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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2015

(ORIGINALLY ISSUED IN TURKISH)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2015**

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

	Notes	*Not Reviewed* **31 March 2015**	*Audited* **31 December 2014**
ASSETS			
Current assets			
Cash and cash equivalents	5	644,542	648,606
Financial investments	6	1,248	763
Trade receivables			
- Trade receivables due from related parties	8	3,903	4,020
- Trade receivables due from third parties	9	265,568	208,084
Other receivables			
- Other receivables due from third parties		218	207
Inventories	10	145,616	154,790
Prepaid expenses	11	10,502	1,679
Current income tax assets	12	366	123
Other current assets	18	16,992	16,939
Total current assets		**1,088,955**	**1,035,211**
Non-current assets			
Trade receivables			
- Trade receivables due from third parties	9	284	325
Other receivables			
- Other receivables due from third parties		46	46
Financial investments	6	1,720,129	1,720,122
Investments accounted for using equity method	3	110,474	114,369
Investment properties	13	213,797	210,449
Property, plant and equipment	14	66,607	63,314
Intangible assets			
- Goodwill		28,159	28,159
- Other intangible assets	15	30,952	31,323
Prepaid expenses	11	6,449	7,025
Deferred tax assets	26	10,382	10,667
Other non-current assets	18	38,619	42,475
Total non-current assets		**2,225,898**	**2,228,274**
Total assets		**3,314,853**	**3,263,485**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2015

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

	Notes	*Not Reviewed* **31 March 2015**	*Audited* **31 December 2014**
LIABILITIES			
Current liabilities			
Short term borrowings			
-Financial liabilities due to related parties	8	5,000	-
-Financial liabilities due to third parties	7	108,810	113,116
Trade payables			
- Trade payables due to related parties	8	136,485	108,512
- Trade payables due to third parties	9	120,522	125,322
Employee benefit obligations	17	2,450	2,261
Other payables			
- Other payables due to related parties		-	-
- Other payables due to third parties		8,621	5,923
Deferred income	11	1,844	11,021
Current income tax liabilities	26	8,757	2,042
Short term provisions			
- Short term provisions for employee benefits	17	4,527	4,539
- Other short term provisions	16	3,057	3,018
Other current liabilities	18	291	206
Total current liabilities		**400,364**	**375,960**
Non-current liabilities			
Long Term Liabilities	7	31,684	31,244
Deferred income	11	1,219	2,943
Long term provisions			
- Long term provisions for employee benefits	17	3,962	3,293
Deferred tax liabilities	26	81,362	81,500
Other non-current liabilities	18	3,596	7,500
Total non-current liabilities		**121,823**	**126,480**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2015

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

	Notes	*Not Reviewed* 31 March 2015	*Audited* 31 December 2014
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		(2,534)	(2,534)
Items that may be reclassified subsequently to profit or loss			
- Cumulative translation differences		9,754	9,566
- Gains / losses on available for sale financial assets due to revaluation or/and reclassification		1,495,226	1,495,231
Restricted reserves	19	308,538	308,538
Retained earnings		279,055	322,348
Net income for the period		32,318	(43,293)
Attributable to equity holders of the Company		**2,776,342**	**2,743,841**
Non-controlling interests		**16,324**	**17,204**
Total equity		**2,792,666**	**2,761,045**
Total liabilities and equity		**3,314,853**	**3,263,485**

The interim condensed consolidated financial statements for three months period ended 31 March 2015 were approved by the Board of Directors on 11 May 2015 and signed on its behalf by Bülent Avcı, Financial Director and by Gülnur Günbey Kartal, Internal Audit Manager.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

	Notes	*Not Reviewed* 1 January - 31 March 2015	*Not Reviewed* 1 January - 31 March 2014
Revenue	20	303,210	256,942
Cost of sales (-)	20	(233,671)	(203,156)
Gross profit		**69,539**	**53,786**
General administrative expenses (-)	21	(23,208)	(19,391)
Marketing expenses (-)	21	(37,817)	(29,141)
Research and development expenses (-)	21	(361)	(329)
Other operating income	23	58,460	48,686
Other operating expense (-)	23	(14,025)	(33,597)
Operating profit		**52,588**	**20,014**
Income from investing activities	24	196	82
Expenses from investing activities (-)	24	(90)	(26)
Share of profit of investments accounted for using equity method (-)	3	(7,282)	(3,519)
Operating income before finance expense		**45,412**	**16,551**
Financial expenses (-)	25	(4,497)	(2,647)
Profit before tax		**40,915**	**13,904**
Tax income / (expense) from continuing operations		**(9,614)**	**(4,846)**
Income tax expense (-)	26	(9,475)	(4,845)
Deferred tax expense (-)	26	(139)	(1)
Profit for the period		**31,301**	**9,058**
Attributable to			
- Non-controlling interests		(1,017)	(616)
- Equity holders of the parent	27	32,318	9,674
Net profit for the period		**31,301**	**9,058**
Weighted average number of ordinary shares with face value of KR 1 each		54,820,800,000	54,820,800,000
Basic and diluted earnings / (loss) per share	**27**	**0,0590**	**0,0176**

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

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

	Notes	*Not Reviewed* 1 January - 31 March 2015	*Not Reviewed* 1 January - 31 March 2014
Profit for the period		**31,301**	**9,058**
Other comprehensive income / (expenses)			
Items that may be reclassified subsequently to profit or loss			
- Currency translation differences		(712)	385
- Gains / losses on available for sale financial assets due to revaluation or/and reclassification		167	(156)
- Group's share in equity method accounted investments' comprehensive income	3	873	(18)
- Gain / loss on remeasurement of defined benefit plans of investments accounted for using equity method		-	-
- Tax relating to items that may be reclassified subsequently	26	(8)	8
Other comprehensive (loss) / income (after tax)		**320**	**219**
Total comprehensive income		**31,621**	**9,277**
Total comprehensive income / (loss) attributable to			
- Non-controlling interest		(880)	(719)
- Equity holders of the parent		32,501	9,996
Total comprehensive income		**31,621**	**9,277**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

			Items that will not be reclassified subsequently to profit or loss	Items that may be reclassified subsequently to profit or loss			Retained Earnings				
	Share capital	Adjustment to share capital	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	**Attributable to equity holders of the Company**	Non-controlling interest	**Total equity**
As of 1 January 2015	**548,208**	**105,777**	**(2,534)**	**9,566**	**1,495,231**	**308,538**	**322,348**	**(43,293)**	**2,743,841**	**17,204**	**2,761,045**
Transfers	-	-	-	-	-	-	(43,293)	43,293	-	-	-
Total comprehensive income / (loss)	-	-	-	188	(5)	-	-	32,318	**32,501**	(880)	**31,621**
31 March 2015	**548,208**	**105,777**	**(2,534)**	**9,754**	**1,495,226**	**308,538**	**279,055**	**32,318**	**2,776,342**	**16,324**	**2,792,666**
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	-	-	-	-	-	-	61,414	(61,414)	-	-	-
Total comprehensive income / (loss)	-	-	-	370	(48)	-	-	9,674	**9,996**	(719)	**9,277**
31 March 2014	**548,208**	**105,777**	**(182)**	**3,736**	**1,540,550**	**299,764**	**383,750**	**9,674**	**2,891,277**	**38,177**	**2,929,454**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

	Notes	*Not Reviewed* 1 January - 31 March 2015	*Not Reviewed* 1 January - 31 March 2014
A. Cash flows from operating activities			
Income for the period		**31,301**	**9,058**
Adjustments for reconciliation of profit / loss for the period:			
Adjustments for depreciation and amortisation	22	4,398	4,688
Provision for employment termination benefits	22	1,090	441
Provision for unused vacation	21	184	558
Provision for doubtful receivable	21	181	321
Loss / (gain) on sale of property, plant and equipment, net	24	(106)	(56)
Provision for diminution in value of inventories, net	23	-	1,549
Group's share in the associates' loss	3	7,282	3,519
Adjustments for interest income and expenses	23, 25	(1,855)	(4,602)
Adjustments for income tax expense / income	26	9,614	4,846
Provision for litigations	16	184	-
Adjustments for unrecognized foreign exchange differences		(38,170)	(14,054)
Income / expense accruals	9	(1,660)	1,348
Changes in working capital:			
Adjustments for increase / decrease in trade receivables		(55,482)	(27,828)
Adjustments for increase / decrease in inventories		2,957	3,959
Adjustments for increase / decrease in trade payables		21,039	4,686
Adjustments for increase / decrease in other receivables related with operations		(4,698)	(1,289)
Adjustments for increase / decrease in other payables related with operations		(11,978)	(57,596)
		(35,719)	**(70,452)**
Cash flows from operating activities:			
Interest received		8,063	10,724
Interest expense from purchases on credit		(2,825)	(2,010)
Taxes paid		(2,760)	(9,410)
Employment termination benefits paid	17	(421)	(466)
Unused vacation paid	17	(196)	(46)
		(33,858)	**(71,660)**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 31 MARCH 2015

