

**EİS ECZACIBAŐI İLAÇ, SINAİ VE
FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ő.
AND ITS SUBSIDIARIES**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 JUNE 2017**

(ORIGINALLY ISSUED IN TURKISH)



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH
REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

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

Introduction

1. We have reviewed the accompanying consolidated statement of financial position of EİS Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries ("collectively referred as the "Group") as at 30 June 2017 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended ("condensed consolidated interim financial information"). The management of the Group is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the condensed consolidated interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information of EİS Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. is not prepared in accordance with TAS 34.



Other matter

4. The consolidated financial statements of EİS Eczacıbaşı İlaç Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. as of 31 December 2016 and for the year then ended were audited and the condensed consolidated interim financial information as of 30 June 2016 and for the six-month period then ended were reviewed by another audit firm whose audit report dated 13 March 2017 expressed an unqualified opinion and whose review report dated 19 August 2016 expressed an unqualified conclusion, respectively.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Edz Günsel, SMMM
Partner

İstanbul, 18 August 2017

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

CONTENTS	PAGE
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	1 - 3
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	4 - 5
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	6
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	7-8
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	9-69
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS	9-10
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	10-15
NOTE 3 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	15-17
NOTE 4 SEGMENT REPORTING.....	17-22
NOTE 5 CASH AND CASH EQUIVALENTS	22-23
NOTE 6 FINANCIAL ASSETS.....	23-25
NOTE 7 FINANCIAL LIABILITIES.....	25
NOTE 8 TRANSACTIONS AND BALANCES WITH RELATED PARTIES	26-30
NOTE 9 TRADE RECEIVABLES AND PAYABLES	31
NOTE 10 INVENTORIES	32
NOTE 11 PREPAID EXPENSES AND DEFERRED INCOME	32-33
NOTE 12 INVESTMENT PROPERTY	33-34
NOTE 13 PROPERTY, PLANT AND EQUIPMENT	35-36
NOTE 14 INTANGIBLE ASSETS	37-38
NOTE 15 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS	39-43
NOTE 16 EMPLOYEE BENEFITS	43-45
NOTE 17 OTHER ASSETS AND LIABILITIES	45
NOTE 18 CAPITAL, RESERVES AND OTHER EQUITY ITEMS	45-46
NOTE 19 REVENUE	47
NOTE 20 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES	47-48
NOTE 21 EXPENSES BY NATURE	48
NOTE 22 OTHER OPERATING INCOME / EXPENSES.....	49
NOTE 23 FINANCIAL INCOME / EXPENSES	49-50
NOTE 24 TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)	50-54
NOTE 25 EARNINGS PER SHARE	54
NOTE 26 CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	55-56
NOTE 27 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT	56-68
NOTE 28 EVENTS AFTER THE REPORTING PERIOD.....	68-69

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2017

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

	<i>Notes</i>	<i>Reviewed 30 June 2017</i>	<i>Audited 31 December 2016</i>
ASSETS			
Current assets			
Cash and cash equivalents	5	444,076	661,541
Financial investments			
- Restricted cash	6	-	2,754
- Financial assets at fair value through profit or loss	6	339	1,082
Trade receivables			
- Trade receivables due from related parties	8	6,294	26,374
- Trade receivables due from third parties	9	141,674	313,720
Other receivables			
- Other receivables due from related parties		1,816	1,480
- Other receivables due from third parties		126	558
Derivative financial instruments		3,834	6,512
Inventories	10	93,512	128,248
Prepaid expenses	11	4,023	5,309
Current income tax assets	24	36	327
Other current assets	17	21,930	15,647
		717,660	1,163,552
Assets classified as held for sale	26	630,833	-
Total current assets		1,348,493	1,163,552
Non-current assets			
Trade receivables			
- Trade receivables due from third parties		-	7
Other receivables			
- Other receivables due from related parties		202	422
- Other receivables due from third parties		12	14
Financial investments			
- Financial assets at fair value through profit or loss	6	3,050	2,396
- Financial investments available for sale	6	2,153,665	2,157,822
Investments accounted for using equity method	3	95,052	83,693
Investment properties	12	361,688	363,017
Property, plant and equipment	13	6,322	122,388
Intangible assets			
- Goodwill		-	24,117
- Other intangible assets	14	10,951	35,066
Prepaid expenses	11	1,248	2,635
Deferred tax assets	24	7,312	23,727
Other non-current assets	17	923	13,847
Total non-current assets		2,640,425	2,829,151
Total assets		3,988,918	3,992,703

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2017

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

	<i>Notes</i>	<i>Reviewed 30 June 2017</i>	<i>Audited 31 December 2016</i>
LIABILITIES			
Current liabilities			
Short term borrowings			
- Short term borrowings due to related parties	8	-	121,726
- Short term borrowings due to third parties	7	27,788	86,086
Trade payables			
- Trade payables due to related parties	8	9,232	145,112
- Trade payables due to third parties	9	130,504	203,531
Employee benefit obligations	16	1,022	4,167
Other payables			
- Other payables due to third parties		4,683	9,623
Deferred income	11	1,876	700
Current income tax liabilities	24	2,058	18,162
Short term provisions			
- Short term provisions for employee benefits	16	2,803	5,928
- Other short term provisions	15	605	3,578
Short term liabilities due to investment accounted for using the equity method	3	11,875	-
Other current liabilities		174	3,538
		192,620	602,151
Liabilities directly associated with assets classified as held for sale	26	635,737	-
Total current liabilities		828,357	602,151
Non-current liabilities			
Long term borrowings			
- Long term borrowings due to third parties	7	388	32,081
Other payables			
- Other payables due to related parties		-	526
Deferred income	11	-	637
Long term provisions			
- Long term provisions for employee benefits	16	4,063	7,774
Long term liabilities due to investment accounted for using the equity method	3	23,750	-
Deferred tax liabilities	24	100,861	105,044
Total non-current liabilities		129,062	146,062

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2017

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

	Notes	Reviewed 30 June 2017	Audited 31 December 2016
EQUITY			
Attributable to equity holders of the parent		3,033,977	3,250,755
Paid-in share capital	18	685,260	685,260
Adjustments to share capital	18	105,777	105,777
Items that will not be reclassified subsequently to profit or loss			
- Defined benefit plans re-measurement gains/losses		(4,228)	(4,228)
Items that may be reclassified subsequently to profit or loss			
- Foreign currency translation differences		10,010	10,010
- Gains / losses on available for sale financial assets due to revaluation or/and reclassification		1,917,119	1,912,833
Restricted reserves	18	168,095	277,913
Retained earnings		30,378	78,387
Net income for the period		121,566	184,803
Non-controlling interests		(2,478)	(6,265)
Total equity		3,031,499	3,244,490
Total liabilities and equity		3,988,918	3,992,703

