372
	126,544	95,242
Deferred credit finance expenses (-)	(841)	(458)
Short-term due to related parties	125,703	94,784

Average maturity of the Group’s payables to related parties is 115 days (31 December 2013: 96 days) and is amortised at 8.27% per annum (31 December 2013: 8.66%).

EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**b) Transactions with related parties for six months period ended 30 June:**

Product sales	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Ekom Eczacıbaşı Dış Ticaret A.Ş.	1,456	794	963	503
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	626	597	948	300
Other	160	131	37	35
	2,242	1,522	1,948	838

Service sales	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Eczacıbaşı Holding A.Ş.	25,977	5,960	43,098	21,783
İpek Kağıt Sanayi ve Ticaret A.Ş.	41,203	27,720	30,710	18,137
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	3,673	2,045	3,392	2,129
Other	9	4	8	5
	70,862	35,729	77,208	42,054

Product purchases	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
İpek Kağıt Sanayi ve Ticaret A.Ş.	185,694	98,809	150,607	81,801
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	13,598	7,419	12,627	7,063
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	809	805	661	179
Other	4	1	3	2
	200,105	107,034	163,898	89,045

Service purchases	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
İntema İnşaat ve Tesisat Mlz. Yatırım ve Paz. A.Ş.	3,009	1,275	4,306	2,819
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	2,981	1,414	2,412	1,182
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	1,035	541	538	190
Eczacıbaşı Holding A.Ş.	256	89	335	179
Eczacıbaşı Sağlık Hizmetleri A.Ş.	42	12	95	70
Other	377	203	48	22
	7,700	3,534	7,734	4,462

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

b) Transactions with related parties for six months period ended 30 June (continued):

Financial income	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	22	20	22	21
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	18	12	7	2
	40	32	29	23

Financial expenses	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
İpek Kağıt Sanayi ve Ticaret A.Ş.	2,163	1,057	1,221	643
Other	201	116	102	23
	2,364	1,173	1,323	666

c) Other transactions with related parties for six months period ended 30 June:

Management and royalty fees paid to related parties	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Eczacıbaşı Holding A.Ş. (*)	5,795	3,072	5,197	2,722
	5,795	3,072	5,197	2,722

(*) Management fees paid to Eczacıbaşı Holding A.Ş. comprise law, financial corporate identity, budget planning, audit and human resource services received from Eczacıbaşı Holding A.Ş.. These expenses are billed for relevant services in proportion to the time spent by the relevant department of Eczacıbaşı Holding A.Ş..

Rent income received from related parties	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Eczacıbaşı Holding A.Ş.	1,686	843	1,583	792
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	986	479	830	423
İpek Kağıt Sanayi ve Ticaret A.Ş.	238	96	262	131
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	91	45	86	43
İntema İnşaat ve Tesisat Mlz. Yatırım ve Paz. A.Ş.	37	16	42	21
Other	102	57	59	34
	3,140	1,536	2,862	1,444

Rent expenses paid to related parties	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Eczacıbaşı Holding A.Ş.	1,086	540	963	486
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	178	112	100	54
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	92	92	-	-
	1,356	744	1,063	540

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

c) Other transactions with related parties for six months period ended 30 June (continued):

Other expenses paid to related parties	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	147	89	153	104
Eczacıbaşı Holding A.Ş.	125	15	164	47
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	106	88	33	16
Other	210	125	104	73
	588	317	454	240

Donations paid to related parties	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Dr. Nejat F. Eczacıbaşı Vakfı	-	-	415	149
	-	-	415	149

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

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

Within the context of real estate operations, the Group provide audit, follow-up and subcontractor management services to Eczacıbaşı Holding A.Ş. related to construction process of co-executed Ormanada Project as detailed in Note 30.

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

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

The Group does not have any contingent assets or liabilities caused by related party transactions as of 30 June 2014 and 31 December 2013.

Benefits provided to top management:

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

c) Other transactions with related parties for six months period ended 30 June (continued):

Benefits provided to top management (continued):

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

Benefits provided to top management	2014	2013
Short term benefits provided to key management personnel	9,421	11,346
Long term benefits provided to key management personnel	-	-
As of 30 June	9,421	11,346

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables:

Short-term trade receivables	30 June 2014	31 December 2013
Trade receivables	206,305	178,607
Notes receivables	26,767	29,120
Income accruals	750	232
	233,822	207,959
Deferred credit finance income (-)	(1,409)	(1,107)
Provision for doubtful receivables (-)	(8,125)	(8,061)
Short-term trade receivables, net	224,288	198,791

As of 30 June 2014, long-term trade receivables amounting to TRL 723 thousand (31 December 2013: TRL 1,930 thousand), composed of the notes receivables obtained in exchange down payments of preliminary contracts related to real estates, which will be built as a part of "Ormanada" real estate project with 50% ownership the Group and 50% ownership of Eczacıbaşı Holding A.Ş. in the province of Istanbul and in the district of Zekeriyaköy.

Average maturity of the Group's receivables is 67 days (31 December 2013: 55 days) and TRL denominated trade receivables are amortised at 8.22% per annum (31 December 2013: 8.91%).

Movement of provision for doubtful receivables is presented below:

	2014	2013
As of 1 January	8,061	7,484
Current year additions (Note 21)	64	186
Collections (Notes 23)	-	(15)
As of 30 June	8,125	7,655

Maximum credit risk and aging analysis related to trade receivables are included in Note 28.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

b) Trade payables:

Short-term trade payables	30 June 2014	31 December 2013
Trade payables	106,608	146,037
Expense accruals	2,708	1,783
Note payables	-	23
Deferred credit finance expenses (-)	(277)	(691)
Short-term trade payables, net	109,039	147,152

Average maturity of the Group’s payables is 79 days (31 December 2013: 81 days) and TRL denominated trade payables are amortised at 8.33% per annum (31 December 2013: 8.75%), EUR denominated trade payables are amortised at 0.18% per annum (31 December 2013: 0.23%) and USD denominated payables are amortised at 0.23% per annum (31 December 2013: 0.21%).

NOTE 10 - INVENTORIES

	30 June 2014	31 December 2013
Raw materials and supplies	15,330	17,382
Work in progress	407	287
Finished goods	9,798	9,011
Merchandise	20,747	19,869
Scrap goods	3,651	2,748
Other inventories	3,188	1,986
Lands, completed and construction in progress houses	145,224	158,510
	198,345	209,793
Provision for diminution in value of inventories (-)	(13,599)	(11,450)
	184,746	198,343

Lands, completed and construction in progress houses contains undelivered houses cost of land of purchased by the Group in Zekeriyaköy as part of real estate development activities and project development costs incurred.