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

	Notes	*Not Reviewed* **1 January - 31 March 2015**	*Not Reviewed* **1 January - 31 March 2014**
B. Cash flows from investing activities			
Cash outflows from the purchase of tangible and intangible assets	13, 14, 15	(5,479)	(1,357)
Cash inflows from the sale of tangible and intangible assets	13, 14, 15, 24	1,134	119
Capital advance payments to associates		(2,514)	-
Changes in financial assets		(325)	5
		(7,184)	**(1,233)**
C. Cash flows from financing activities			
Cash inflows / (outflows) from bank borrowings		(304)	28,509
Interest paid		(2,727)	(2,521)
		(3,031)	**25,988**
Net increase / decrease in cash and cash equivalents before the impact of foreign currency translation differences (A+B+C)		**(44,073)**	**(46,905)**
D. Impact of foreign currency translation differences on cash and cash equivalents		**40,403**	**13,643**
Net decrease in cash and cash equivalents (A+B+C+D)		**(3,670)**	**(33,262)**
E. Cash and cash equivalents at the beginning of the period	**5**	**647,361**	**717,257**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	**5**	**643,691**	**683,995**

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

NOTE 1 - ORGANISATION AND NATURE OF THE COMPANY

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

The Company's registered address is as follows:

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

The Company is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been quoted on the Borsa İstanbul A.Ş. ("BIST") since 1990. As of 31 March 2015, 23.35% (31 December 2014: 23.54%) 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 2014: 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 Hijyen Ürünleri Sanayi ve Ticaret A.Ş. ("Eczacıbaşı Hijyen")	Marketing and selling of personal care products	Personal care
Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş. ("Eczacıbaşı Gayrimenkul")	Real estate development	Construction

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

NOTE 1 - ORGANISATION AND NATURE OF 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 Bozluolçay and Şükrü Bozluolçay	Health
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş. ("ESK")	Sale of personal care products	Hans Schwarzkopf Gmbh & Co. KG	Personal care

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/TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). Financial statements and notes are prepared in accordance with the new format of CMB released on 7 June 2013.

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.

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 TL, 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

The Group has applied the same significant accounting policies, presentation and estimates that are used for the preparation of consolidated financial statements for the year end on 31 December 2014 for the preparation of accompanying condensed consolidated financial statements except for the new and revised accounting standards effective for annual periods beginning on 1 January 2015.

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give accurate trend analysis regarding financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed where necessary.

2.2 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. The Group's significant accounting policies that are used for the preparation of condensed consolidated financial statements for the three months interim period ended 31 March 2015 are consistent with accounting policies presented in the consolidated financial statements as 31 December 2014.

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.

(Amounts expressed in thousand of Turkish Lira ("TL") 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 effective since the year 2015 with no material effect on financial statements with amendments and interpretations on current TFRSs

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Annual Improvements to 2010-2012 Cycle	*IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and IAS 38, IAS 24, IFRS 9, IAS 37, IAS 39* [1]
Annual Improvements to 2011-2013 Cycle	*IFRS 1, IFRS 3, IFRS 13, IAS 40* [1]

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

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

Annual Improvements to 2010-2012 Cycle

IFRS 2: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.

IFRS 3: Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

IFRS 8: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.

IFRS 13: Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).

IAS 16 and IAS 38: Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.

IAS 24: Clarify how payments to entities providing management services are to be disclosed.

The Annual Improvements to 2010-2012 Cycle caused changes in the related parts of IFRS 9, IAS 37 and IAS 39.

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

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

2.4 New and revised Turkish Financial Reporting Standards (continued)

b) New and Revised TFRSs effective since the year 2015 with no material effect on financial statements with amendments and interpretations on current TFRSs (continued)

Annual Improvements to 2011-2013 Cycle

IFRS 3: Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13: Clarify the scope of the portfolio exception in paragraph 52.

IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

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

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

IFRS 9	*Financial Instruments*
Amendments toIFRS 9 and IFRS 7	*Mandatory Effective Date of IFRS 9 and Transition Disclosures*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Annual Improvements to 2011-2013 Cycle	*IFRS 1* [2]
Amendments to IAS 1	*Disclosure Initiative* [2]
Annual Improvements to 2011-2013 Cycle	*IFRS 1* [2]
Amendments to IAS 1	*Disclosure Initiative* [2]
Annual Improvements to 2012-2014 Cycle	*IFRS 5, IFRS 7, IAS 19, IAS 34* [2]
Amendments to IAS 27	*Equity Method in Separate Financial Statements* [2]
Amendments to IFRS 10 and IFRS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [2]
Amendments to IFRS 10,12 and IAS 28	*Investment Entities: Applying the Consolidation Exception* [2]

[1] Effective for annual periods beginning on or after 31 December 2015.
[2] Effective for annual periods beginning on or after 1 January 2016.

IFRS 9 *Financial Instruments*

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

Amendments to IFRS 9 and IFRS 7 *Mandatory Effective Date of IFRS 9 and Transition Disclosures*

It is tentatively decided that the mandatory effective date of IFRS 9 will be no earlier than annual periods beginning on or after 1 January 2018.

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

2.5 New and revised Turkish Financial Reporting Standards (continued)

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

Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

This amendment clarifies that that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, and introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendment also adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Amendments to IFRS 11 and IFRS 1 *Accounting for Acquisition of Interests in Joint operations*

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:

- apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11,
- disclose the information required by IFRS 3 and other IFRSs for business combinations.

Amendments to IFRS 11 and IFRS 1 caused changes in the related parts of IFRS 1.

Annual Improvements 2011-2013 Cycle

IFRS 1: Clarify which versions of IFRSs can be used on initial adoption.

Amendments to IAS 1 *Disclosure Initiative*

This amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports

Annual Improvements 2012-2014 Cycle

IFRS 5: Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

IFRS 7: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

IAS 34: Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

Annual Improvements for the period 2012-2014 caused changes in the related parts of IAS 19.

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

2.6 New and revised Turkish Financial Reporting Standards (continued)

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

Amendments to IAS 27 *Equity Method in Separate Financial Statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

This amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12

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

NOTE 3 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 March 2015	31 December 2014
Associates		
Vitra Karo	-	-
Ekom	16,580	16,443
ESH	52	-
Joint Ventures		
Eczacıbaşı-Monrol	33,635	34,754
ESK	1,490	1,706
EBX	58,717	61,466
	110,474	**114,369**

	2015	2014
As of 1 January	114,369	132,643
The Group's share in investments accounted for using equity method' profit / (loss)	(7,282)	(3,519)
Capital advance payments	2,514	-
Change in the fair value of available-for-sale financial assets	(27)	8
Increases due to currency translation differences	900	(26)
As of 31 March	**110,474**	**129,106**

The Group's share in the assets, liabilities as of 31 March 2015 and 31 December 2014, net sales of the associates for the period ended 31 March are presented below:

	31 March 2015					
	Assets	Liabilities	Goodwill attributable to equity holders	Net sales	Net profit / (loss) for the period	Total proportion of ownership interests (%)
Ekom	1,382,177	1,319,291	-	262,703	164	26
Vitra Karo	868,731	952,102	-	207,054	(8)	25
ESH	8,862	8,758	-	7,949	(2,464)	48
Eczacıbaşı-Monrol	218,068	203,555	26,379	20,825	(2,009)	50
ESK	11,641	8,470	-	4,917	(216)	47
EBX	300,083	182,642	-	127,371	(2,749)	50
					(7,282)	

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

NOTE 3 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

	31 December 2014			31 March 2014		
	Assets	Liabilities	Goodwill attributable to equity holders	Net sales	Net profit / (loss) for the period	Total proportion of ownership interest (%)
Ekom	1,263,073	1,200,705	-	292,734	159	26.36
Vitra Karo	822,331	904,982	-	223,946	257	25.00
ESH	7,823	10,471	-	6,448	-	48.35
Eczacıbaşı-Monrol	213,093	196,343	26,379	20,616	(3,412)	50.00
ESK	12,464	8,833	-	4,961	(42)	47.00
EBX	282,400	159,461	-	106,675	(481)	50.00
					(3,519)	

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 31 March 2015:

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:

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 size of houses varies between 170 and 700 square meters with sales price range from USD 500 thousand to USD 2,2 million in Ormanada.