The consolidated financial statements for the period of 1 January - 30 June 2017 were approved by the Board of Directors on 18 August 2017.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

PROFIT OR LOSS	Notes	Reviewed 1 January - 30 June 2017	Not-Reviewed 1 April - 30 June 2017	Reviewed 1 January - 30 June 2016	Not-Reviewed 1 April - 30 June 2016
Revenue	19	290,980	135,848	251,014	117,021
Cost of Sales (-)	19	(178,800)	(83,608)	(149,466)	(74,899)
Gross Profit		112,180	52,240	101,548	42,122
General administrative expenses (-)	20	(32,848)	(16,618)	(23,510)	(13,379)
Marketing expenses (-)	20	(56,956)	(29,793)	(47,872)	(23,979)
Other operating income	22	107,875	23,764	60,501	40,198
Other operating expense(-)	22	(76,652)	(20,291)	(43,299)	(20,970)
Operating profit		53,599	9,302	47,368	23,992
Income from investing activities	8	99,406	99,405	59,761	59,730
Expenses from investing activities (-)		(79)	(47)	(4)	-
Share of (loss)/income of investments accounted for using equity method	3	(26,510)	(31,425)	11,427	(3,339)
Operating income before finance expense		126,416	77,235	118,552	80,383
Financial income	23	7,165	5,002	1,359	(1,007)
Financial expenses(-)	23	(3,848)	(2,758)	(1,637)	(881)
Profit before tax		129,733	79,479	118,274	78,495
Tax expense from continuing operations					
Income tax expense (-)	24	(10,566)	(2,894)	(6,282)	(4,872)
Deferred tax (expenses) / income	24	(946)	(2,005)	(373)	(35)
Profit from continuous operations		118,221	74,580	111,619	73,588
Profit from discontinued operations	26	6,791	16,561	157	4,926
Profit for the period		125,012	91,141	111,776	78,514
Attributable to					
- Non-controlling interests		3,446	5,582	87	2,554
- Equity holders of the parent		121,566	85,559	111,689	75,960
Net profit for the period		125,012	91,141	111,776	78,514
Weighted average number of ordinary with face value of KR 1 each		68,526,000,000	68,526,000,000	68,526,000,000	68,526,000,000
Basic earnings per share from continuous operations	25	0.1723	0.1123	0.1629	0.1071
Basic earnings per share from discontinued operations	25	0.0051	0.0125	0.001	0.0037

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

		<i>Reviewed</i> 1 January - 30 June 2017	<i>Not-Reviewed</i> 1 April - 30 June 2017	<i>Reviewed</i> 1 January - 30 June 2016	<i>Not-Reviewed</i> 1 April - 30 June 2016
	Notes				
Profit for the period		125,012	91,141	111,776	78,514
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
- Gain/loss on remeasurement of defined benefit plans of investments accounted for using equity method	3	-	-	12	-
Items that may be reclassified subsequently to profit or loss		4,627	(181)	775	493
- Foreign currency conversion adjustments		-	-	-	-
- Gains/losses on available for sale financial assets due to revaluation or/and reclassification	6	693	(190)	853	522
- Group’s share in equity method accounted investments’ comprehensive income/(expenses)	3	3,969	-	(35)	(3)
- Tax relating to items that may be reclassified subsequently	24	(35)	9	(43)	(26)
Other comprehensive income (after tax)		4,627	(181)	787	493
Total comprehensive income		129,639	90,960	112,563	79,007
Total comprehensive income attributable to:					
- Non-controlling interest		3,787	5,488	458	2,816
- Equity holders of the parent		125,852	85,472	112,105	76,191
Total comprehensive income		129,639	90,960	112,563	79,007

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTERIM PERIOD ENDED 30 JUNE 2017

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

	Paid - in Adjustments Share capital	to share capital	Defined benefit plans re-measurement gains/losses	Foreign currency translation differences	Financial assets fair value reserve	Restricted reserves	Retained earnings	Net profit for the period	Attributable to equity holders of company	Non controlling interest	Total Equity
As of 1 January 2016	548,208	105,777	(4,646)	10,010	1,456,903	312,763	239,470	67,647	2,736,132	3,928	2,740,060
Transfers	-	-	-	-	-	24,485	43,162	(67,647)	-	-	-
Dividends paid	-	-	-	-	-	-	(219,283)	-	(219,283)	-	(219,283)
Other (Effect of transactions with equity holders acting in their capacity as equity holders)	-	-	-	-	-	-	92,755	-	92,755	7,068	99,823
Total comprehensive income	-	-	12	-	404	-	-	111,689	112,105	458	112,563
30 June 2016	548,208	105,777	(4,634)	10,010	1,457,307	337,248	156,104	111,689	2,721,709	11,454	2,733,163
As of 1 January 2017	685,260	105,777	(4,228)	10,010	1,912,833	277,913	78,387	184,803	3,250,755	(6,265)	3,244,490
Transfers	-	-	-	-	-	50,616	134,187	(184,803)	-	-	-
Dividends paid	-	-	-	-	-	(160,434)	(182,196)	-	(342,630)	-	(342,630)
Total comprehensive income	-	-	-	-	4,286	-	-	121,566	125,852	3,787	129,639
30 June 2017	685,260	105,777	(4,228)	10,010	1,917,119	168,095	30,378	121,566	3,033,977	(2,478)	3,031,499