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

	2014	2013
As of 1 January	11,450	8,152
Charge for the period (Note 23)	2,149	3,807
Provisions no longer required	-	-
As of 30 June	13,599	11,959

EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	30 June 2014	31 December 2013
Unearned revenue	3,898	602
Advances given	248	821
	4,146	1,423
Long-term prepaid expenses	30 June 2014	31 December 2013
Advances given to subcontractors	484	1,842
Other	1,887	1,276
	2,371	3,118
Short-term deferred income	30 June 2014	31 December 2013
Advances received (*)	19,214	45,567
Unearned revenue	784	245
	19,998	45,812
Long-term deferred income	30 June 2014	31 December 2013
Unearned revenue	2,943	3,765
Advances received (*)	723	1,930
	3,666	5,695

(*) Advances received presented in other non-current liabilities composed of down payments of preliminary contracts related to real estates, which will be built as a part of “Ormanada” real estate project with 50% ownership the Group and 50% ownership of Eczacıbaşı Holding A.Ş. in the province of Istanbul and in the district of Zekeriyaköy. Advances received presented in current liabilities amounting to TRL 19,014 thousand (31 December 2013: TRL 45,448 thousand) is also related to the down payments received from clients for the same abovementioned project.

NOTE 12 - CURRENT INCOME TAX ASSETS

Current income tax assets	30 June 2014	31 December 2013
Prepaid taxes and withholding taxes	14	1,926
	14	1,926

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 13 - INVESTMENT PROPERTIES

Cost	1 January 2014	Additions	Disposals	30 June 2014
Kanyon	229,394	27	-	229,421
Buildings	25,039	30	-	25,069
Lands and land improvements	3,082	-	-	3,082
	257,515	57	-	257,572

Accumulated depreciation

Kanyon	39,294	2,782	-	42,076
Buildings	13,608	1,651	-	15,259
Lands and land improvements	273	35	-	308
	53,175	4,468	-	57,643

Carrying amount	204,340			199,929
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Cost	1 January 2013	Additions	Disposals	30 June 2013
Kanyon	228,754	195	-	228,949
Buildings	20,507	30	-	20,537
Lands and land improvements	3,082	-	-	3,082
	252,343	225	-	252,568

Accumulated depreciation

Kanyon	33,811	2,738	-	36,549
Buildings	13,278	127	-	13,405
Lands and land improvements	257	10	-	267
	47,346	2,875	-	50,221

Carrying amount	204,997			202,347
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As of 31 December 2013, fair value of Kanyon is approximately TRL 521 million which consist of fair value of Kanyon shopping centre amounting TRL 243 million and fair value of Kanyon Office complex amounting TRL 278 million which is calculated from net present value of estimated rent income of Kanyon shopping centre and office complex. Based on the impairment analysis performed for Kanyon during the interim period, the Group concluded that there isn't any indication for impairment. In this respect, fair value determination study performed as of 31 December 2013, has not been updated for interim period.

For the periods ending at 30 June, total rent income of Kanyon shopping centre and office complex is amounted to TRL 26,079 thousand (30 June 2013: TRL 23,007 thousand) and repair and maintenance expense of the related period is amounted to TRL 1,097 thousand (30 June 2013: TRL 132 thousand).

Depreciation expenses for the six months period ended 30 June are included in cost of services sold.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Cost	1 January 2014	Additions	Disposals	Transfers	30 June 2014
Land and land improvements	1,427	15,624	-	-	17,051
Buildings	27,824	17	-	-	27,841
Machinery, plant and equipment	48,156	386	(5)	-	48,537
Motor vehicles	774	-	(170)	-	604
Furniture and fixtures	15,171	415	(161)	-	15,425
Construction in progress	46	28	-	-	74
Leasehold improvements	3,552	1,099	(33)	-	4,618
Other tangible assets	9,596	525	(1)	-	10,120
	106,546	18,094	(370)	-	124,270
Accumulated depreciation					
Land improvements	19	2	-	-	21
Buildings	1,734	280	-	-	2,014
Machinery, plant and equipment	36,864	1,106	(1)	-	37,969
Motor vehicles	706	17	(163)	-	560
Furniture and fixtures	10,523	698	(112)	-	11,109
Leasehold improvements	2,045	172	(16)	-	2,201
Other tangible assets	8,840	165	(1)	-	9,004
	60,731	2,440	(293)	-	62,878
Carrying amount	45,815				61,392

Allocation of depreciation expenses is as follows: TRL 205 thousand in cost of goods sold, TRL 746 thousand in marketing, selling and distribution expenses, TRL 1,471 thousand in general and administrative expenses and TRL 18 thousand in research and development expenses.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	1 January 2013	Additions	Disposals	Transfers	30 June 2013
Land and land improvements	1,427	-	-	-	1,427
Buildings	27,202	2	-	-	27,204
Machinery, plant and equipment	47,660	445	(148)	-	47,957
Motor vehicles	1,946	23	(1,205)	-	764
Furniture and fixtures	14,713	498	(143)	-	15,068
Construction in progress	46	-	-	-	46
Leasehold improvements	3,286	40	(35)	-	3,291
Other tangible assets	9,156	80	(2)	-	9,234
	105,436	1,088	(1,533)	-	104,991
Accumulated depreciation					
Land improvements	16	2	-	-	18
Buildings	1,175	275	-	-	1,450
Machinery, plant and equipment	35,066	1,076	(147)	-	35,995
Motor vehicles	1,373	60	(747)	-	686
Furniture and fixtures	9,576	715	(102)	-	10,189
Leasehold improvements	1,798	131	(28)	-	1,901
Other tangible assets	8,556	102	(2)	-	8,656
	57,560	2,361	(1,026)	-	58,895
Carrying amount	47,876				46,096

Allocation of depreciation expenses is as follows: TRL 845 thousand in cost of goods sold, TRL 544 thousand in marketing, selling and distribution expenses, TRL 954 thousand in general and administrative expenses and TRL 18 thousand in research and development expenses.

EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 15 - INTANGIBLE ASSETS

Cost	1 January 2014	Additions	Disposals	Transfers	30 June 2014
Customer relations, licences and royalty	20,370	-	-	-	20,370
Rights	11,604	745	-	206	12,555
Computer software	11,826	76	-	-	11,902
Construction in progress	4,658	257	-	(206)	4,709
Other intangible assets	129	-	-	-	129
	48,587	1,078	-	-	49,665
Accumulated amortisation					
Customer relations, licences and royalty	1,358	679	-	-	2,037
Rights	4,485	923	-	-	5,408
Computer software	9,269	929	-	-	10,198
Other intangible assets	128	1	-	-	129
	15,240	2,532	-	-	17,772
Carrying amount	33,347				31,893

Allocation of amortisation charge is as follows: TRL 213 thousand in cost of goods sold, TRL 774 thousand in marketing, selling and distribution expenses, TRL 1,527 thousand in general and administrative expenses and TRL 18 thousand in research and development expenses.