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

NOTE 4 - SEGMENT REPORTING (Continued)

3. Real estate development (continued):

Ormanada (continued):

Ormanada 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, Ormanada 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 completed in two different phases; first phase consists of 150 units and second phase consists of 123 units. As at 31 March 2015, in the first phase, 113 units were sold and sales agreements were signed by sales connection for 65 units included in the second phase. The delivery of the units located in the first phase has been started from April 2013 and 112 units were delivered as of 31 March 2015. The delivery of the units located in the second phase has been started from December 2013 and 65 units were delivered as of 31 March 2015. Construction is completed in the Ormanada, only small revisions could be made. 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 31 March 2015 and 31 December 2014:

	31 March 2015		**31 December 2014**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Health	107,200	(70,206)	85,368	(98,287)
Personal care	443,889	(347,968)	403,033	(305,436)
Real estate development	325,274	(8,403)	333,417	(10,171)
Undistributed	2,438,490	(95,610)	2,441,667	(88,546)
Total	**3,314,853**	**(522,187)**	**3,263,485**	**(502,440)**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Capital expenditures and non-cash expenses of segments as of 31 March:

1 January - 31 March 2015	**Health**	**Personal care**	**Real estate development**	**Undistributed**	**Inter-segment elimination**	**Total**
Capital expenditures (Notes 13, 14 and 15)	312	5,138	29	-	-	**5,479**
Non-cash expenses:						
- Depreciation and amortisation (Notes 13, 14 and 15)	539	1,721	2,138	-	-	**4,398**
- Provision for diminution in value of inventories (Note 10)	-	-	-	-	-	**-**
- Provision for employment termination benefits (Note 17)	423	637	30	-	-	**1,090**
- Provision for unused vacation (Note 17)	(302)	486	-	-	-	**184**
- Provision for litigations (Note 16)	72	112	-	-	-	**184**
- Provision for doubtful receivables (Note 9)	80	28	73	-	-	**181**
- Expense accruals (Note 9)	209	156	-	-	-	**365**
	1,021	**3,140**	**2,241**	**-**	**-**	**6,402**
1 January - 31 March 2014						
Capital expenditures (Notes 13, 14 and 15)	171	1,134	52	-	-	**1,357**
Non-cash expenses:						
- Depreciation and amortisation (Notes 13, 14 and 15)	612	1,786	2,290	-	-	**4,688**
- Provision for diminution in value of inventories (Note 10)	784	765	-	-	-	**1,549**
- Provision for employment termination benefits (Note 17)	343	63	35	-	-	**441**
- Provision for unused vacation (Note 17)	268	275	15	-	-	**558**
- Provision for litigations (Note 16)	-	-	-	-	-	**-**
- Provision for doubtful receivables (Note 9)	45	276	-	-	-	**321**
- Expense accruals (Note 9)	413	938	-	-	-	**1,351**
	2,465	**4,103**	**2,340**	**-**	**-**	**8,908**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Segment results for the interim periods ended 31 March:

1 January - 31 March 2015	**Health**	**Personal care**	**Real estate development**	**Undistributed**	**Inter-segment elimination**	**Total**
Total sales	79,147	227,622	18,903	1	-	**325,673**
Elimination of sales within the Group (-)	-	(22,148)	(315)	-	-	**(22,463)**
Sales to third parties	79,147	205,474	18,588	1	-	**303,210**
Cost of sales (-)	(53,176)	(171,839)	(8,656)	-	-	**(233,671)**
Gross profit	**25,971**	**33,635**	**9,932**	**1**	**-**	**69,539**
General administrative expenses (-)	(8,684)	(11,595)	(1,811)	(1,118)	-	**(23,208)**
Marketing expenses (-)	(15,453)	(19,951)	(2,413)	-	-	**(37,817)**
Research and development expenses (-)	-	(361)	-	-	-	**(361)**
Other operating income	1,035	3,951	68	53,406	-	**58,460**
Other operating expenses (-)	(3,667)	(3,053)	(27)	(7,278)	-	**(14,025)**
Operating (loss) / profit	**(798)**	**2,626**	**5,749**	**45,011**	**-**	**52,588**
1 January - 31 March 2014						
Total sales	38,317	174,938	81,750	-	-	**295,005**
Elimination of sales within the Group (-)	-	(17,869)	(20,194)	-	-	**(38,063)**
Sales to third parties	38,317	157,069	61,556	-	-	**256,942**
Cost of sales (-)	(22,720)	(131,543)	(48,893)	-	-	**(203,156)**
Gross profit	**15,597**	**25,526**	**12,663**	**-**	**-**	**53,786**
General administrative expenses (-)	(7,089)	(9,331)	(1,913)	(1,058)	-	**(19,391)**
Marketing expenses (-)	(11,948)	(14,724)	(2,469)	-	-	**(29,141)**
Research and development expenses (-)	-	(329)	-	-	-	**(329)**
Other operating income	838	6,134	3	41,711	-	**48,686**
Other operating expenses (-)	(3,145)	(6,777)	(286)	(23,389)	-	**(33,597)**
Operating (loss) / profit	**(5,747)**	**499**	**7,998**	**17,264**	**-**	**20,014**

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

NOTE 4 - SEGMENT REPORTING (Continued)

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

	31 March 2015	31 March 2014
Operating profits related to operating segments	7,577	2,750
Undistributed expenses (-)	45,011	17,264
Inter-segment elimination	-	-
Income from investing activities	196	82
Expenses from investing activities (-)	(90)	(26)
Losses shares from associates	(7,282)	(3,519)
Financial expenses (-)	(4,497)	(2,647)
Profit / (loss) before tax	**40,915**	**13,904**

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 March 2015	31 December 2014
Cash in hand	44	33
Banks	644,498	648,573
- demand deposits	5,428	13,054
- time deposits	639,070	635,519
	644,542	**648,606**

Interest rates for TL denominated time deposits vary between 10.20% and 11.35% (31 December 2014: 9.50% - 11.50%), whereas interest rates for foreign currency denominated time deposits vary between 2.00% and 2.65% (31 December 2014: 1.90% - 2.60%). The weighted average interest rates per annum for TL, USD and EUR denominated time deposits are 10.65%, 2.47% and 2.03%, respectively (31 December 2014: 10.19%, 2.28% and 2.12%). Time deposits on the bank that classified by currency are as follows:

	31 March 2015	31 December 2014
TL denominated time deposits	38,277	82,352
TL Equivalent of USD denominated time deposits	367,487	321,725
TL Equivalent of EUR denominated time deposits	233,306	231,442
	639,070	**635,519**

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

	31 March 2015	31 December 2014	31 March 2014	31 December 2013
Cash and cash equivalents	644,542	648,606	684,741	719,594
Interest accruals (-)	(851)	(1,245)	(746)	(2,337)
	643,691	**647,361**	**683,995**	**717,257**

Cash and cash equivalents amounting TL 3,596 thousand (31 December 2014: TL 7,500 thousand) which was blocked in order to be used in continuing operations and fulfil the obligations of the Group, have been reclassed separately in "Other Current Assets".

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

NOTE 6 - FINANCIAL ASSETS

The details of financial investments included in current assets as of 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
Financial assets at fair value through profit and loss	1,248	763
Financial investments, current	**1,248**	**763**
Financial assets available-for-sale	1,718,023	1,717,856
Financial assets at fair value through profit and loss	2,106	2,666
Financial investments, non-current	**1,720,129**	**1,720,122**

TFRS 13 explains the classifications of valuation techniques.

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

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

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

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

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

31 March 2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	1,248	-	1,248
Financial investments, current	**-**	**1,248**	**-**	**1,248**
Financial assets available-for-sale	217,275	228,798	1,271,950	1,718,023
Financial assets at fair value through profit and loss	-	2,106	-	2,106
Financial investments, non-current	**217,275**	**230,904**	**1,271,950**	**1,720,129**

31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	763	-	763
Financial investments, current	**-**	**763**	**-**	**763**
Financial assets available-for-sale	217,108	228,798	1,271,950	1,717,856
Financial assets at fair value through profit and loss	-	2,266	-	2,266
Financial investments, non-current	**217,108**	**231,064**	**1,271,950**	**1,720,122**

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

NOTE 6 - FINANCIAL ASSETS (Continued)

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

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

The Group expects to transfer the investments in foreign portfolio accounts amounted to TL 1,248 thousand (31 December 2014: TL 763 thousand) in one year period from balance sheet date, remaining balance of TL 2,106 thousand (31 December 2014: TL 2,266 thousand) in following periods to the depository accounts in Turkey.

b) Available-for-sale financial assets:

Long-term available-for-sale financial assets:

The list of long-term available for sale financial assets as of 31 March 2015 and 31 December 2014 is as follows:

Listed:	**31 March 2015**	**%**	**31 December 2014**	**%**
Eczacıbaşı Yatırım Ortaklığı A.Ş. (*)	4,032	15	3,686	15
İntema İnşaat ve Tesisat Malzemeleri				
Yatırım ve Pazarlama A.Ş. (*)	975	2	1,154	2
Türkiye İş Bankası A.Ş. (*)	25	<1	25	<1
Ak Enerji Elektrik Üretim A.Ş. (*) (**)	<1	<1	<1	<1
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş. (*) (**)	-	-	<1	<1
	5,032		**4,865**	
Not listed:				
Eczacıbaşı Holding A.Ş. (***)	1,712,044	37	1,712,044	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (***)	768	14	768	14
Eczacıbaşı Menkul Değerler A.Ş. (***)	151	1	151	1
Other (***)	28		28	
	1,712,991		**1,712,991**	
Total	**1,718,023**		**1,717,856**	

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

(**) As of 31 March 2015, the market prices of Ak Enerji Elektrik Üretim A.Ş. is TL 101 (31 December 2014: TL 129). As of 27 February 2015 group sold the 156 shares which belongs to Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş. for TL 721 (31 December 2014: TL 717).