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

	<i>Notes</i>	<i>Reviewed 1 January - 30 June 2017</i>	<i>Reviewed 1 January - 30 June 2016</i>
A. Cash flows from operating activities		(3,925)	(12,909)
Profit for the period		125,012	111,776
Adjustments for reconciliation of profit/loss for the period			
Adjustments for depreciation and amortisation	12,13,14	5,347	10,669
Adjustments for employment termination benefits	16	1,610	2,918
Adjustments for litigations	15	61	446
Adjustments for doubtful receivables	9	-	91
Provision for diminution in value of inventories, net	10	560	372
Loss/(gain) on sale of property, plant and equipment, net		(5,013)	491
Group's share in the (profit)/loss of investments accounted for using equity method	3	26,510	(14,305)
Adjustments for interest incomes	23	(16,276)	(20,268)
Adjustments for interest expenses	23	3,735	16,884
Adjustments for income tax expense	24	11,512	4,231
Income from derivative financial investments	23	(6,024)	(1,359)
Adjustments for unrecognized foreign exchange differences		16,176	712
Adjustments related to fair value losses of financial assets		89	-
Adjustments related to profit share income	8	(99,401)	(59,705)
Other adjustments related to non-cash items		1,460	(10,164)
Adjustments related to discontinued operations, net	26	11,966	-
		77,324	42,789
Changes in working capital:			
Increase/decrease in trade receivables		(87,787)	(143,862)
Increase/decrease in inventories		6,130	(11,244)
Increase/decrease in trade payables		72,420	71,075
Increase/decrease in other receivables related with operations		(12,118)	8,288
Increase/decrease in prepaid expenses		(1,414)	1,107
Increase/decrease in other liabilities related to operations		(942)	(6,804)
Increase/decrease in deferred income		1,312	12,533
Cash flows related to discontinued operations, net	26	(47,461)	-
		(69,860)	(68,907)
Cash flows from operating activities:			
Interest received		18,014	20,491
Taxes paid		(26,610)	(6,350)
Employment termination benefits paid	16	(298)	-
Interest paid		(1,574)	(932)
Cash flows related to discontinued operations, net	26	(921)	-
		(11,389)	13,209
B. Cash flows from investing activities			
Cash outflows from the purchase of tangible and intangible assets	13,14	(4,465)	(23,071)
Cash inflows from the sale of tangible and intangible assets		5,036	581
Cash inflows from sale of investment property		1,533	1,201
Cash outflows from investment property purchases	12	(3,164)	(68,479)
Capital payments to associates		-	(33,900)
Dividends received		101,126	59,649
Net cash flows related to discontinued operations	26	(3,125)	-
		96,941	(64,019)

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

	Notes	<i>Reviewed</i> 1 January - 30 June 2017	<i>Reviewed</i> 1 January - 30 June 2016
C. Cash flows from financing activities		(308,228)	(133,135)
Cash inflows / (outflows) from bank borrowings		7,586	(4,723)
Cash flows from derivative financial instruments		8,702	1,302
Dividends paid		(342,630)	(219,283)
Interest paid		(2,352)	(10,254)
Cash flows resulting from transactions with equity holders acting in their capacity as equity holders		-	99,823
Net cash flows related to discontinued operations	26	20,466	-
Net increase in cash and cash equivalents (A+B+C)		(215,212)	(210,063)
D. Cash and cash equivalents at the beginning of the period	5	660,502	698,404
Cash and cash equivalents at the end of the period (A+B+C+D)	5	445,290	488,341

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 1 - ORGANISATION AND NATURE OF THE GROUP

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. (“BİST”) (formerly named as İstanbul Menkul Kıymetler Borsası (“İMKB”)) since 1990. As of 30 June 2017, 20.04% (31 December 2016: 20.17%) of total shares are quoted on the BİST. The ultimate parent company of the Group is Eczacıbaşı Holding A.Ş., which possesses 50.62% (31 December 2016: 50.62%) shares of the Company (Note 18). The ultimate parent of Eczacıbaşı Holding A.Ş. is managed by Eczacıbaşı family.

As of 30 June 2017, the personnel number of the Group is 1,095 (31 December 2016: 1,160).

The Company and its consolidated subsidiaries, joint ventures and associates are referred to as the “Group” in these notes. 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
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 Profesyonel Ürün ve Hizmetler Sanayi ve Ticaret A.Ş. (“Eczacıbaşı Profesyonel”) (**)	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 İlaç (Cyprus) Ltd. registered in Northern Cyprus Turkish Republic, are registered in Turkey.

(**) These subsidiaries were sold on 4 July 2017 and assets and liabilities of these subsidiaries have been reclassified as "assets classified held for sale" and "liabilities directly associated with assets classified held for sale". The net period profit for the six-month interim period ended 30 June 2017 and 2016 of these subsidiaries has been classified as profit from discontinued operations (Note 26).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 1 - ORGANISATION AND NATURE OF THE GROUP (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
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. (“EBX”) (*)	Pharmaceuticals and serum production and sales	Baxter S.A.	Health
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş. (“Eczacıbaşı-Monrol”)	Production and sales of radiopharmaceuticals	Uğur Bozluoğlu and Şükrü Bozluoğlu	Health
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş. (“ESK”)	Sale of personal care products	Hans Schwarzkopf GmbH & Co. KG	Personal care

(*) On 31 January 2017, in the extraordinary general meeting of Eczacıbaşı Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş., the decision for the liquidation of the Company is taken and the legal title of the Company is registered as “Tasfiye Halinde Eczacıbaşı Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.” on 6 February 2017.

Associates

The Company’s associates (the “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
Eczacıbaşı Shire Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (“Eczacıbaşı Shire”) (*)	Sales and marketing of pharmaceuticals

(*) The title of Eczacıbaşı-Baxalta Sağlık Ürünleri Sanayi ve Ticaret A.Ş. is changed and registered to Eczacıbaşı Shire Sağlık Ürünleri Sanayi ve Ticaret A.Ş. on 26 January 2017

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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

2.1 Basis of Presentation (Continued)

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 (“TFRIC”) 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 consolidated 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.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect the Group preferred to present its interim condensed consolidated financial statements. The Group’s interim condensed consolidated financial statement does not include all disclosures and notes that should be included at year-end financial statements. Therefore the interim condensed consolidated financial statements should be examined together with the financial statements as of 31 December 2016.

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

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 proportion of condensed consolidated financial statements for the six months interim period ended 30 June 2017, except for accounting policies related to assets held for sale and discontinued operations, are consistent with accounting policies presented in the consolidated financial statements as of 31 December 2016.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

2.2 Changes in accounting policies (Continued)

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

With the decision of the Board of Directors dated 28 April 2017, the Company has decided to sell its subsidiary, Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri Sanayi and Ticaret A.Ş., with the ownership of 48.13% to Eczacıbaşı Holding A.Ş. The mentioned sale transaction has been approved by the Extraordinary General Assembly dated 3 July 2017. Subsequently, the transfer of shares has been realized at 4 July 2017. As a result, assets and liabilities of Eczacıbaşı Girişim and its subsidiaries for the six months period ended 30 June 2017 accounted by full consolidation method have been reclassified as "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale" and the net profit as of 30 June 2017 and 2016 have been reclassified under "profit from discontinued operations".

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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

(Amounts expressed in thousands 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) Changes in TAS affecting the amounts and footnotes reported in condensed interim consolidated financial statements.

None.