EİS ECZACIBAŞI İLAÇ, SINAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Cost	1 January 2013	Additions	Disposals	Transfers	30 June 2013
Customer relations, licences and royalty	20,370	-	-	-	20,370
Rights	7,023	249	-	-	7,272
Computer software	10,938	120	-	-	11,058
Construction in progress	4,718	1,703	-	-	6,421
Other intangible assets	129	-	-	-	129
	43,178	2,072	-	-	45,250
Accumulated amortisation					
Rights	3,648	429	-	-	4,077
Computer software	7,980	694	-	-	8,674
Other intangible assets	126	2	-	-	128
	11,754	1,125	-	-	12,879
Carrying amount	31,424				32,371

Allocation of amortisation charge is as follows: TRL 402 thousand in cost of goods sold, TRL 259 thousand in marketing, selling and distribution expenses, TRL 455 thousand in general and administrative expenses and TRL 9 thousand in research and development expenses

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions:

	30 June 2014	31 December 2013
Provision for litigations	2,330	2,122
	2,330	2,122

Provision for litigations:

The Group has provided provision for the lawsuits filed against the Group in the amount of TRL 2,330 thousand (31 December 2013: TRL 2,122 thousand) based on the legal opinions taken on juridical, labour, commercial and administrative litigations and the assessment of similar litigations’ consequences in the past. Movement of the provision for litigations are stated below:

	2014	2013
As of 1 January	2,122	1,004
Charge for the period (Note 23)	317	-
Reversal of provision (-)	(109)	(143)
As of 30 June	2,330	861

b) Contingent assets:

Appeal for return of tax penalty paid:

The Competition Authority decided to conduct an inquiry for eight companies, including EİP, regarding tender of the Training Hospitals. As a result of the inquiry, a decision was made by the Competition Board at 19 January 2007 and announced to the parties. With this decision, an administrative penalty amounting to TRL 1,211 thousand, equivalent of 7.5% of the net sales of 2001, has been imposed on EİP. Regarding the penalty mentioned a reduced payment of TRL 908 thousand has been made for early payment; there are no additional liabilities attributable to the penalty. The Group has applied to the Council of State for the refund of the penalty.

c) Contingent liabilities:

I- Tax and tax related penalties of the Company:

Tax penalty notified as at 31 December 2007:

Upon inspections of companies in pharmaceuticals industry by the Tax Inspectors Board of the Ministry of Finance, TRL 3,656 thousand regarding the additional corporate income tax and its associated withholding tax and TRL 5,877 penalty (TRL 3,656 thousand of the penalty is attributable to additional corporate income tax and TRL 2,221 thousand relate to temporary income tax) has been levied against the Company as at 31 December 2007 by Boğaziçi Corporate Tax Administration by tax inspection reports regarding 2002 addressed to the Company.

As at 26 May 2009, the Company filed a lawsuit for the related tax penalties in the Tax Court of Istanbul since no settlement was reached in the Commission for Tax Settlements in the Ministry of Finance. The lawsuit resulted in favour of the Company and all penalties have been cancelled.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Contingent liabilities (continued):

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

Tax penalty notified as at 26 December 2008:

Upon inspections to companies in pharmaceuticals industry by Tax Inspectors Board of Ministry of Finance, TRL 8,896 thousand regarding the corporate income tax (TRL 5,709 thousand of the amount is attributable to additional corporate income tax and TRL 3,187 thousand relate to temporary income tax) and TRL 13,344 thousand of penalty has been levied against the Company as at 26 December 2008 by the Boğaziçi Corporate Tax Administration in the tax inspection reports of the Company regarding 2003.

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

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

Tax penalty notified as at 12 June 2009:

Upon inspections of companies in pharmaceuticals industry by the Tax Inspectors Board of the Ministry of Finance, TRL 7,256 thousand regarding the corporate income tax (TRL 2,340 thousand of the amount is attributable to additional corporate income tax and TRL 4,916 thousand relate to temporary income tax) and TRL 10,914 thousand of penalty have been levied against the Company as at 12 June 2009 by the Boğaziçi Corporate Tax Administration in the tax inspection reports of the Company regarding 2004.

As of 2 April 2010, the Company filed a lawsuit in the Tax Court of Istanbul, since no settlement was reached in the meeting held in Commission for Tax Settlements of the Ministry of Finance. Based on the verdict notified to the Company by the 10th Tax Court of Istanbul on 7 April 2011, all lawsuits are concluded in favour of the Company.

Boğaziçi Corporate Tax Administration has applied to the Council of State for the appeal of this lawsuit. Based on the Council of State’s decision notified to the Company on 25 November 2013, the request for appeal of Boğaziçi Corporate Tax Office has been dismissed and the decisions of the Tax Court has been ratified and the lawsuit has been concluded in terms of assessments in favour of the Company.

Tax penalty notified as at 7 April 2011:

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Contingent liabilities (continued):

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

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

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

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

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

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

- i) For the related tax and penalties, the Company applied to Commission for Tax Settlements in the Ministry of Finance for settlement. The Company filed a lawsuit for the related tax penalties in the Tax Court on 2 December 2011 since no consensus was reached during the settlement. The lawsuit has resulted against EBX and an appeal has been filed in the Council of State on 24 July 2012. For the lawsuits lost in the Tax Court, a provision of TRL 17,764 thousand is provided for the Group’s share in total amount of TRL 35,528 thousand calculated by considering overdue interests, based on 50% proportional consolidation of EBX. EBX is agreed on repayment schedule with the tax administration, all payments has been made.

An appeal filed with Council of State with respect to 5 different cases related with tax principal and tax penalties for 2006 advance tax, corporate tax and their withholding tax payments and appeals are concluded against EBX and lawsuit has been filed as part of the “Correction of Decision” set forth under Article 54 of ATPA (Administrative Trial Procedure Act) for such decisions concluded against EBX.. The lawsuits are still in progress in Council of State.

An appeal has been filed with the Council of State with respect to the lawsuits concluded against EBX as part of the same tax audit, including temporary corporate tax for 2006/6, VAT for 2006/6 and unjust refund (VAT) for 2007/3. For the above mentioned 2 lawsuits, the Council of State has not given any decision yet.