(***) 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 2014, has not been updated for interim period.

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

NOTE 7 - FINANCIAL LIABILITIES

	31 March 2015		31 December 2014	
	Effective interest rate per annum (%) (*)	**TL**	**Effective interest rate per annum (%) (*)**	**TL**
TL denominated bank borrowings	8.24 - 10.51	103,767	7.00 - 10.65	108,124
Euro denominated bank borrowings	2.73	5,043	3.00	4,992
Short-term bank borrowings		**108,810**		**113,116**
Euro denominated bank borrowings	3.88	31,684	3.49	31,244
Long-term bank borrowings		**31,684**		**31,244**
Total financial liabilities		**140,494**		**144,360**

(*) Annual weighted interest rate of TL denominated short-term bank borrowings are 10.28% (31 December 2014: 9.53%). Annual weighted interest rate of Euro denominated short-term bank borrowings are 2.5%. (31 December 2014: 3.00%). Annual weighted long term interest rate of Euro denominated short-term bank borrowings are 3.88% (31 December 2014: 3.49%).

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties at 31 March 2015 and 31 December 2014:

Short-term trade receivables from related parties	31 March 2015	31 December 2014
Due from shareholders		
Eczacıbaşı Holding A.Ş.	1,244	2,526
	1,244	**2,526**
Due from Joint Ventures		
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	522	225
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	17	13
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	4	458
	543	**696**
Due from Associates		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	1,315	416
Eczacıbaşı Sağlık Hizmetleri A.Ş.	4	3
Vitra Karo Sanayi ve Ticaret A.Ş.	-	4
	1,319	**423**
Due from other related parties		
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	539	269
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	230	38
Other	28	68
	797	**375**
Short-term due from related parties	**3,903**	**4,020**

Average maturity of the Group's receivables from related parties is 15 days (31 December 2014: 18 days) and is amortised at 8.83% per annum (31 December 2014: 8.39%).

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

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

a) Balances with related parties at 31 March 2015 and 31 December 2014 (continued):

Short-term trade payables to related parties	**31 March 2015**	**31 December 2014**
Due to shareholders		
Eczacıbaşı Holding A.Ş.	2,509	3,087
	2,509	**3,087**
Due to Joint Ventures		
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	6,605	5,593
Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	349	1
	6,954	**5,594**
Due to Associates		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	3	5
Eczacıbaşı Sağlık Hizmetleri A.Ş.	52	7
	55	**12**
Due to other related parties		
İpek Kağıt Sanayi ve Ticaret A.Ş.	123,716	97,507
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	2,389	17
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	967	1,341
Eczacıbaşı Spor Kulübü Derneği	214	614
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	179	612
İntema İnşaat ve Tesisat Malz. Yatırım ve Paz. A.Ş.	99	70
Other	7	21
	127,571	**100,182**
	137,089	**108,875**
Deferred credit finance expenses (-)	(604)	(363)
Short-term due to related parties	**136,485**	**108,512**

Average maturity of the Group's payables to related parties is 106 days (31 December 2014: 90 days) and is amortised at 8.83% per annum (31 December 2014: 8.55%).

Short term financial liabilities to related parties	**31 March 2015**	**31 December 2014**
Ekom Eczacıbaşı Dış Ticaret A.Ş.	5,000	**-**
	5,000	**-**

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

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

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

Product sales	1 January - 31 March 2015	1 January - 31 March 2014
Ekom Eczacıbaşı Dış Ticaret A.Ş.	2,328	662
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	441	29
Other	116	29
	2,885	**720**

Service sales	1 January - 31 March 2015	1 January - 31 March 2014
İpek Kağıt Sanayi ve Ticaret A.Ş.	18,854	13,483
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş	1,632	1,628
Eczacıbaşı Holding A.Ş.	316	20,017
Other	59	5
	20,861	**35,133**

Product purchases	1 January - 31 March 2015	1 January - 31 March 2014
İpek Kağıt Sanayi ve Ticaret A.Ş.	116,456	86,885
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	5,856	6,179
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	9	4
Other	-	3
	122,321	**93,071**

Service purchases	1 January - 31 March 2015	1 January - 31 March 2014
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	1,292	1,567
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	527	494
Eczacıbaşı Holding A.Ş.	153	167
Eczacıbaşı Ortak Sağlık ve Güvenlik Birimi A.Ş.	115	105
Eczacıbaşı Sağlık Hizmetleri A.Ş.	52	30
İntema İnşaat ve Tesisat Malz. Yatırım ve Paz. A.Ş.	1	1,734
Other	-	69
	2,140	**4,166**

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

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

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

Financial income	**1 January - 31 March 2015**	**1 January - 31 March 2014**
Ekom Eczacıbaşı Dış Ticaret A.Ş.	8	-
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	-	6
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	-	2
Other	1	-
	9	**8**

Financial expenses	**1 January - 31 March 2015**	**1 January - 31 March 2014**
İpek Kağıt Sanayi ve Ticaret A.Ş.	811	1,106
Other	73	85
	884	**1,191**

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

Management and royalty fees paid to related parties	**1 January - 31 March 2015**	**1 January - 31 March 2014**
Eczacıbaşı Holding A.Ş. (*)	2,417	2,723
	2,417	**2,723**

(*) 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 - 31 March 2015**	**1 January - 31 March 2014**
Eczacıbaşı Holding A.Ş.	960	843
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	570	507
İpek Kağıt Sanayi ve Ticaret A.Ş.	106	142
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	50	46
İntema İnşaat ve Tesisat Malz. Yatırım ve Paz. A.Ş.	-	21
Other	13	45
	1,699	**1,604**

Rent expenses paid to related parties	**1 January - 31 March 2015**	**1 January - 31 March 2014**
Eczacıbaşı Holding A.Ş.	569	546
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	163	66
	732	**612**

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

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

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

Other expenses paid to related parties	1 January - 31 March 2015	1 January - 31 March 2014
Kanyon Yönetim İşletim ve Pazarlama Ltd. Şti.	276	58
Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	132	18
İpek Kağıt San. ve Tic. A.Ş.	97	19
Eczacıbaşı Holding A.Ş.	55	110
Eczacıbaşı Bilişim San. ve Tic. A.Ş.	30	22
Other	54	44
	644	**271**

Other expenses from related parties	1 January - 31 March 2015	1 January - 31 March 2014
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş.	228	-
	228	**-**

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

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

Within the context of real estate operations, the Group provide audit, follow-up and subcontractor management services to Eczacıbaşı Holding A.Ş. related to construction process of co-executed Ormanada Project as detailed in Note 4.

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 31 March 2015 and 31 December 2014.

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.

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

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

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

Benefits provided to top management (continued):

Details of compensation provided to key management personnel for the periods ending as of 31 March are as follows:

Benefits provided to top management	2015	2014
Short term benefits provided to key management personnel	4,850	4,787
Long term benefits provided to key management personnel	1,770	-
As of 31 March	**6,620**	**4,787**

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables:

Short-term trade receivables	31 March 2015	31 December 2014
Trade receivables	240,001	180,926
Notes receivables	33,178	31,463
Income accruals	2,025	4,682
	275,204	**217,071**
Deferred credit finance income (-)	(1,590)	(1,122)
Provision for doubtful receivables (-)	(8,046)	(7,865)
Short-term trade receivables, net	**265,568**	**208,084**

As of 31 March 2015, long-term trade receivables amounting to TL 284 thousand (31 December 2014: TL 325 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 68 days (31 December 2014: 62 days) and TL denominated trade receivables are amortised at 8.83% per annum (31 December 2014: 8.39%).

Movement of provision for doubtful receivables is presented below:

	2015	2014
As of 1 January	7,865	8,061
Current year additions (Note 21)	181	321
As of 31 March	**8,046**	**8,382**

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

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

b) Trade payables:

Short-term trade payables	31 March 2015	31 December 2014
Trade payables	121,448	115,919
Note payables	-	2,390
Expense accruals	365	8,170
Deferred credit finance expenses (-)	(1,291)	(1,157)
Short-term trade payables, net	**120,522**	**125,322**

Average maturity of the Group's payables is 84 days (31 December 2014: 93 days) and TL denominated trade payables are amortised at 8.83% per annum (31 December 2014: 8.54%), EUR denominated trade payables are amortised at 0.02% per annum (31 December 2014: 0.06%) and USD denominated payables are amortised at 0.27% per annum (31 December 2014: 0.26%).