B) New standards, amendments and interpretations to existing standards as of 30 June 2017:

Explanations of the financial statements of the new TAS / TFRS:

- a) Title of TMS/TFRS;
 - b) The accounting policy change has been made in accordance with the relevant transition provisions;
 - c) Clarification of changes in accounting policy;
 - d) Disclosure of transitional provisions, if any;
 - e) The effects of transitional provisions on future periods;
 - f) As far as practicable, adjustments related to the current and each prior period presented:
 - i. Each affected financial statement should be presented for the item and
 - ii. If the "TAS 33 Earnings per Share" standard is met for the company, the amounts of ordinary shares and diluted earnings per share must be recalculated;
 - g) If it is not possible, for the periods or periods in which the reversal is not possible and for which periods it is not possible to disclose the circumstances leading up to the reversal and disclose how and when the change in accounting policy has been applied.
- Amendments to TAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the TASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- Amendments TAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.
- Annual improvements for the period 2014 - 2016:
- TFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

C) Standards, amendments and interpretations issued as of 30 June 2017 that are not yet effective:

If a new TAS / TFRS that has been issued but not yet entered into force is not applied early:

- a) The said situation and;
- b) Information that is known or reasonably foreseeable to determine the probable effects of changes in the financial statements in the period in which a TAS / TFRS is first required should be disclosed in the financial statements.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

(Amounts expressed in thousands 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 (Continued)

- Amendments to TFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.

TFRS 9, ‘Financial instruments’; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

TFRS 15, ‘Revenue from contracts with customers’; effective from annual periods beginning on or after 1 January 2018. TFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the TASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

Amendment to TFRS 15, ‘Revenue from contracts with customers’; effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The TASB has also included additional practical expedients related to transition to the new revenue standard.

- TFRS 16, ‘Leases’; effective from annual periods beginning on or after 1 January 2019 with earlier application permitted if TFRS 15, ‘Revenue from Contracts with Customers’, is also applied. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The TASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the TASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Amendments to TFRS 4, ‘Insurance contracts’ regarding the implementation of TFRS 9, ‘Financial Instruments’, effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard - TAS 39.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

(Amounts expressed in thousands 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 (Continued)

- Amendment to TAS 40, ‘Investment property’ relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Annual improvements 2014 - 2016, effective from annual periods
 - TFRS 1, ‘First-time adoption of TFRS’; regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19, and TFRS 10 effective 1 January 2018.
 - TAS 28, ‘Investments in associates and joint ventures’ regarding measuring an associate or joint venture at fair value effective 1 January 2018.
- TFRIC 22, ‘Foreign currency transactions and advance consideration’; effective from annual periods beginning on or after 1 January 2018. This TFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.
- TFRS 17, ‘Insurance contracts’; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Group will evaluate the effects of new and revised standards and interpretations on its operations and will implement them after its effective date.

NOTE 3 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

a) Shares in associates and joint ventures

	30 June 2017	31 December 2016
Associates		
Vitra Karo	-	-
Ekom	21,334	16,968
ESH	-	-
Eczacıbaşı Shire	44,946	38,074
Joint Ventures		
Eczacıbaşı-Monrol	-	-
ESK	-	-
EBX	28,772	28,651
	95,052	83,693

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

Short term liabilities due to investment accounted for using the equity method

	30 June 2017	31 December 2016
Capital commitments to associates ^(*)	11,875	-
	11,875	-

Long-term liabilities due to investments accounted for using the equity method

	30 June 2017	31 December 2016
Capital commitments to associates ^(*)	23,750	-
	23,750	-

The movement of the shares of associates and joint ventures during the period is as follows:

b) Shares in associates and joint ventures

	2017	2016
As of 1 January	83,693	86,348
The Group’s share in the profits of investments accounted for using equity method	9,115	14,305
Capital advance payments	-	33,900
Differences due to actuarial gains and losses	-	12
Change in the fair value of available-for-sale financial assets	3,969	(35)
Dividends paid/accrued	(1,725)	(45,915)
Capital commitments to associates*	(35,625)	-
As of 30 June, net	59,427	88,615

(*) Capital commitments to associates are related with the Company’s commitments to the unpaid proportion of share capital increase of Vitra Karo.

Assets and liabilities of the Group's associates and joint ventures in its condensed consolidated financial statements as at 30 June 2017 and 31 December 2016 and their net sales for the six months period ended 30 June are as follows:

		30 June 2017				
		Assets	Liabilities	Goodwill attributable to equity holders	Net profit/(loss) for the period	Total ownership interests (%)
Ekom	2,026,903	1,945,922	-	1,104,432	2,123	26.36
EBX	62,330	7,306	-	(50)	120	50.00
Eczacıbaşı Shire	147,291	59,865	-	72,092	6,872	50.00
					9,115	

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

	31 December 2016			30 June 2016		
	Assets	Liabilities	Goodwill attributable to equity holders	Net sales	Net profit/(loss) for the period	Total proportion of ownership interests (%)
Ekom	1,771,496	1,707,113	-	850,872	3,803	26.36
Vitra Karo	1,116,538	1,449,519	-	479,208	-	25.00
ESH	13,492	27,920	-	19,622	-	48.00
Eczacıbaşı-Monrol	202,257	294,401	-	61,069	-	50.00
ESK	12,526	13,874	-	8,402	(975)	47.00
EBX	72,664	15,359	-	156,994	9,526	50.00
Eczacıbaşı Shire	143,081	66,934	-	99,592	(927)	50.00
						11,427

NOTE 4 - SEGMENT REPORTING

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

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

The Group continues to operate primarily in three reportable segments as of 30 June 2017:

1. Health:

Production and sale of human health and veterinary medicine.

2. Personal care:

Production, marketing and sales of personal care products.

With the decision of the Board of Directors dated 28 April 2017, the Company has decided to sell its subsidiary, Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri Sanayi and Ticaret A.Ş., with the ownership of 48.13% to Eczacıbaşı Holding A.Ş. The mentioned sale transaction has been approved by the Extraordinary General Assembly dated 3 July 2017. Subsequently, the transfer of shares has been realized at 4 July 2017. Accordingly, the existing balances in the statement of financial position of this group are classified as "non-current asstes held for sale" and "liabilities related to non-curent assets held for sale", and the amounts in the income statement are shown under "discontinued operations".

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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 4 - SEGMENT REPORTING (Continued)

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 USD500 thousand to USD2,2 million in Ormanada.

Ayazağa facilities

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

Lands

In addition to the aforementioned lands of Ayazağa facilities, in 2015, the Company acquired all the shares of Yeni Tekstil Sanayi A.Ş. who owns a land plot in Ayazağa Cendere Valley, Urban Transformation Area as well as merged with it by facilitated merging transaction method on 7 December 2015.