- ii) On 31 December 2012, tax and tax losses penalties for the year 2007 amounting to TRL 35,046 thousand (the Group’s share is TRL 17,523 thousand), which consists of TRL 8,272 thousand of tax base (TRL 4,159 thousand attributable to corporate income tax, TRL 1,223 thousand attributable to withholding tax and TRL 2,890 thousand attributable to VAT) and TRL 26,774 thousand of tax penalty were notified.
- iii) On 4 April 2013, tax and tax losses penalties for the year 2008 amounting to TRL 33,195 thousand (the Group’s share is TRL 16,597 thousand), which consists of TRL 8,094 thousand of tax base (TRL 4,565 thousand attributable to corporate income tax and TRL 1,230 thousand attributable to withholding tax and TRL 2,299 thousand attributable to VAT) and TRL 25,101 thousand of tax penalty were notified.
- iv) On 3 May 2013, tax and tax losses penalties for the years 2009 - 2010 amounting to TRL 61,808 thousand (the Group’s share is TRL 30,904 thousand), which consists of TRL 18,424 thousand of tax base (TRL 11,366 thousand attributable to corporate income tax and TRL 7,058 thousand attributable to VAT) and TRL 43,384 thousand of tax penalty were notified.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Contingent liabilities (continued):

II - Tax and tax related penalties of the Group’s joint venture EBX (continued):

As explained above, the on-going appeal lawsuit in the Council of State has resulted against EBX. Within the context of this decision, the Group management is evaluating the decision of the application for settlement and follows the process for the tax and tax losses penalties for the years 2007, 2008, 2009 and 2010. Based on this evaluation, the uncertainties of the amount to be included in the financial statements are still continuing depending on the conditions of the settlement process. By considering the range of possible outcomes and each point in that range is as likely as any other; the most reliable estimate of the Group Management is recognized as provision in the consolidated financial statements.

III - Tax and tax related penalties and litigation of the Group’s subsidiary EIP:

Tax penalty notified as at 3 August 2012:

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

EIP filed lawsuits for the related tax and tax penalties since no settlement was reached in Büyük Mükellefler Büyük Mükellefler Tax Administration. The lawsuits amounting to TRL 570 thousand VAT, TRL 855 thousand penalty and TRL 365 thousand VAT, TRL 635 thousand penalty have concluded in favour of EIP. Tax Administration has applied to the Council of State for the appeal of these lawsuits and lawsuits are still in progress.

The lawsuit related to TRL 282 thousand attributable to corporate tax and TRL 282 thousand attributable to tax penalty was concluded against EIP despite other lawsuits concluded in favour of EIP. EIP has applied to the council of State and the lawsuit is concluded in favour of EIP. However, Tax Court insists on its conclusion and following the end of judiciary recess it is expected that Tax Court will apply to the Council of State for the appeal.

The lawsuit related to price differences from market values:

Various public hospitals governed by Turkish Ministry of Health (“MoH”) claimed approximately TRL 1,749 thousand for the refund of price differences determined between the prices of medical supplies at which the Group sold to these public hospitals and the market values which were determined by Market Value Settlement Committee established by Social Security Institution Health Administration Department based on the vesting deed given by the Group in 1998. The Group faced lawsuits filed against it by the MoH for the collection of these claims amounting to approximately TRL 403 thousand; preliminary hearings and discovery proceedings in these lawsuits are in progress. Considering the continuing legal process and uncertainty regarding the ultimate outcome of the matter, no provision has been provided in the consolidated financial statements.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

d) Guarantees given and taken:

	30 June 2014			
Guarantees given	USD	EUR	TRL	Total
Suretyship declaration for bank borrowings	-	-	-	-
Letters of guarantee	-	-	11,071	11,071
Guaranteed bills of exchange	-	-	-	-
	-	-	11,071	11,071

Guarantees taken				
Letters of guarantee	22,935	1,472	77,691	102,098
Mortgages	-	-	31,031	31,031
Guaranteed bills of exchange	312	-	4,251	4,563
	23,247	1,472	112,973	137,692

	31 December 2013			
Guarantees given	USD	EUR	TRL	Total
Suretyship declaration for bank borrowings	-	-	-	-
Letters of guarantee	-	-	10,732	10,732
Guaranteed bills of exchange	-	-	-	-
	-	-	10,732	10,732

Guarantees taken				
Letters of guarantee	27,756	1,455	74,180	103,391
Mortgages	-	-	27,124	27,124
Guaranteed bills of exchange	314	-	6,096	6,410
	28,070	1,455	107,400	136,925

Letters and guaranteed bills of exchange were given to suppliers and government institutions. Mortgages, cheques and guaranteed bills of exchange were taken from customer for trade receivables of the Group.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

d) Guarantees given and taken (continued):

Collateral/pledge/mortgage (“CPM”) position of the majority shareholder EİS Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. as of 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
A. CPMs given for Company’s own legal personality	3,119	3,119
- Collateral (Fully denominated in TRL)	3,119	3,119
- Pledge	-	-
- Mortgage	-	-
B. CPMs given on behalf of fully consolidated companies	-	-
- Collateral	-	-
- Pledge	-	-
- Mortgage	-	-
C. CPMs given in the normal course of business activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i. Total amount of CPMs given on behalf of the parent	-	-
- Collateral	-	-
- Pledge	-	-
- Mortgage	-	-
ii. Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C	-	-
iii. Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-
	3,119	3,119

Proportion of other CPMs given to the Group’s equity as of 30 June 2014 is 0% (31 December 2013: 0%).

NOTE 17 - EMPLOYEE BENEFITS

Employee benefit obligations

	30 June 2014	31 December 2013
Social security premiums payable	1,286	1,325
Wages payable to employees	38	2,272
	1,324	3,597

Short term provisions for employee benefits

	30 June 2014	31 December 2013
Provision for unused vacations	5,476	4,664
	5,476	4,664

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 17 - EMPLOYEE BENEFITS (Continued)

Short term provisions for employee benefits (continued)

Provision for unused vacations:

Movements in the provision for unused vacation are as follows as of 30 June:

	2014	2013
As of 1 January	4,664	5,032
Charge for the period (Note 21)	885	875
Payments during the period (-)	(73)	(23)
As of 30 June	5,476	5,884

Long term provisions for employee benefits

Provision for employment termination benefits:

Under Turkish Labour Law, the Company and its Turkish Subsidiaries and Joint Ventures are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

As of 30 June 2014, the amount payable consists of one month’s salary limited to a maximum of TRL 3,438.22 (31 December 2013: TRL 3,254.44) for each year of service.

The liability is not funded as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and its subsidiaries and joint ventures registered in Turkey arising from the retirement of employees.