NOTE 10 - INVENTORIES

	31 March 2015	31 December 2014
Raw materials and supplies	15,340	14,318
Work in progress	525	1,265
Finished goods	13,066	13,646
Merchandise	26,077	26,299
Scrap goods	5,073	4,613
Other inventories	3,335	3,136
Lands, completed and construction in progress houses	94,136	103,499
	157,552	**166,776**
Provision for diminution in value of inventories (-)	(11,936)	(11,986)
	145,616	**154,790**

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:

	2015	2014
As of 1 January	11,986	11,450
Current year additions (Note 23)	-	1,549
Reversal of provisions	(50)	-
As of 31 March	**11,936**	**12,999**

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

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	31 March 2015	31 December 2014
Prepaid expenses	9,977	1,486
Advances given	525	193
	10,502	**1,679**

Long-term prepaid expenses	31 March 2015	31 December 2014
Prepaid expenses	5,924	5,993
Advances given to subcontractors	525	1,032
	6,449	**7,025**

Short-term deferred income	31 March 2015	31 December 2014
Advances received (*)	1,018	10,751
Unearned revenue	826	270
	1,844	**11,021**

Long-term deferred income	31 March 2015	31 December 2014
Unearned revenue	1,219	2,943
	1,219	**2,943**

(*) Advances received presented in current liabilities amounting to TL 897 thousand (31 December 2014: TL 306 thousand) is related to down payments received from clients for Ormanada project.

NOTE 12 - CURRENT INCOME TAX ASSETS

Current income tax assets	31 March 2015	31 December 2014
Prepaid taxes and withholding taxes	366	123
	366	**123**

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

NOTE 13 - INVESTMENT PROPERTIES

Cost	1 January 2015	Additions	Disposals	31 March 2015
Kanyon	229,629	-	-	229,629
Buildings	40,862	6,217	(823)	46,256
Lands and land improvements	3,082	-	-	3,082
	273,573	**6,217**	**(823)**	**278,967**
Accumulated depreciation				
Kanyon	44,857	1,394	-	46,251
Buildings	17,911	672	(32)	18,551
Lands and land improvements	356	12	-	368
	63,124	**2,078**	**(32)**	**65,170**
Carrying amount	**210,449**			**213,797**

Cost	1 January 2014	Additions	Disposals	31 March 2014
Kanyon	229,394	27	-	229,421
Buildings	25,039	15	-	25,054
Lands and land improvements	3,082	-	-	3,082
	257,515	**42**	**-**	**257,557**
Accumulated depreciation				
Kanyon	39,294	1,392	-	40,686
Buildings	13,608	826	-	14,434
Lands and land improvements	273	17	-	290
	53,175	**2,235**	**-**	**55,410**
Carrying amount	**204,340**			**202,147**

As of 31 December 2014, fair value of Kanyon is approximately TL 557 million which consist of fair value of Kanyon shopping centre amounting TL 256 million and fair value of Kanyon Office complex amounting TL 301 million which is calculated from net present value of estimated rent income of Kanyon shopping centre and office complex.

For the periods ending at 31 March, total rent income of Kanyon shopping centre and office complex is amounted to TL 14,538 thousand (31 March 2014: TL 12,988 thousand) and repair and maintenance expense of the related period is amounted to TL 54 thousand (31 March 2014: TL 586 thousand).

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

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

Cost	1 January 2015	Additions	Disposals	Transfers	31 March 2015
Land and land improvements	17,156	51	-	-	17,207
Buildings	27,841	13	-	-	27,854
Machinery, plant and equipment	48,762	837	(838)	-	48,761
Motor vehicles	638	-	-	-	638
Furniture and fixtures	15,667	373	(22)	-	16,018
Construction in progress	501	3,037	-	-	3,538
Leasehold improvements	4,007	2	-	-	4,009
Other tangible assets	13,493	478	-	-	13,971
	128,065	**4,791**	**(860)**	**-**	**131,996**
Accumulated depreciation					
Land improvements	22	1	-	-	23
Buildings	2,295	140	-	-	2,435
Machinery, plant and equipment	38,644	574	(773)	-	38,445
Motor vehicles	544	10	-	-	554
Furniture and fixtures	11,551	378	(12)	-	11,917
Leasehold improvements	2,392	103	-	-	2,495
Other tangible assets	9,303	217	-	-	9,520
	64,751	**1,423**	**(785)**	**-**	**65,389**
Carrying amount	**63,314**				**66,607**

Allocation of depreciation expenses is as follows: TL 431 thousand in cost of goods sold, TL 540 thousand in general and administrative expenses, TL 441 thousand in marketing expenses and TL 11 thousand in research and development expenses.

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

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	1 January 2014	Additions	Disposals	Transfers	31 March 2014
Land and land improvements	1,427	-	-	-	1,427
Buildings	27,824	1	-	-	27,825
Machinery, plant and equipment	48,156	166	(5)	-	48,317
Motor vehicles	774	-	(37)	-	737
Furniture and fixtures	15,171	169	(125)	-	15,215
Construction in progress	46	41	-	-	87
Leasehold improvements	3,552	40	(33)	-	3,559
Other tangible assets	9,596	534	(1)	-	10,129
	106,546	**951**	**(201)**	**-**	**107,296**
Accumulated depreciation					
Land improvements	19	1	-	-	20
Buildings	1,734	140	-	-	1,874
Machinery, plant and equipment	36,864	553	(1)	-	37,416
Motor vehicles	706	8	(30)	-	684
Furniture and fixtures	10,523	344	(90)	-	10,777
Leasehold improvements	2,045	79	(16)	-	2,108
Other tangible assets	8,840	32	(1)	-	8,871
	60,731	**1,157**	**(138)**	**-**	**61,750**
Carrying amount	**45,815**				**45,546**

Allocation of depreciation expenses is as follows: TL 175 thousand in cost of goods sold, TL 652 thousand in general and administrative expenses, TL 322 thousand in marketing expenses and TL 8 thousand in research and development expenses.

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

NOTE 15 - INTANGIBLE ASSETS

Cost	1 January 2015	Additions	Disposals	Transfers	31 March 2015
Customer relations, licences and royalty	20,370	-	-	-	20,370
Rights	13,684	236	(467)	-	13,453
Computer software	12,152	251	-	38	12,441
Construction in progress	4,533	193	-	(38)	4,688
Other intangible assets	129	8			137
	50,868	**688**	**(467)**	**-**	**51,089**
Accumulated amortisation					
Customer relations, licences and royalty	2,716	340	-	-	3,056
Rights	5,941	347	(305)	-	5,983
Computer software	10,759	209	-	-	10,968
Other intangible assets	129	1	-	-	130
	19,545	**897**	**(305)**	**-**	**20,137**
Carrying amount	**31,323**			**-**	**30,952**

Allocation of amortisation charge is as follows: TL 272 thousand in cost of goods sold, TL 341 thousand in general and administrative expenses, TL 277 thousand in marketing expenses and TL 7 thousand in research and development expenses.

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

NOTE 15 - INTANGIBLE ASSETS (Continued)

Cost	1 January 2014	Additions	Disposals	Transfers	31 March 2014
Customer relations, licences and royalty	20,370	-	-	-	20,370
Rights	11,604	189	-	-	11,793
Computer software	11,826	39	-	-	11,865
Construction in progress	4,658	136	-	-	4,794
Other intangible assets	129	-	-	-	129
	48,587	**364**	**-**	**-**	**48,951**
Accumulated amortisation					
Customer relations, licences and royalty	1,358	340	-	-	1,698
Rights	4,485	534	-	-	5,019
Computer software	9,269	422	-	-	9,691
Other intangible assets	128	-	-	-	128
	15,240	**1,296**	**-**	**-**	**16,536**
Carrying amount	**33,347**				**32,415**

Allocation of amortisation charge is as follows: TL 196 thousand in cost of goods sold, TL 729 thousand in general and administrative expenses, TL 361 thousand in marketing expenses and TL 10 thousand in research and development expenses.

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

NOTE 16 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Provisions:

	31 March 2015	31 December 2014
Provision for litigations	3,057	2,906
Provision for revision	-	112
	3,057	**3,018**

Provision for litigations:

The Group has provided provision for the lawsuits filed against the Group in the amount of TL 3,057 thousand (31 December 2014: TL 2,906 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:

	2015	2014
As of 1 January	2,906	2,122
Charge for the period (Note 23)	184	-
Reversal of provision (-)	(33)	(109)
As of 31 March	**3,057**	**2,013**

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 TL 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 TL 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.

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

c) Contingent liabilities:

I- Tax and tax related penalties 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, TL 13,517 thousand regarding the corporate income tax (TL 3,033 thousand of the amount is attributable to additional corporate income tax and TL 10,484 thousand relate to temporary income tax) and TL 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 10^{th} Tax Court on 28 December 2011, all aforesaid lawsuits resulted in favour of the Company.