The summary table of the Company’s other investments in real estate is as follows;

Acquisition date	Area	Parcel	(m²)	Transaction amount
29.06.2015	Silivri	21 land	265,930	16,425
01.12.2015	Silivri	No. 308	8,500	765
01.03.2016	Silivri	No. 1985	5,250	484
07.06.2016	Silivri	No. 2007	685,026	67,995
			964,706	85,669

Eczacıbaşı Gayrimenkul

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

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

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

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

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

Segment assets and liabilities as of 30 June 2017 and 31 December 2016:

	30 June 2017		31 December 2016	
	Assets	Liabilities	Assets	Liabilities
Health	231,084	(164,207)	179,862	(131,478)
Personal care (Note 26)	-	-	536,429	(484,247)
Real estate development	429,279	(12,718)	494,529	(6,878)
Undistributed	2,697,722	(144,755)	2,781,883	(125,610)
Assets classified as held for sale	630,833	(635,737)	-	-
Total	3,988,918	(957,417)	3,992,703	(748,213)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Capital expenditures and non-cash expenses of segments for six months interim period ended 30 June 2017 and 2016:

	Health	Personal care	Real estate development	Assets classified as held for sale	Total
1 January 2017 - 30 June 2017					
Capital expenditures (Note 12, 13 and 14)	4,426	-	3,203	3,993	11,622
Non-cash expenses:					
- Depreciation and amortisation (Note 13, 14 and 21)	2,073	-	3,274	5,649	10,996
- Provision for diminution in value of inventories (Note 10)	560	-	-	-	560
- Provision for employment termination benefits (Note 16)	648	-	57	592	1,297
- Provision for unused vacation (Note 16)	823	-	82	35	940
- Provision for litigations (Note 15)	61	-	-	650	711
- Expense accruals (Note 9)	476	-	1,115	2,165	3,756
	4,641	-	4,528	9,091	18,260
1 January 2016 - 30 June 2016					
Capital expenditures (Notes 12, 13 and 14)	5,334	18,719	73,996	-	98,049
Non-cash expenses:					
- Depreciation and amortisation (Notes 13, 14 and 21)	1,360	5,333	3,976	-	10,669
- Provision for diminution in value of inventories (Note 10)	-	372	-	-	372
- Provision for employment termination benefits (Note 16)	538	377	-	-	915
- Provision for unused vacation (Note 16)	1,043	752	208	-	2,003
- Provision for litigations (Note 15)	(698)	1,144	-	-	446
- Provision for doubtful receivables (Note 9)	-	91	-	-	91
- Expense accruals (Note 9)	108	2,072	-	-	2,180
	2,351	10,141	4,184	-	16,676

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 4 - SEGMENT REPORTING (Continued)

1 January 2017 - 30 June 2017	Health	Personal care	Real estate development	Undistributed	Total
Total sales	242,375	-	49,476	-	291,851
Elimination of sales within the Group (-)	(93)	-	(778)	-	(871)
Sales to third parties	242,282	-	48,698	-	290,980
Cost of sales (-)	(169,898)	-	(8,902)	-	(178,800)
Gross profit	72,384	-	39,796	-	112,180
General administrative expenses (-)	(23,144)	-	(6,882)	(2,822)	(32,848)
Marketing expenses (-)	(51,468)	-	(5,488)	-	(56,956)
Other operating income	14,967	-	487	92,421	107,875
Other operating expenses (-)	(12,145)	-	(14)	(64,493)	(76,652)
Operating profit	594	-	27,899	25,106	53,599
1 April 2017 - 30 June 2017	Health	Personal care	Real estate development	Undistributed	Total
Total sales	109,838	-	26,706	-	136,544
Elimination of sales within the Group (-)	(2)	-	(694)	-	(696)
Sales to third parties	109,836	-	26,012	-	135,848
Cost of sales (-)	(78,766)	-	(4,842)	-	(83,608)
Gross profit	31,070	-	21,170	-	52,240
General administrative expenses (-)	(10,427)	-	(4,703)	(1,488)	(16,618)
Marketing expenses (-)	(28,286)	-	(1,507)	-	(29,793)
Other operating income	6,567	-	14	17,183	23,764
Other operating expenses (-)	(2,776)	-	77	(17,592)	(20,291)
Operating (loss) / profit	(3,852)	-	15,051	(1,897)	9,302

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 4 - SEGMENT REPORTING (Continued)

Segment results for the periods ended as of 30 June 2017 and 2016

1 January 2016 - 30 June 2016	Health	Personal care	Real estate development	Undistributed	Total
Total sales	202,272	-	49,515	-	251,787
Elimination of sales within the Group (-)	(25)	-	(748)	-	(773)
Sales to third parties	202,247	-	48,767	-	251,014
Cost of sales (-)	(132,360)	-	(17,106)	-	(149,466)
Gross profit	69,887	-	31,661	-	101,548
General administrative expenses (-)	(16,719)	-	(2,664)	(4,127)	(23,510)
Marketing expenses (-)	(42,329)	-	(5,543)	-	(47,872)
Other operating income	5,957	-	542	54,002	60,501
Other operating expenses (-)	(1,514)	-	-	(41,785)	(43,299)
Operating profit	15,282	-	23,996	8,090	47,368
1 April 2016 - 30 June 2016	Health	Personal care	Real estate development	Undistributed	Total
Total sales	92,410	-	25,016	-	117,426
Elimination of sales within the Group (-)	(18)	-	(387)	-	(405)
Sales to third parties	92,392	-	24,629	-	117,021
Cost of sales (-)	(65,393)	-	(9,506)	-	(74,899)
Gross profit	26,999	-	15,123	-	42,122
General administrative expenses (-)	(8,785)	-	(1,576)	(3,018)	(13,379)
Marketing expenses (-)	(21,211)	-	(2,768)	-	(23,979)
Other operating income	2,872	-	841	36,485	40,198
Other operating expenses (-)	151	-	2	(21,123)	(20,970)
Operating profit	26	-	11,622	12,344	23,992

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

(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:

	1 January- 30 June 2017	1 April- 31 December 2017	1 January- 30 June 2016	1 April- 31 December 2016
Operating profits related to operating segments	28,493	11,199	39,278	11,648
Gain / losses shares from associates	25,106	(1,897)	8,090	12,344
Income from investing activities	99,406	99,405	59,761	59,730
Expenses from investing activities (-)	(79)	(47)	(4)	-
Shares from participation losses (-)	(26,510)	(31,425)	11,427	(3,339)
Financial income	7,165	5,002	1,359	(1,007)
Financial expenses (-)	(3,848)	(2,758)	(1,637)	(881)
Profit before tax	129,733	79,479	118,274	78,495

NOTE 5 - CASH AND CASH EQUIVALENTS

	30 June 2017	31 December 2016
Cash in hand	8	7
Banks	444,068	661,534
- demand deposits	2,580	2,908
- time deposits	441,488	658,626
	444,076	661,541

The annual interest rates applied to the Turkish Lira denominated time deposits range between 8.45% and 15.20% (31 December 2016: 10.75% and 11.95%), and the maturity date is between 18 July 2017 and 30 July 2017. The maturity dates for foreign currency time deposits are between 2.02% and 4.59% (31 December 2016: 1.75% to 3.75%), and between 3 July 2017 and 31 July 2017. The weighted annual interest rates of TL, USD and Euro denominated bank deposits are 14.34%, 4.27% and 2.30% respectively. (31 December 2016: 11.42%, 3.63% and 1.83%).