TAS 19 “Employee Benefits” published by POA require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	2014	2013
Discount rate (%)	4.11	4.11
Turnover rate to estimate the probability of retirement (%)	89 - 98	89 - 98

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRL 3,438.22 effective from 1 July 2014 has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provision for employment termination benefits are as follows as of 30 June:

	2014	2013
As of 1 January	3,436	3,782
Charge for the period (Note 21)	663	1,024
Payments during the period (-)	(648)	(222)
As of 30 June	3,451	4,584

EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets	30 June 2014	31 December 2013
VAT receivables	7,817	9,239
Advances given to personnel	1,059	-
Other	23	17
	8,899	9,256

Other non-current assets	30 June 2014	31 December 2013
VAT receivables	42,164	42,115
Blocked amount due to subsidiary acquisition payables	7,500	7,500
Prepaid taxes under construction activities	6,035	10,309
	55,699	59,924

Other current liabilities	30 June 2014	31 December 2013
VAT payables	443	340
Other	367	118
	810	458

Other non-current liabilities	30 June 2014	31 December 2013
Deferred considerations due to subsidiary acquisition	7,500	7,500
	7,500	7,500

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 19 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr 1. There are no privileged shares, EİS Eczacıbaşı İlaç Sanayi ve Ticaret A.Ş.’s subscribed, historical and authorised share capital for the years ended at 30 June 2014 and 31 December 2013 are as follows:

	30 June 2014	31 December 2013
Limit on registered share capital (historical value)	548,208	548,208
Authorised share capital approved with nominal value	548,208	548,208

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

At 30 June 2014 and 31 December 2013, the shareholders of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and their proportion of ownership interests in historical share capital are as follows:

Shareholders	%	30 June 2014	%	31 December 2013
Eczacıbaşı Holding A.Ş.	50.62	277,476	50.62	277,476
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	25.12	137,705	24.78	135,819
Other (Listed) (*)	24.26	133,027	24.60	134,913
Total	100.00	548,208	100.00	548,208
Adjustment to share capital		105,777		105,777
Total authorised share capital		653,985		653,985

(*) Within the framework of Capital Markets Board’s decision, dated 23 July 2010 and numbered 21/655, actual rates of the shares in circulation of the listed companies in BIST are announced on a weekly basis starting from the period ended 31 March 2010, became effective as of 1 October 2010 by the Central Registry Agency (“CRA”). According to the report published by CRA on 30 June 2014, 24.15% (31 December 2013: 24.48%) of the Group’s shares in circulation are presented in the other group.

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

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in/authorised share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in/authorised share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in/authorised share capital. Total amount of legal reserves of the Company is TRL 49,401 thousand (31 December 2013: TRL 40,627 thousand).

The aforementioned legal reserves and special reserves shall be classified in “Restricted reserves” in accordance with CMB Financial Reporting Standards. Details of the restricted reserves are as follows:

	30 June 2014	31 December 2013
Legal reserves	49,401	40,627
Gain on sale of shares of associates	259,137	259,137
	308,538	299,764

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 20 - REVENUE

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Domestic sales	776,338	432,730	864,542	485,373
Exports	7,491	4,266	7,898	4,285
Gross sales	783,829	436,996	872,440	489,658
Sales returns (-)	(16,013)	(8,616)	(30,558)	(9,125)
Sales discounts (-)	(251,544)	(169,050)	(257,280)	(149,071)
Net sales	516,272	259,330	584,602	331,462
Cost of sales (-)	(413,166)	(210,010)	(479,278)	(276,632)
Gross profit	103,106	49,320	105,324	54,830

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
General administrative expenses				
Personnel expenses	18,286	9,038	17,632	7,866
Consultancy expenses	7,276	3,866	6,665	3,511
Depreciation and amortisation expenses (Notes 14 and 15)	2,998	1,617	1,409	690
Rent expenses	2,546	1,276	2,042	1,068
Miscellaneous taxes	2,067	1,615	1,354	1,284
Repair and maintenance expenses	1,827	892	953	631
Provision for unpaid vacation (Note 17)	885	327	875	143
Provision for employment termination benefits (Note 17)	663	222	1,024	136
Provision expense for doubtful receivables (Note 9)	64	(257)	186	186
Other	3,629	2,254	3,597	3,230
	40,241	20,850	35,737	18,745
Marketing expenses				
Personnel expenses	25,927	13,519	23,939	11,082
Advertisement, presentation and promotion expenses	19,597	11,582	15,148	7,389
Transportation, distribution and warehousing expenses	5,879	3,658	5,216	1,805
Rent expenses	3,363	1,596	3,112	1,567
Fuel, energy and water expenses	1,898	969	1,965	1,096
Depreciation and amortisation expenses (Notes 14 and 15)	1,520	837	803	290
Travelling expenses	1,352	781	1,093	488
Consultancy expenses	472	292	344	194
Other	4,512	2,145	4,172	1,645
	64,520	35,379	55,792	25,556

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Continued)

Research and development expenses	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Personnel expenses	590	279	488	239
Depreciation and amortisation expenses (Notes 14 and 15)	36	18	27	14
	626	297	515	253

NOTE 22 - EXPENSES BY NATURE

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Purchase and consumption of inventories	392,317	198,363	455,868	250,217
Personnel expenses	50,724	26,004	47,722	22,089
Advertisement, presentation and promotion expenses	19,597	11,582	15,148	7,389
Depreciation and amortisation expense (Notes 13, 14 and 15)	9,440	4,752	6,361	3,125
Consultancy expense	7,748	4,158	7,009	3,705
Rent expenses	5,909	2,872	5,154	2,635
Transportation, distribution and warehousing expenses	5,879	3,658	5,216	1,805
Contract manufacturing expense	3,260	1,330	3,830	1,752
Changes in commercial inventories	1,785	883	7,566	18,238
Provision for employment termination benefits	663	222	1,024	136
Other	21,231	12,712	16,424	10,095
	518,553	266,536	571,322	321,186

NOTE 23 - OTHER OPERATING INCOME / EXPENSES

Other operating income	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Foreign exchange gains from bank deposits	52,239	14,081	49,716	39,017
Interest income from bank deposits	11,764	5,348	13,862	6,542
Other miscellaneous income (*)	10,028	10,028	-	-
Credit finance income	5,544	2,827	3,615	2,313
Foreign exchange gains from trade receivables and payables	2,835	2,609	828	483
Derivative transactions incomes	2,382	1,681	-	-
Compensation income	35	10	266	228
Collections from doubtful receivables (Note 9)	-	-	15	-
Other	1,531	1,088	1,671	808
	86,358	37,672	69,973	49,391

(*) Consist of the amount arising from mutual agreement between the parties related to the termination of the distribution contract continued in the year 2013 after the sale of the Group’s joint venture EBC at 27 December 2012. The Group has revised income tax provision related to the fiscal year 2013 upon the realisation of contingent asset as indicated in Note 26.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 23 - OTHER OPERATING INCOME / EXPENSES (Continued)

Other operating expenses	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Foreign exchange losses from bank deposits	58,346	31,555	14,191	3,036
Credit finance expenses	3,891	1,881	3,239	1,851
Foreign exchange losses from trade receivables and payables	3,237	2,487	1,976	1,845
Provision for diminution in value of inventories (Note 10)	2,149	600	3,807	2,554
Provision expense for legal case (Note 16)	317	317	-	(119)
Donation expenses	231	192	421	155
Other	2,935	477	1,940	1,395
	71,106	37,509	25,574	10,717