The request for appeal has been dismissed in the Council of State and the decisions of the Tax Court has been ratified and the lawsuit has been concluded in terms of all assessments in favour of the Company.

Tax and tax penalties which were notified for 31 December 2007, 26 December 2008, 12 June 2009 and 7 April 2011 are resulted in favour of the Company and all accrued income taxes and penalties have been cancelled.

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, TL 3,113 thousand regarding the tax and TL 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 and the lawsuits resulted in favour of the Company.

Büyük Mükellefler Tax Administration has applied to the Council of State for the appeal of this lawsuit. The Company responded to the petition of the defendant and sent to the State Council. The lawsuits is still in progress in Council of State.

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:

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 TL 17,764 thousand is provided for the Group's share in total amount of TL 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 TL 35,046 thousand (the Group's share is TL 17,523 thousand), which consists of TL 8,272 thousand of tax base (TL 4,159 thousand attributable to corporate income tax, TL 1,223 thousand attributable to withholding tax and TL 2,890 thousand attributable to VAT) and TL 26,774 thousand of tax penalty were notified.

iii) On 4 April 2013, tax and tax losses penalties for the year 2008 amounting to TL 33,195 thousand (the Group's share is TL 16,597 thousand), which consists of TL 8,094 thousand of tax base (TL 4,565 thousand attributable to corporate income tax and TL 1,230 thousand attributable to withholding tax and TL 2,299 thousand attributable to VAT) and TL 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 TL 61,808 thousand (the Group's share is TL 30,904 thousand), which consists of TL 18,424 thousand of tax base (TL 11,366 thousand attributable to corporate income tax and TL 7,058 thousand attributable to VAT) and TL 43,384 thousand of tax penalty were notified.

As at 30 October 2014, EBX settled for the tax and tax losses penalties for the years 2007, 2008, 2009 and 2010 since settlement was reached in the Commission for Tax Settlements in the Ministry of Finance for an amount of TL 49,917 thousand. EBX paid TL 38,832 thousand for the tax and its interest after deduction of repetitive payments in aforementioned periods. The Group Management was recognized TL 38,000 thousand as provision in the previous period consolidated financial statements.

v) EBX filed a lawsuit against Büyük Mükellefler Tax Administration related to offsetting 2012 VAT with 2010 VAT receivable amounting to TL 4,104 thousand in Istanbul Tax Court, lawsuits concluded against EBX. In this respect, EBX has applied to the Council of State for the appeal of this lawsuit and the lawsuits is still in progress in Council of State.

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):

VAT Receivables

EBX Management is recognized an impairment for the VAT receivables which were settled for the years 2007 to 2010 and VAT carrying the risk for return and/or offsetting for the years 2011 and 2012 for an amount of TL 17,715 thousand as of 31 December 2014. A provision of TL 8,858 thousand has been recognized in the consolidated financial statements for the Group's share, which is calculated considering 50% equity method accounting for EBX.

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

Tax penalty notified as at 3 August 2012:

Within the scope of inspections of companies in pharmaceuticals industry by the Tax Auditors of the Ministry of Finance, a limited investigation has been conducted for EİP Eczacıbaşı İlaç Pazarlama A.Ş. and EIP has been notified for tax penalties consisting of TL 570 thousand regarding VAT and TL 855 thousand for its activities of the 2010 - 2011 periods. Based on on-going inspection process, tax penalties for TL 282 thousand of Corporate Tax, TL 365 thousand VAT and TL 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 TL 570 thousand VAT, TL 855 thousand penalty and TL 365 thousand VAT, TL 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 TL 282 thousand attributable to corporate tax and TL 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 insisted on their decision by not accepting the decision of the Council of State. EİP has applied to the Plenary Session of the Tax Law Chamber of the Council of State for the appeal of this decision.

The appeal of EİP has accepted by the Plenary Session of the Tax Law Chamber of the council of State; also decided to reversal insistent decision by a majority vote to re-decide after more detailed study has been made on the side of Tax Court.

The lawsuit related to price differences from market values:

Various public hospitals governed by Turkish Ministry of Health ("MoH") claimed approximately TL 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 TL 403 thousand; preliminary hearings and discovery proceedings in these lawsuits are in progress. Considering the continuing legal process and uncertainty regarding the ultimate outcome of the matter, no provision has been provided in the consolidated financial statements.

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

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

d) Guarantees given and taken:

	31 March 2015			
Guarantees given	**USD**	**EUR**	**TL**	**Total**
Suretyship declaration for bank borrowings	-	-	-	-
Letters of guarantee	-	-	11,255	11,255
Guaranteed bills of exchange	-	-	-	-
	-	**-**	**11,255**	**11,255**
Guarantees taken				
Letters of guarantee	15,091	928	83,883	99,902
Mortgages	-	-	27,025	27,025
Guaranteed bills of exchange	384	-	202	586
	15,475	**928**	**111,110**	**127,513**

	31 December 2014			
Guarantees given	**USD**	**EUR**	**TL**	**Total**
Suretyship declaration for bank borrowings	-	-	-	
Letters of guarantee	-	-	10,259	10,259
Guaranteed bills of exchange	-	-	-	-
	-	**-**	**10,259**	**10,259**
Guarantees taken				
Letters of guarantee	20,356	925	80,871	102,152
Mortgages	-	-	31,031	31,031
Guaranteed bills of exchange	341	-	202	543
	20,697	**925**	**112,104**	**133,726**

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

(Amounts expressed in thousand of Turkish Lira ("TL") 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 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	**31 December 2014**
A. CPMs given for Company's own legal personality	1,199	3,119
- *Collateral (Fully denominated in TL)*	*1,199*	*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	-	-
		-
	1,199	**3,119**

Proportion of other CPMs given to the Group's equity as of 31 March 2015 is 0% (31 December 2014: 0%).

NOTE 17 - EMPLOYEE BENEFITS

Employee benefit obligations

	31 March 2015	**31 December 2014**
Wages payable to employees	500	819
Social security premiums payable	1,950	1,442
	2,450	**2,261**

Short term provisions for employee benefits

	31 March 2015	**31 December 2014**
Provision for unused vacations	4,527	4,539
	4,527	**4,539**

(Amounts expressed in thousand of Turkish Lira ("TL") 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 31 March:

	2015	**2014**
As of 1 January	4,539	4,664
Charge for the period (Note 21)	184	558
Payments during the period (-)	(196)	(46)
As of 31 March	**4,527**	**5,176**

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 31 March 2015, the amount payable consists of one month's salary limited to a maximum of TL 3,541.37 (31 December 2014: TL 3,438.22) 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:

	2015	**2014**
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. The reserve for employment termination benefit and the maximum liability of the Group is revised semi-annually.

Movements in the provision for employment termination benefits are as follows as of 31 March:

	2015	**2014**
As of 1 January	3,293	3,436
Charge for the period (Note 21)	1,090	441
Payments during the period (-)	(421)	(466)
As of 31 March	**3,962**	**3,411**

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

NOTE 18 - OTHER ASSETS AND LIABILITIES

Other current assets	31 March 2015	31 December 2014
VAT receivables	14,698	16,608
Advances given to personnel	2,267	317
Other	27	14
	16,992	**16,939**

Other non-current assets	31 March 2015	31 December 2014
VAT receivables	28,715	28,904
Prepaid taxes under construction activities	6,308	6,071
Blocked amount due to subsidiary acquisition payables	3,596	7,500
	38,619	**42,475**

Other current liabilities	31 March 2015	31 December 2014
VAT payables	227	188
Other	64	18
	291	**206**

Other non-current liabilities	31 March 2015	31 December 2014
Deferred considerations due to subsidiary acquisition	3,596	7,500
	3,596	**7,500**

(Amounts expressed in thousand of Turkish Lira ("TL") 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 31 March 2015 and 31 December 2014 are as follows:

	31 March 2015	31 December 2014
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 31 March 2015 and 31 December 2014, the shareholders of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and their proportion of ownership interests in historical share capital are as follows:

Shareholders	%	31 March 2015	%	31 December 2014
Eczacıbaşı Holding A.Ş.	50.62	277,476	50.62	277,476
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	26.03	142,682	25.84	141,682
Other (Listed) (*)	23.35	128,050	23.54	129,050
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 31 March 2015, 23.01% (31 December 2014: 23.45%) 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 TL 49,401 thousand (31 December 2014: TL 49,401 thousand).