	30 June 2017	31 December 2016
TL denominated time deposits	6,422	86,918
TL Equivalent of USD denominated time deposits	185,170	439,544
TL Equivalent of EUR denominated time deposits	249,896	132,164
	441,488	658,626

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 30 June 2017, 31 December 2016, 30 June 2016 and 31 December 2015 are presented below:

	30 June 2017	31 December 2016	30 June 2016	31 December 2015
Cash and cash equivalents	444,076	661,541	488,737	699,023
Cash and cash equivalents related to assets classified as held for sale (Note 26)	1,755	-	-	-
Interest accruals (-)	(541)	(1,039)	(396)	(619)
	445,290	660,502	488,341	698,404

NOTE 6 - FINANCIAL ASSETS

The details of financial investments included in current assets as of 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017	31 December 2016
Restricted bank balances	-	2,754
Financial assets at fair value through profit and loss	339	1,082
Financial investments, current	339	3,836
Financial assets available-for-sale	2,153,665	2,157,822
Financial assets at fair value through profit and loss	3,050	2,396
Financial investments, non-current	2,156,715	2,160,218

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).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 6 - FINANCIAL ASSETS (Continued)

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

30 June 2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	339	-	339
Financial investments, current	-	339	-	339
Financial assets available-for-sale	39,121	266,656	1,847,888	2,153,665
Financial assets at fair value through profit and loss	-	3,050	-	3,050
Financial investments, non-current	39,121	269,706	1,847,888	2,156,715
31 December 2016	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss	-	1,082	-	1,082
Financial investments, current	-	1,082	-	1,082
Financial assets available-for-sale	43,278	266,656	1,847,888	2,157,822
Financial assets at fair value through profit and loss	-	2,396	-	2,396
Financial investments, non-current	43,278	269,052	1,847,888	2,160,218

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 Company management has decided to transfer the assets in portfolio accounts considering their maturities and liquidity, to banks in Turkey in the second half of 2008. As of 31 December 2009, a significant portion of the funds have been transferred to banks in Turkey and transfer of remaining part of the funds is in progress. Total fair value of funds not yet transferred is TL3,389 thousand as of 30 June 2017 (31 December 2016: TL3,478 thousand). As of 30 June 2017, Group estimates to transfer TL339 thousand (31 December 2016: TL1,082 thousand) of these funds within one year and the remaining TL3,050 thousand (31 December 2016: TL2,396 thousand) in long term. TL3,389 thousand (31 December 2016: TL3,478 thousand) of the aforementioned funds are in the funds in North America.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 6 - FINANCIAL ASSETS (Continued)

b) Available-for-sale financial assets:

Long-term available-for-sale financial assets:

The list of long-term available for sale financial assets as of 30 June 2017 and 31 December 2016 is as follows:

Listed:	30 June 2017	(%)	31 December 2016	(%)
Türkiye İş Bankası A.Ş., (*)	26	<1	25	<1
Ak Enerji Elektrik Üretim A.Ş. (*) (**)	<1	<1	<1	<1
Eczacıbaşı Yatırım Ortaklığı A.Ş. (*)	-	15	4,158	15
	26		4,183	
Not listed:				
Eczacıbaşı Holding A.Ş. (***)	2,152,843	37	2,152,843	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (***)	768	14	768	14
Other (***)	28	<1	28	<1
	2,153,639		2,153,639	
Total	2,153,665		2,157,822	

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

(**) As of 30 June 2017, the market price of Ak Enerji Elektrik Üretim A.Ş. is TL108 (31 December 2016: TL86).

(***) 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 2016, has not been updated for interim period

NOTE 7 - FINANCIAL LIABILITIES

	30 June 2017		31 December 2016	
	Effective interest rate per annum (%) (*)	TL	Effective interest rate per annum (%) (*)	TL
TL denominated bank borrowings	13.85 – 13.90	27,631	7.34 - 11.91	79,808
Finance lease payables	14.00	157	-	-
Euro denominated bank borrowings	-	-	3.88	6,278
Short-term bank borrowings		27,788		86,086
Euro denominated bank borrowings	-	-	3.88	31,391
Finance lease payables	14.00	388	14.00	690
Long-term bank borrowings		388		32,081
Total financial liabilities		28,176		118,167

(*) Annual weighted interest rate of TL denominated short-term bank borrowings are 13.88% (31 December 2016: 11.20%).

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

(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 30 June 2017 and 31 December 2016:

Short-term trade receivables from related parties	30 June 2017	31 December 2016
Due from shareholders		
Eczacıbaşı Holding A.Ş.	1,148	761
	1,148	761
Due from Joint Ventures		
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	40	1
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	4	3,396
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	-	67
	44	3,464
Due from Associates		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	11	38
Ekom Eczacıbaşı Dış Ticaret A.Ş.	-	2,201
Vitra Karo Sanayi ve Ticaret A.Ş.	-	2
	11	2,241
Due from other related parties		
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	5,053	886
İpek Kağıt Sanayi ve Ticaret A.Ş.	-	18,918
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	-	56
Esan Eczacıbaşı Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	-	1
Other	38	47
	5,091	19,908
Short-term due from related parties	6,294	26,374

Average maturity of the Group's receivables from related parties is 20 days (31 December 2016: 15 days) and is amortised at 12.40% per annum (31 December 2016: 8.28%).

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

Short-term trade payables to related parties	30 June 2017	31 December 2016
Due to shareholders		
Eczacıbaşı Holding A.Ş.	2,312	5,149
	2,312	5,149
Due to Joint Ventures		
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	-	10,985
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	-	143
	-	11,128
Due to Associataes		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	12	62
	12	62
Due to other related parties		
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	5,064	160
ESİ Eczacıbaşı Sigorta Acentalığı A.Ş.	1,443	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	247	514
İpek Kağıt Sanayi ve Ticaret A.Ş.	111	127,538
Eczacıbaşı Spor Kulübü Derneği	-	610
İntema İnşaat ve Tesisat Malzemeleri ve Pazarlama A.Ş.	-	7
Other	43	209
	6,908	129,075
	9,232	145,414
Deferred credit finance expenses (-)	-	(302)
Short-term due to related parties	9,232	145,112

Average maturity of the Group's payables to related parties is 56 days (31 December 2016: 101 days) and is amortised at 10.79% per annum (31 December 2016: 9.97%).