NOTE 24 - INCOME / EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Gain on sales of fixed assets	123	41	422	12
Dividend income	-	-	8,114	8,114
Gain on sales of financial assets	-	-	117	-
	123	41	8,653	8,126

Expenses from investing activities	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Loss on sales of fixed assets	(27)	(1)	(22)	(5)
	(27)	(1)	(22)	(5)

NOTE 25 - FINANCIAL INCOME / EXPENSES

Financial expenses	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Interest expense from bank borrowings	5,116	2,595	1,967	1,267
Foreign exchange difference expenses	-	-	10	10
Commissions of letter of guarantees	110	69	94	43
Fair value changes recognised in profit and loss	(27)	(112)	166	151
	5,199	2,552	2,237	1,471

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 26 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

a) Current income tax on profits:

	30 June 2014	31 December 2013
Corporate and income taxes payable	2,195	30,075
Prepaid taxes (-)	(2,195)	(22,251)
Current income tax liabilities (net)	-	7,824

Turkish tax legislation does not permit a parent company and its Subsidiaries, Joint Ventures and Associates to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Corporate Tax Law is changed with Law No, 5520 dated 13 June 2006, and most of the articles of mentioned law have become effective as of 1 January 2006. Accordingly, corporate tax rate in Turkey is 20% for 2014 (2013: 20%). Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive allowance, etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed except withholding tax at the rate of 19.8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional Article 61.

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

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

In accordance with Tax Law No, 5024 “Law Related to Changes in Tax Procedural Law, Income Tax Law and Corporate Tax Law” that was published on the Official Gazette on 30 December 2003 to amend the tax base for non-monetary assets and liabilities, effective from 1 January 2004, income and corporate taxpayers will prepare the statutory financial statements by adjusting the non-monetary assets and liabilities for the changes in the general purchasing power of Turkish lira. In accordance with the aforementioned law provisions, in order to apply inflation adjustment, cumulative inflation rate (SIS-WPI) over last 36 months and 12 months must exceed 100% and 10%, respectively. Inflation adjustment was not applied as these conditions were not fulfilled in the fiscal year 2014 and 2013.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

Turkish Corporate Tax Law No, 5422 on “Exemption of real estate and investment sales gains” has been amended by Law No: 5520 effective from 1 January 2006. A 75% portion of the gains derived from the sale of preferential rights, usufruct shares and founding shares from investment equity and real property which has remained in assets for more than two full years is exempt from corporate tax.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 26 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

a) Current income tax on profits (continued):

In accordance with Article 32/A4 added with the New Corporate Tax Law No. 5838 Article 9, the discounted rate is applied to the earnings derived from capacity expansion investment, when these earnings could be accounted separately in the books of a company. When these earnings could not be accounted separately in the books, the earnings, to which the discounted rate will be applied, is determined by using the percentage of the amount of capacity expansion investment to the carrying amount of registered total tangible asset (including amounts relating to construction in progress) that company at period end. For this calculation, the carrying amount of registered total tangible asset in the company assets is taken into consideration with their revalued amounts. The application of the discounted rate commences in the advance tax period in which the investment partly or fully starts to its operations.

The taxes on income reflected to the consolidated income statement of the six months period ended 30 June, are summarized below:

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Current income tax charge (-)	(2,195)	2,650	(11,837)	(9,220)
Previous period income tax charge (*)	(1,980)	(1,980)	-	-
Deferred tax (charge) / revenue	800	801	(688)	(1,173)
Total income tax charge (-)	(3,375)	1,471	(12,525)	(10,393)

(*) 2013 income tax provision has been revised upon the realisation of contingent asset related to the termination of distribution contract continued in the year 2013 after the sale of the Group's joint venture EBC at 27 December 2012.

The reconciliation as of 30 June corporation tax expense included in the consolidated statement of income to the tax expense calculated with the current tax rate on the consolidated income before taxes is as follows:

	30 June 2014	30 June 2013
Profit / (loss) before tax	1,042	33,580
Current year corporation tax expense	(208)	(6,716)
Disallowable expenses	(154)	(28)
Tax effect of exempt income	-	1,623
Current period tax losses	(1,536)	(1,369)
Items disregarded in the calculation of deferred income tax	(112)	64
Equity method accounting	(1,365)	(6,099)
Total income tax charge (-)	(3,375)	(12,525)

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 26 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

b) Deferred income tax:

The Group recognises deferred income tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with TAS / TFRS and the tax financial statements. Such temporary differences generally arise due to revenues and expenses being recognised in different fiscal periods in accordance with tax regulations and TAS / TFRS. The tax rate used for deferred income tax assets and liabilities is 20% (31 December 2013: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided at 30 June 2014 and 31 December 2013 using the enacted tax rates is as follows:

	Cumulative temporary differences		Deferred income tax assets / (liabilities)	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Tax losses carried forward	(10,312)	(10,569)	2,062	2,114
Provision for unused vacation	(5,476)	(4,664)	1,095	933
Provision for doubtful receivables	(6,471)	(6,414)	1,294	1,283
Provision for employment termination benefits	(3,451)	(3,436)	690	687
Provision for litigations	(2,330)	(2,122)	466	424
Deferred credit finance income	(1,409)	(1,107)	282	221
Differences between the tax base and carrying amount of inventories	(966)	(938)	193	188
Provision for bonuses	-	(1,440)	-	288
Other	(236)	(1,311)	72	53
Deferred income tax assets (**)	(30,651)	(32,001)	6,154	6,191
Fair value differences of available-for-sale financial assets (*)	1,606,294	1,605,981	(80,320)	(80,304)
Difference between the tax base and carrying amount of investment property, property, plant and equipment and intangible assets	(297)	3,472	415	(339)
Deferred credit finance expenses	277	691	(55)	(138)
Deferred income tax liabilities (-) (**)	1,606,274	1,610,144	(79,960)	(80,781)
Deferred income tax liabilities, net	1,575,623	1,578,143	(73,806)	(74,590)

(*) Difference between fair value and book value amounts to TRL 1,606,294 thousand (31 December 2013: TRL 1,605,981 thousand) and based on the 75% exemption from the corporate tax denoted in Article 5, subsection (1), clause (e) of Corporate Tax Law No, 5520, deferred tax is calculated by applying 5% effective tax rate.

(**) Since deferred tax assets and deferred tax liabilities in the schedule above are summarized by nature of the temporary differences subject to deferred tax, they express the offset of deferred tax asset amounting to TRL 10,431 thousand (31 December 2013: TRL 9,628 thousand) and deferred tax liability amounting to TRL 84,237 thousand (31 December 2013: TRL 84,218 thousand) presented in the financial statements, which are calculated on a separate entity basis for all companies included in the scope of consolidation.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 26 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED) (Continued)

b) Deferred income tax (continued):

Based on the assessment made, the Group has not recognized any deferred tax assets over deductible temporary differences amounting to TRL 44,695 thousand (31 December 2013: TRL 37,578 thousand) as of 30 June 2014 considering available evidence with respect to the utilization of those assets in the foreseeable future.