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

	31 March 2015	31 December 2014
Legal reserves	49,401	49,401
Gain on sale of shares of associates	259,137	259,137
	308,538	**308,538**

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

NOTE 20 - REVENUE

	1 January - 31 March 2015	1 January - 31 March 2014
Domestic sales	453,431	343,608
Exports	2,531	3,225
Gross sales	**455,962**	**346,833**
Sales returns (-)	(5,368)	(7,397)
Sales discounts (-)	(147,384)	(82,494)
Net sales	**303,210**	**256,942**
Cost of sales (-)	(233,671)	(203,156)
Gross profit	**69,539**	**53,786**

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

General administrative expenses	1 January - 31 March 2015	1 January - 31 March 2014
Personnel expenses	11,094	9,248
Consultancy expenses	4,014	3,410
Rent expenses	1,361	1,270
Provision for employment termination benefits (Note 17)	1,090	441
Depreciation and amortisation expenses (Notes 14 and 15)	881	1,381
Repair and maintenance expenses	533	935
Provision for unpaid vacation (Note 17)	184	558
Provision expense for doubtful receivables (Note 9)	181	321
Miscellaneous taxes	117	452
Other	3,753	1,375
	23,208	**19,391**

Marketing expenses	1 January - 31 March 2015	1 January - 31 March 2014
Personnel expenses	15,417	12,408
Advertisement, presentation and promotion expenses	11,504	8,015
Transportation, distribution and warehousing expenses	4,083	2,221
Rent expenses	1,470	1,767
Fuel, energy and water expenses	821	929
Depreciation and amortisation expenses (Notes 14 and 15)	718	683
Travelling expenses	642	571
Consultancy expenses	231	180
Other	2,931	2,367
	37,817	**29,141**

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

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

Research and development expenses	1 January - 31 March 2015	1 January - 31 March 2014
Personnel expenses	343	311
Depreciation and amortisation expenses (Notes 14 and 15)	18	18
	361	**329**

NOTE 22 - EXPENSES BY NATURE

	1 January - 31 March 2015	1 January - 31 March 2014
Purchase and consumption of inventories	221,160	190,822
Personnel expenses	29,728	24,720
Advertisement and promotion expense	11,504	8,015
Contract manufacturing expense	6,133	5,062
Depreciation and amortisation expense (Notes 13, 14 and 15)	4,398	4,688
Consultancy expense	4,245	3,590
Rent expenses	2,831	3,037
Transportation, distribution and warehousing expenses	4,083	2,221
Changes in commercial inventories	(1,542)	902
Provision for employment termination benefits (Note 7)	1,090	441
Other	11,427	8,519
	295,057	**252,017**

NOTE 23 - OTHER OPERATING INCOME / EXPENSES

Other operating income	1 January - 31 March 2015	1 January - 31 March 2014
Foreign exchange gains from bank deposits	50,227	38,158
Interest income from bank deposits	4,453	6,416
Interest income from sales on credit	3,216	2,717
Foreign exchange gains from trade receivables and payables	276	226
Compensation income	19	25
Other	269	1,144
	58,460	**48,686**

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

NOTE 23 - OTHER OPERATING INCOME / EXPENSES (Continued)

Other operating expenses	1 January - 31 March 2015	1 January - 31 March 2014
Foreign exchange losses from bank deposits	7,283	26,791
Interest expense from purchases on credit	2,825	2,010
Foreign exchange losses from trade receivables and payables	826	750
Provision expense for legal case	184	-
Donation expenses	62	39
Provision for diminution in value of inventories (Note 10)	-	1,549
Other	2,845	2,458
	14,025	**33,597**

NOTE 24 - INCOME / EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January - 31 March 2015	1 January - 31 March 2014
Gain on sales of fixed assets	196	82
Gain on sales of financial assets	-	-
	196	**82**

Expenses from investing activities	1 January - 31 March 2015	1 January - 31 March 2014
Loss on sales of fixed assets	90	26
	90	**26**

NOTE 25 - FINANCIAL INCOME / EXPENSES

Financial expenses	1 January - 31 March 2015	1 January - 31 March 2014
Interest expense from bank borrowings	2,989	2,521
Foreign exchange losses from bank borrowings	1,176	-
Commissions of letter of guarantees	90	41
Other	242	85
	4,497	**2,647**

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

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

a) Current income tax on profits:

	31 March 2015	31 December 2014
Corporate and income taxes payable	9,475	9,829
Prepaid taxes (-)	(718)	(7,787)
Current income tax liabilities (net)	**8,757**	**2,042**

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 2015 (2014: 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 2015 and 2014.

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.

(Amounts expressed in thousand of Turkish Lira ("TL") 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 three months period ended 31 March 2015 and 31 March 2014 are summarized below:

	1 January - 31 March 2015	**1 January - 31 March 2014**
Current income tax charge (-)	(9,475)	(4,845)
Deferred tax (charge) / revenue	(139)	(1)
Total tax charge (-)	**(9,614)**	**(4,846)**

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

	31 March 2015	**31 March 2014**
Profit / (loss) before tax	**40,915**	**13,904**
Current year corporation tax expense	(8,183)	(2,781)
Disallowable expenses	(19)	(22)
Tax effect of exempt income	-	-
Current period tax losses	(294)	(740)
Items disregarded in the calculation of deferred income tax	-	(599)
Equity method accounting	(1,118)	(704)
Total tax charge (-)	**(9,614)**	**(4,846)**

(Amounts expressed in thousand of Turkish Lira ("TL") 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 2014: 20%).

The breakdown of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided at 31 March 2015 and 31 December 2014 using the enacted tax rates is as follows:

	Cumulative temporary differences		Deferred income tax assets / (liabilities)	
	31 March 2015	**31 December 2014**	**31 March 2015**	**31 December 2014**
Tax losses carried forward	(12,014)	(14,372)	2,403	2,874
Provision for unused vacation	(4,527)	(4,539)	905	908
Provision for doubtful receivables	(6,314)	(6,203)	1,263	1,241
Provision for employment termination benefits	(3,962)	(3,293)	792	659
Provision for litigations	(3,057)	(2,906)	611	581
Deferred credit finance income	(1,598)	(1,129)	320	226
Differences between the tax base and carrying amount of inventories	128	(487)	(26)	97
Salary and bonus accruals	-	-	-	-
Deferred tax assets (**)	**(31,344)**	**(32,929)**	**6,268**	**6,586**
Fair value differences of available-for-sale financial assets (*)	1,559,389	1,559,222	(77,974)	(77,966)
Difference between the tax base and carrying amount of investment property, property, plant and equipment and intangible assets	(3,115)	(2,202)	969	795
Deferred credit finance expenses	1,349	1,520	(270)	(304)
Other	(340)	(280)	27	56
Deferred tax liabilities (-) (**)	**1,557,283**	**1,558,260**	**(77,248)**	**(77,419)**
Deferred tax liabilities, net	**1,525,939**	**1,525,331**	**(70,980)**	**(70,833)**

(*) Difference between fair value and book value amounts to TL 1,559,389 thousand (31 December 2014: TL 1,559,222 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 TL 10,382 thousand (31 December 2014: TL 10,667 thousand) and deferred tax liability amounting to TL 81,362 thousand (31 December 2014: TL 81,500 thousand) presented in the financial statements, which are calculated on a separate entity basis for all companies included in the scope of consolidation.

(Amounts expressed in thousand of Turkish Lira ("TL") 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 TL 59,319 thousand (31 December 2014: TL 62,089 thousand) as of 31 March 2015 considering available evidence with respect to the utilization of those assets in the foreseeable future.

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

The movement of deferred income tax liabilities as of 31 March are as follows:

	2015	**2014**
As of 1 January	(70,833)	(74,590)
Current year deferred income tax (expense) / benefit	(139)	(1)
Deferred income tax liability accounted under equity resulting from increase in value of available-for-sale financial assets	(8)	8
As of 31 March	**(70,980)**	**(74,583)**

NOTE 27 - EARNINGS PER SHARE

	1 January - 31 March 2015	**1 January - 31 March 2014**
Net gain attributable to equity holders of the Company	32,318	9,674
Weighted average number of ordinary shares with face value of Kr 1 each	54,820,800,000	54,820,800,000
Basic and diluted earnings per share (Kr)	**0.0590**	**0.0176**

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.

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

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

a) Credit risk (continued)

Details of credit and receivable risk as of 31 March 2015 and 31 December 2014 are as follows:

	Trade receivables from		**Other receivables from**			
31 March 2015	**Related parties**	**Other**	**Related parties**	**Other**	**Deposit in banks**	**Other (*)**
Maximum credit risk exposed as of balance sheet date (**)	**3,903**	**265,852**	**-**	**264**	**644,498**	**3,354**
- Secured portion of the maximum credit risk by guarantees (-)	-	***94,979***	-	***2***	-	-
A. Net book value of financial assets that are neither past due not impaired	3,847	202,370	-	264	644,498	-
B. Carrying value of financial assets that are past due but not impaired (***)	56	63,482	-	-	-	3,354
C. Net book value of the impaired assets						
- Past due (gross carrying amount)	-	8,046	-	-	-	-
- Impairment (-)	-	(8,046)	-	-	-	-
- 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 March 2015, the aging explanations related with past due but not impaired assets indicated in the aging table of "Past due but not impaired trade receivables".