Short term financial liabilities to related parties	30 June 2017	31 December 2016
Ekom Eczacıbaşı Dış Ticaret A.Ş.	-	121,726
Total short term financial liabilities to related parties	-	121,726

As of 31 December 2016, all short-term financial liabilities to related parties are consist of TL denominated loans used by the Personal Care group via Ekom. These liabilities are classified as assets classified as held for sale as of 30 June 2017.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

(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 six months period ended 30 June:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Product sales				
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	-	-	1,753	917
	-	-	1,753	917
Service sales				
Eczacıbaşı Holding A.Ş.	525	263	720	360
Other	47	28	5	2
	572	291	725	362
Product purchases				
İpek Kağıt Sanayi ve Ticaret A.Ş.	51	17	-	-
Eczacıbaşı Holding A.Ş.	19	-	-	-
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	12	-	-	-
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	1	1	-	-
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	-	-	18,575	3,327
	83	18	18,575	3,327
Service purchases				
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	2,484	1,192	2,544	1,290
Eczacıbaşı Spor Kulübü Derneği	1,245	613	1,269	722
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	404	227	464	225
Eczacıbaşı Sağlık Hizmetleri A.Ş.	37	13	52	4
Diğer	29	1	84	35
	4,199	2,046	4,413	2,276

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

Dividend income from related parties	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Eczacıbaşı Holding A.Ş.	99,289	99,289	59,649	59,649
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	112	112	56	56
	99,401	99,401	59,705	59,705

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

Management and royalty fees paid to related parties	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Eczacıbaşı Holding A.Ş. (*)	3,276	1,539	2,966	1,565
	3,276	1,539	2,966	1,565

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

Rent income received from related parties	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Eczacıbaşı Holding A.Ş.	2,077	1,071	2,021	1,011
İntema Yaşam Ev ve Mutfak Ürünleri Pazarlama Sanayi ve Ticaret A.Ş.	247	117	70	70
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	112	56	105	53
Other	73	21	1,588	794
	2,509	1,265	3,784	1,928

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

Rent expenses paid to related parties	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Eczacıbaşı Holding A.Ş.	1,618	847	1,275	616
	1,618	847	1,275	616

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

Other expenses paid to related parties	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	353	198	454	231
Eczacıbaşı Ortak Sağlık ve Güvenlik Birimi A.Ş.	151	75	-	-
Eczacıbaşı Holding A.Ş.	111	81	57	43
Other	3	-	705	602
	618	354	1,216	876

Other expenses paid to related parties	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	264	-	-	-
Cennet Koyu Turizm İşletmeleri San, ve Tic. A.Ş.	-	-	3,507	791
Other	-	-	5	5
	264	-	3,512	796

Benefits provided to top management:

The Company has determined key management personnel as board members, group presidents, vice-presidents and general manager the Company and its subsidiaries. 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.

Details of compensation provided to key management personnel for the six months periods ending as of 30 June 2017 and 2016 are as follows:

Benefits provided to top management	2017	2016
Short term benefits provided to key management personnel	7,812	8,501
Long term benefits provided to key management personnel	1,308	26
	9,120	8,527

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables:

Short-term trade receivables	30 June 2017	31 December 2016
Trade receivables	83,187	277,291
Notes receivables	62,972	45,681
Income accruals	178	3,054
	146,337	326,026
Deferred credit finance income (-)	(2,464)	(3,957)
Provision for doubtful receivables (-)	(2,199)	(8,349)
Short-term trade receivables, net	141,674	313,720

Average maturity of the Group's receivables is 92 days (31 December 2016: 69 days) and TL denominated trade receivables are amortised at 12.40% per annum (31 December 2016: 8.28%).

Movement of provision for doubtful receivables is presented below:

	2017	2016
As of 1 January	8,349	8,253
Current year additions	-	91
Reversal of provisions	-	(73)
Provisions related to discontinued operations	101	-
Transfer to assets held for sale	(6,251)	-
As of 30 June	2,199	8,271

Maximum credit risk and aging analysis related to trade receivables are included in Note 27.

a) Trade payables:

Short-term trade payables	30 June 2017	31 December 2016
Trade payables	129,328	198,758
Expense accruals	1,751	7,362
Deferred credit finance expenses (-)	(575)	(2,589)
Short-term trade payables, net	130,504	203,531

Average maturity of the Group's payables is 80 days (31 December 2016: 118 days) and TL denominated trade payables are amortised at 12.40% per annum (31 December 2016: 9.18%), EUR denominated trade payables are amortised at 0.07% per annum (31 December 2016: 0.06%) and USD denominated payables are amortised at 0.92% per annum (31 December 2016: 0.28%).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 10 - INVENTORIES

	30 June 2017	31 December 2016
Raw materials and supplies	6,349	15,152
Work in progress	12,555	20,298
Finished goods	9,851	17,474
Merchandise	15,540	29,263
Scrap goods	-	3,063
Other inventories (*)	4,230	639
Lands and houses	49,095	54,554
	97,620	140,443
Provision for diminution in value of inventories (-)	(4,108)	(12,195)
	93,512	128,248

Lands and 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.

(*) Other inventories consist of stocks to be disposed of and an impairment loss record is established for the related amount.

The movements in the provision for impairment of inventories during the period are as follows:

	2017	2016
As of 1 January	12,195	11,136
Current year additions (Note 22)	560	372
Reversal of provisions (-)	-	(393)
Reversal of provisions related from discontinued operations	(2,044)	-
Transfer to assets held for sale	(6,603)	-
As of 30 June	4,108	11,115

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	30 June 2017	31 December 2016
Prepaid expenses	3,922	2,467
Advances given	101	2,842
	4,023	5,309
Long-term prepaid expenses	30 June 2017	31 December 2016
Prepaid expenses	1,076	2,463
Advances given to subcontractors	172	172
	1,248	2,635

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)

Short-term deferred income	30 June 2017	31 December 2016
Advances received	1,647	439
Unearned revenue	229	261
	1,876	700

Long-term deferred income	30 June 2017	31 December 2016
Unearned revenue	-	637
	-	637

NOTE 12 - INVESTMENT PROPERTIES

Cost	1 January 2017	Additions	Disposals	30 June 2017
Kanyon	229,830	235	-	230,065
Buildings	59,887	2,881	(499)	62,269
Lands and land improvements	151,332	48	(1,590)	149,790
	441,049	3,164	(2,089)	442,124