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

The movement of deferred income tax liabilities as of 30 June are as follows:

	2014	2013
As of 1 January	(74,590)	(74,971)
Current year deferred income tax (expense) / benefit	800	(688)
Deferred income tax liability accounted under equity resulting from increase in value of available-for-sale financial assets	(16)	44
As of 30 June	(73,806)	(75,615)

NOTE 27 - EARNINGS PER SHARE

	1 January - 30 June 2014	1 April - 30 June 2014	1 January - 30 June 2013	1 April - 30 June 2013
Net gain / (loss) attributable to equity holders of the Company	(4,444)	(14,118)	19,030	18,759
Weighted average number of ordinary shares with face value of Kr 1 each	54,820,800,000	54,820,800,000	54,820,800,000	54,820,800,000
Basic and diluted earnings / (loss) per share (Kr)	(0.0081)	(0.0258)	0.0347	0.0342

During the period, dividends amounting to TRL 52,628 thousand were distributed over 2013 profits (In 2013, dividend amounting to TRL 54,821 thousand were distributed over 2012 profits). For both dividend distributions, dividend paid per share is TRL 0.10 (In 2013, dividend paid per share is TRL 0.10).

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

a) Credit risk

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

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit risk (continued)

Details of credit and receivable risk as of 30 June 2014 and 31 December 2013 are as follows:

30 June 2014	Trade receivables from		Other receivables from		Deposit in banks	Other (*)
	Related parties	Other	Related parties	Other		
Maximum credit risk exposed as of reporting date (**)	13,984	225,011	-	6,885	614,511	3,090
- Secured portion of the maximum credit risk by guarantees (-)	-	56,181	-	-	-	-
A. Net book value of financial assets that are neither past due not impaired	13,910	185,372	-	6,885	614,511	-
B. Carrying value of financial assets that are past due but not impaired (***)	74	39,639	-	-	-	3,090
C. Net book value of the impaired assets						
- Past due (gross carrying amount)	-	8,125	-	-	-	-
- Impairment (-)	-	(8,125)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-	-

(*) Item contains the financial assets measured at fair value and attributable to income statements.

(**) The area implies the sum of A, B, C, and D. Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.

(***) As of 30 June 2014, the aging explanations related with past due but not impaired assets indicated in the aging table of “Past due but not impaired trade receivables”.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit risk (continued)

31 December 2013	Trade receivables from		Other receivables from		Deposit in banks	Other (*)
	Related parties	Other	Related parties	Other		
Maximum credit risk exposed as of reporting date (**)	9,023	200,721	-	915	719,531	3,077
- Secured portion of the maximum credit risk by guarantees (-)	-	48,673	-	-	-	-
A. Net book value of financial assets that are neither past due not impaired	9,007	178,690	-	915	719,531	-
B. Carrying value of financial assets that are past due but not impaired (***)	16	22,031	-	-	-	3,077
C. Net book value of the impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	8,061	-	-	-	-
- Impairment (-)	-	(8,061)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-	-

(*) Item contains the financial assets measured at fair value and attributable to income statements.

(**) The area implies the sum of A, B, C, and D. Amounts showing the maximum credit risk exposed as of balance sheet date by excluding guarantees in hand and other factors that increase the credit quality.

(***) As of 31 December 2013, the aging explanations related with past due but not impaired assets indicated in the aging table of “Past due but not impaired trade receivables”.

EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**a) Credit risk (continued)**

Details of the past due but not impaired receivables for the years ended at 30 June 2014 and 31 December 2013 are as follows:

30 June 2014	Trade receivables from		
	Related parties	Other	Other
Past due up to 30 days	67	13,625	-
Past due 1 - 3 months	-	15,688	-
Past due 3 - 12 months	7	7,504	-
Past due 1 - 5 year (*)	-	2,822	3,090
	74	39,639	3,090

31 December 2013	Trade receivables from		
	Related parties	Other	Other
Past due up to 30 days	16	5,373	-
Past due 1 - 3 months	-	13,864	-
Past due 3 - 12 months	-	2,789	-
Past due 1 - 5 year (*)	-	5	3,077
	16	22,031	3,077

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Liquidity risk

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

The analysis of the Group’s financial liabilities with respect to their maturities is as follows:

30 June 2014						
Financial liabilities (non-derivative)	Carrying value	Contractual cash outflows	Contractual terms			
			Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Other financial liabilities	119,828	119,927	98,178	21,749	-	-
Trade payables due to related parties	125,703	126,544	126,544	-	-	-
Other trade payables	109,039	109,316	104,849	4,467	-	-
Other payables	4,771	4,771	4,771	-	-	-
Total non-derivative financial liabilities	359,341	360,558	334,342	26,216	-	-

31 December 2013						
Financial liabilities (non-derivative)	Carrying value	Contractual cash outflows	Contractual terms			
			Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Other financial liabilities	65,353	65,642	59,146	6,496	-	-
Trade payables due to related parties	94,784	95,242	95,242	-	-	-
Other trade payables	147,152	146,461	139,687	6,774	-	-
Other payables due to related parties	38,166	38,166	38,166	-	-	-
Other payables	1,880	1,880	1,880	-	-	-
Total non-derivative financial liabilities	347,335	347,391	334,121	13,270	-	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk

i) Cash flow and fair value interest rate risk

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

The Group is exposed to interest rate risk through floating interest rates bank borrowings. The Group is also exposed to fair value interest risk through fixed rate bank borrowings. As of 30 June 2014 and 31 December 2013, the Group’s financial liabilities with floating interest rates are TRL, USD and EUR denominated.