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

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

a) Credit risk (continued)

	Trade receivables from		Other receivables from			
31 December 2014	**Related parties**	**Other**	**Related parties**	**Other**	**Deposit in banks**	**Other (*)**
Maximum credit risk exposed as of balance sheet date (**)	**4,020**	**208,409**	**-**	**253**	**648,573**	**3,029**
- Secured portion of the maximum credit risk by guarantees (-)	-	***119,585***	-	-	-	-
A. Net book value of financial assets that are neither past due not impaired	3,981	162,613	-	253	648,573	-
B. Carrying value of financial assets that are past due but not impaired (***)	39	45,796	-	-	-	3,029
C. Net book value of the impaired assets			-	-	-	-
- Past due (gross carrying amount)	-	7,865	-	-	-	-
- Impairment (-)	-	(7,865)	-	-	-	-
- 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 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".

(Amounts expressed in thousand of Turkish Lira ("TL") 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 31 March 2015 and 31 December 2014 are as follows:

	Trade receivables from		
31 March 2015	**Related parties**	**Other**	**Other**
Past due up to 30 days	56	16,477	-
Past due 1 - 3 months	-	44,206	-
Past due 3 - 12 months	-	2,794	-
Past due 1 - 5 year (*)	-	5	3,354
	56	**63,482**	**3,354**

	Trade receivables from		
31 December 2014	**Related parties**	**Other**	**Other**
Past due up to 30 days	39	10,740	-
Past due 1 - 3 months	-	28,147	-
Past due 3 - 12 months	-	5,574	-
Past due 1 - 5 year (*)	-	1,335	3,029
	39	**45,796**	**3,029**

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

(Amounts expressed in thousand of Turkish Lira ("TL") 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:

	31 March 2015					
			Contractual terms			
Financial liabilities (non-derivative)	**Carrying value**	**Contractual cash outflows**	**Up to 3 months**	**3 - 12 Months**	**1 - 5 years**	**More than 5 years**
Financial liabilities to related parties	5,000	5,000	-	5,000	-	-
Other financial liabilities	140,494	151,660	100,297	12,545	28,763	10,055
Trade payables due to related parties	136,485	137,089	137,089	-	-	-
Other trade payables	120,522	121,813	104,040	17,773	-	-
Other payables	8,621	8,621	8,621	-	-	-
Total non-derivative financial liabilities	**411,122**	**424,183**	**350,047**	**35,318**	**28,763**	**10,055**

	31 December 2014					
			Contractual terms			
Financial liabilities (non-derivative)	**Carrying value**	**Contractual cash outflows**	**Up to 3 months**	**3 - 12 months**	**1 - 5 years**	**More than 5 years**
Other financial liabilities	144,360	208,810	103,876	66,582	23,602	14,750
Trade payables due to related parties	108,512	108,875	108,875	-	-	-
Other trade payables	125,322	126,479	112,137	14,342	-	-
Other payables	5,923	5,923	5,923	-	-	-
Total non-derivative financial liabilities	**384,117**	**450,087**	**330,811**	**80,924**	**23,602**	**14,750**

(Amounts expressed in thousand of Turkish Lira ("TL") 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 31 March 2015 and 31 December 2014, the Group's financial liabilities with floating interest rates are TL, USD and EUR denominated.

	31 March 2015	31 December 2014
Financial instruments with fixed interest rates:		
Financial assets		
- Cash and cash equivalents	644,542	648,606
- Fair value changes recognised in to profit and loss	1,014	511
Financial liabilities		
- Financial liabilities	113,810	113,116
Financial Instruments with Floating Exchange Rates		
Financial liabilities		
- Financial liabilities	31,684	31,244

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 31 March 2015, if interest rates at contractual re-pricing dates of TL denominated financial liabilities with variable interest rates has strengthened/weakened by 100 basis points (1%) against TL with all other variables held constant, profit before tax would have been TL 351 thousand (31 March 2014: TL 235 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.

(Amounts expressed in thousand of Turkish Lira ("TL") 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:

	31 March 2015			
	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 TL:				
USD net asset / (liability)	36,379	(36,379)	36,379	(36,379)
Secured position (-)	-	-	-	-
USD net effect	**36,379**	**(36,379)**	**36,379**	**(36,379)**
In case of 10% change in EUR against TL:				
EUR net asset / (liability)	18,317	(18,317)	18,317	(18,317)
Secured position (-)	-	-	-	-
EUR net effect	**18,317**	**(18,317)**	**18,317**	**(18,317)**
In case of 10% change in other foreign exchange rates against TL:				
Other foreign currency net asset / (liability)	(23)	23	(23)	23
Secured position (-)	-	-	-	-
Other foreign currencies net effect	**(23)**	**23**	**(23)**	**23**
	54,673	**(54,673)**	**54,673**	**(54,673)**

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

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

c) Market risk (continued)

ii) Foreign exchange risk (continued)

	31 December 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 TL:				
USD net asset / (liability)	31,869	(31,869)	31,869	(31,869)
Secured position (-)	-	-	-	-
USD net effect	**31,869**	**(31,869)**	**31,869**	**(31,869)**
In case of 10% change in EUR against TL:				
EUR net asset / (liability)	18,944	(18,944)	18,944	(18,944)
Secured position (-)	-	-	-	-
EUR net effect	**18,944**	**(18,944)**	**18,944**	**(18,944)**
In case of 10% change in other foreign exchange rates against TL:				
Other foreign currency net asset / (liability)	(11)	11	(11)	11
Secured position (-)	-	-	-	-
Other foreign currencies net effect	**(11)**	**11**	**(11)**	**11**
	50,802	**(50,802)**	**50,802**	**(50,802)**

TL equivalents of assets and liabilities held by the Group denominated in foreign currency at 31 March 2015 and 31 December 2014 in consideration of foreign exchange rates are as follows:

	31 March 2015	31 December 2014
USD	2.6102	2.3189
EUR	2.8309	2.8207

(Amounts expressed in thousand of Turkish Lira ("TL") 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 TL equivalents as of 31 March 2015 were as follows:

	31 March 2015			
		Original amounts		
	Total TL equivalent	USD	EUR	GBP
Trade receivables	1,777	340	314	-
Monetary financial assets	602,406	141,355	82,427	-
Current Assets	**604,183**	**141,695**	**82,741**	**-**
Trade receivables	-	-	-	-
Monetary financial assets	2,107	807	-	-
Non-current Assets	**2,107**	**807**	**-**	**-**
Total Assets	**606,290**	**142,502**	**82,741**	**-**
Trade payables	20,481	2,273	5,058	59
Financial liabilities	5,041	-	1,781	-
Monetary other liabilities	2,354	895	6	-
Current Liabilities	**27,876**	**3,168**	**6,845**	**59**
Monetary other liabilities	31,684	-	11,192	-
Non-current Liabilities	**31,684**	**-**	**11,192**	**-**
Total Liabilities	**59,560**	**3,168**	**18,037**	**59**
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	**546,730**	**139,334**	**64,704**	**(59)**
Net foreign currency asset / (liability) position of monetary items	**546,730**	**139,334**	**64,704**	**(59)**
Fair value of hedged funds of foreign currency	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-

(Amounts expressed in thousand of Turkish Lira ("TL") 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 TL equivalents as of 31 December 2014 were as follows:

	31 December 2014			
		Original amounts		
	Total TL equivalent	USD	EUR	GBP
Trade receivables	2,478	604	382	-
Monetary financial assets	559,920	139,219	84,052	-
Other	127	-	45	-
Current Assets	**562,525**	**139,823**	**84,479**	**-**
Trade receivables	-	-	-	-
Monetary financial assets	2,266	977	-	-
Non-current Assets	**2,266**	**977**	**-**	**-**
Total Assets	**564,791**	**140,800**	**84,479**	**-**
Trade payables	18,410	2,450	4,473	31
Financial Liabilities	4,992	-	1,770	-
Monetary other liabilities	2,131	919	-	-
Current Liabilities	**25,533**	**3,369**	**6,243**	**31**
Monetary other liabilities	31,244	-	11,077	-
Non-current Liabilities	**31,244**	**-**	**11,077**	**-**
Total Liabilities	**56,777**	**3,369**	**17,320**	**31**
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	**508,014**	**137,431**	**67,159**	**(31)**
Net foreign currency asset / (liability) position of monetary items	**508,014**	**137,431**	**67,159**	**(31)**
Fair value of hedged funds of foreign currency	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-

NOTE 29 - SUBSEQUENT EVENTS

At the Ordinary General Assembly Meeting held on 13 April 2015, it was resolved to distribute dividend by TL 43,856,640. The commencement date of dividend distribution is determined as 5 May 2015.

The Company acquired all the shares of Yeni Tekstil San. ve Tic. A.Ş for consideration of USD 24,250 thousand on 10 April 2015. The subsidiary acquired is inactive and owns a land plot within context of Cendere Development Plan.