	30 June 2014	31 December 2013
Financial instruments with fixed interest rates		
Financial assets		
- Cash and cash equivalents	614,556	719,594
- Fair value changes recognised in to profit and loss	471	2
Financial liabilities		
- Financial liabilities	119,828	65,353

As disclosed above the Group’s financial instruments have fixed interest rates. However as indicated in Note 7 and Note 28, related financial instruments maturities are 6 months or shorter. Therefore those financial instruments are interest sensitive and the impact on the profit or loss of 100 basis points change in the interest rates is as follows:

At 30 June 2014, if interest rates at contractual re-pricing dates of TRL denominated financial liabilities with variable interest rates has strengthened/weakened by 100 basis points (1%) against TRL with all other variables held constant, profit before tax would have been TRL 1,198 thousand (30 June 2013: TRL 630 thousand) higher / lower as a result of interest expenses.

ii) Foreign exchange risk

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

ii) Foreign exchange risk (continued)

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

	30 June 2014			
	Profit / loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% change in USD against TRL:				
USD net asset / (liability)	27,659	(27,659)	27,659	(27,659)
Secured position (-)	-	-	-	-
USD net effect	27,659	(27,659)	27,659	(27,659)
In case of 10% change in EUR against TRL:				
EUR net asset / (liability)	24,648	(24,648)	24,648	(24,648)
Secured position (-)	-	-	-	-
EUR net effect	24,648	(24,648)	24,648	(24,648)
In case of 10% change in other foreign exchange rates against TRL:				
Other foreign currency net asset / (liability)	(4)	4	(4)	4
Secured position (-)	-	-	-	-
Other foreign currencies net effect	(4)	4	(4)	4
	52,303	(52,303)	52,303	(52,303)

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

ii) Foreign exchange risk (continued)

	31 December 2013			
	Profit / loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% change in USD against TRL:				
USD net asset / (liability)	23,538	(23,538)	23,538	(23,538)
Secured position (-)	-	-	-	-
USD net effect	23,538	(23,538)	23,538	(23,538)
In case of 10% change in EUR against TRL:				
EUR net asset / (liability)	24,064	(24,064)	24,064	(24,064)
Secured position (-)	-	-	-	-
EUR net effect	24,064	(24,064)	24,064	(24,064)
In case of 10% change in other foreign exchange rates against TRL:				
Other foreign currency net asset / (liability)	(1)	1	(1)	1
Secured position (-)	-	-	-	-
Other foreign currencies net effect	(1)	1	(1)	1
	47,601	(47,601)	47,601	(47,601)

TRL equivalents of assets and liabilities held by the Group denominated in foreign currency at 30 June 2014 and 31 December 2013 in consideration of foreign exchange rates are as follows:

	30 June 2014	31 December 2013
USD	2.1234	2.1343
EUR	2.8919	2.9365

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

ii) Foreign exchange risk (continued)

The amounts of assets and liabilities denominated in original and foreign currencies and their TRL equivalents as of 30 June 2014 were as follows:

	30 June 2014			
	Total TRL equivalent	Original amounts		
		USD	EUR	GBP
Trade receivables	3,718	1,039	523	-
Monetary financial assets	547,932	133,557	91,406	-
Current Assets	551,650	134,596	91,929	-
Trade receivables	319	150	-	-
Monetary financial assets	2,357	1,110	-	-
Non-current Assets	2,676	1,260	-	-
Total Assets	554,326	135,856	91,929	-
Trade payables	18,067	2,818	4,166	10
Monetary other liabilities	12,910	2,630	2,533	-
Current Liabilities	30,977	5,448	6,699	10
Monetary other liabilities	319	150	-	-
Non-current Liabilities	319	150	-	-
Total Liabilities	31,296	5,598	6,699	10
Net asset / (liability) position of derivative financial assets (A-B)	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency asset / (liability) position	523,030	130,258	85,230	(10)
Net foreign currency asset / (liability) position of monetary items	523,030	130,258	85,230	(10)
Fair value of hedged funds of foreign currency	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (continued)

ii) Foreign exchange risk (continued)

The amounts of assets and liabilities denominated in original and foreign currencies and their TRL equivalents as of 31 December 2013 were as follows:

	31 December 2013			
	Total TRL equivalent	Original amounts		
		USD	EUR	Other (*)
Trade receivables	4,414	1,508	407	-
Monetary financial assets	539,788	128,561	90,380	-
Current Assets	544,202	130,069	90,787	-
Trade receivables	1,076	504	-	-
Monetary financial assets	2,768	1,297	-	-
Non-current Assets	3,844	1,801	-	-
Total Assets	548,046	131,870	90,787	-
Trade payables	30,336	2,137	8,775	2
Monetary other liabilities	40,599	18,941	59	-
Current Liabilities	70,935	21,078	8,834	2
Monetary other liabilities	1,076	504	-	-
Non-current Liabilities	1,076	504	-	-
Total Liabilities	72,011	21,582	8,834	2
Net asset / (liability) position of derivative financial assets	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency asset / (liability) position	476,035	110,288	81,953	(2)
Net foreign currency asset / (liability) position of monetary items	476,035	110,288	81,953	(2)
Fair value of hedged funds of foreign currency	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR SIX MONTHS INTERIM PERIOD ENDED 30 JUNE 2014**

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

NOTE 29 - EVENTS AFTER THE REPORTING PERIOD

The Group’s joint venture Eczacıbaşı-Monrol has established a company in Dubai on 17 July 2014 entitled Monrol Gulf JLT. Eczacıbaşı-Monrol possesses 80% of Monrol Gulf JLT’s shares.

The Group’s subsidiary Eczacıbaşı Gayrimenkul capital has increased for an amount of TRL 2,415 thousand.

The Group’s subsidiary Eczacıbaşı Hijyen capital has increased for an amount of TRL 660 thousand.

The Group’s associate Vitra Karo capital has increased for an amount of TRL 147 million.

**NOTE 30 - DISCLOSURE OF OTHER MATTERS, WITH MATERIAL EFFECT ON CONSOLIDATED
FINANCIAL STATEMENTS, REQUIRED FOR THE PURPOSE OF UNDERSTANDING AND
INTERPRETING THE FINANCIAL STATEMENTS**

A real estate project under the name “Ormanada” which is on the land in the province of Istanbul and in the district of Sarıyer/Zekeriyaköy with 50% ownership the Group and 50% ownership of Eczacıbaşı Holding A.Ş.; has an investment amount of approximately USD 300 million and the size of houses varies between 170 and 700 square meters with sales price range from USD 500 thousand to USD 2.2 million. Ormanada Project has created in collaboration with international knowledge and experience of Torti Gallas and Partners, Kreatif Mimarlık and Rainer Schmidt Landscape Architects. In the context of the contract signed with the Company’s subsidiary Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş. and in its control, the project is outsourced to contractors or subcontractors chosen by one of the methods such as receiving tender on unit price or negotiation and lump-sum deal method. The number of houses is 273 which consist of 188 villa and 85 houses. The Project will be completed in two different phases; first phase consists of 150 units and second phase will consist of 123 units. As of 30 June 2014, in the first phase, 107 units were sold and sales agreements were signed by sales connection for 63 units included in the second phase. The project is continuing in two different phases. The delivery of the units located in the first phase has been started from April 2013 and 107 units were delivered as of 30 June 2014. The delivery of the units located in the second phase has been started from December 2013 and 49 units were delivered as of 30 June 2014. The termination process of Ormanada Project’s infrastructure works (construction of roads, electricity, water, sewer, natural gas, telephone, etc.) and top structure works (construction of buildings) have been continued.

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