Accumulated depreciation

Kanyon	55,828	2,575	-	58,403
Buildings	21,764	385	(499)	21,650
Lands and land improvements	440	-	(57)	383
	78,032	2,960	(556)	80,436

Carrying amount **363,017** **361,688**

Cost	1 January 2016	Additions	Disposals	30 June 2016
Kanyon	229,691	-	-	229,691
Buildings	54,294	5,366	(1,223)	58,437
Lands and land improvements	82,853	68,479	-	151,332
	366,838	73,845	(1,223)	439,460

Accumulated depreciation

Kanyon	50,442	2,768	-	53,210
Buildings	20,035	941	(22)	20,954
Lands and land improvements	390	26	-	416
	70,867	3,735	(22)	74,580

Carrying amount **295,971** **364,880**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 12 - INVESTMENT PROPERTIES (Continued)

For the periods ending at 30 June 2017, total rent income of Kanyon shopping centre and office complex is amounted to TL37,893 thousand (30 June 2016: TL34,451 thousand) and repair and maintenance expense of the related period is amounted to TL986 thousand (30 June 2016: TL286 thousand).

Total rent income from other investment properties is amounting to TL2,905 thousand (30 June 2016: TL2,127 thousand) for the period ending at 30 June 2017.

As of 30 June 2017 and 31 December 2016, there are no pledges or liens on Group’s investment property.

Fair Value

Kanyon

As of 31 December 2016, fair value of Kanyon is approximately TL275 million which consist of fair value of Kanyon shopping centre amounting TL412 million and fair value of Kanyon Office complex amounting TL687 million which is calculated from net present value of estimated rent income of Kanyon shopping centre and office complex by the Group Management. (31 December 2015: fair value of Kanyon is TL658 million which consist of fair value of Kanyon shopping centre amounting TL281 million and fair value of Kanyon Office complex amounting TL377 million, which is calculated from net present value of estimated rent income of Kanyon shopping centre and office complex).

Other

Fair value of other investment properties is amounting to TL291,044 thousand as of 31 December 2016. Aforementioned fair values are determined for properties that generating rent income from the net present value “of anticipated rent income by the Company Management, whereas they are estimated for lands, which are purchased in current period by an independent evaluation company. This evaluation company that authorised by CMB, provides real estate valuation services pursuant to capital market legislation and has adequate experience and demonstrable knowledge in valuation of relevant areas. Upon valuation report, fair value of acquired properties is determined by comparing the imputed values that is reflected the actual transaction values of similar properties.

Group Management believes that the valuation studies as of 31 December 2016 are still valid and there is no need for new valuation studies considering that the market conditions as of the reporting date are not fluctuated.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2017	Additions	Disposals	Transfers	Additions related to assets held for sale	Disposals related to assets held for sale	Transfers to assets held for sale	30 June 2017
Cost								
Land and land improvements	19,286	-	-	-	51	-	(19,337)	-
Buildings	71,800	-	-	-	1,554	-	(73,354)	-
Machinery, plant and equipment	45,015	23	(3)	-	502	-	(35,750)	9,787
Motor vehicles	425	-	-	-	299	-	(239)	485
Furniture and fixtures	21,630	243	(411)	-	228	(118)	(17,298)	4,274
Construction in progress	245	-	-	-	776	-	(1,021)	-
Leasehold improvements	3,661	13	-	-	63	-	(1,850)	1,887
Other tangible assets	21,220	854	(16)	-	229	(1,006)	(9,997)	11,284
	183,282	1,133	(430)	-	3,702	(1,124)	(158,846)	27,717
Accumulated depreciation								
Land improvements	166	-	-	-	86	-	(252)	-
Buildings	4,259	-	-	-	737	-	(4,996)	-
Machinery, plant and equipment	27,294	8	2	-	856	-	(18,461)	9,699
Motor vehicles	385	5	-	-	8	-	(215)	183
Furniture and fixtures	14,351	353	(396)	-	897	(118)	(13,026)	2,061
Leasehold improvements	1,962	127	-	-	74	-	(705)	1,458
Other tangible assets	12,477	353	(13)	-	769	(782)	(4,810)	7,994
	60,894	846	(407)	-	3,427	(900)	(42,465)	21,395
Carrying amount	122,388							6,322

Allocation of depreciation and amortisation expenses for six months interim period is as follows: TL3,287 thousand in cost of goods sold, TL529 thousand in general and administrative expenses, TL1,531 thousand in marketing.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2016	Additions	Disposals	Transfers	30 June 2016
Cost					
Land and land improvements	17,225	-	-	1,835	19,060
Buildings	29,093	-	-	36,373	65,466
Machinery, plant and equipment	49,505	342	(265)	9,436	59,018
Motor vehicles	611	-	(4)	-	607
Furniture and fixtures	18,495	2,480	(1,010)	1,343	21,308
Construction in progress	36,691	14,073	-	(49,647)	1,117
Leasehold improvements	4,003	248	(1,936)	-	2,315
Other tangible assets	16,791	3,312	(5)	660	20,758
	172,414	20,455	(3,220)	-	189,649
Accumulated depreciation					
Land improvements	25	66	-	-	91
Buildings	2,876	681	-	-	3,557
Machinery, plant and equipment	40,289	1,448	(111)	-	41,626
Motor vehicles	539	12	(4)	-	547
Furniture and fixtures	13,219	1,293	(839)	-	13,673
Leasehold improvements	2,847	157	(1,190)	-	1,814
Other tangible assets	10,438	1,045	(4)	-	11,479
	70,233	4,702	(2,148)	-	72,787
Carrying amount	102,181				116,862

Allocation of depreciation and amortization expenses for six months interim period is as follows: TL3,294 thousand in cost of goods sold, TL874 thousand in general and administrative expenses, TL867 thousand in marketing expenses and TL5,634 thousand is reclassified under profit from discontinued operations in order to restate comparative information.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 14 - INTANGIBLE ASSETS

	1 January 2017	Additions	Disposals	Transfers	Additions related to assets held for sale	Disposals related to assets held for sale	Transfers to assets held for sale	30 June 2017
Cost								
Customer relations, licences and royalty	20,370	-	-	-	-	-	(20,370)	-
Rights	19,766	433	-	12	217	-	(13,593)	6,835
Computer software	19,184	171	(109)	64	74	-	(14,307)	5,077
Construction in progress	3,437	2,728	-	(76)	-	-	(263)	5,826
Other intangible assets	226	-	-	-	-	-	-	226
	62,983	3,332	(109)	-	291	-	(48,533)	17,964
Accumulated amortisation								
Customer relations, licences and royalty	5,432	-	-	-	679	-	(6,111)	-
Rights	9,057	1,271	-	-	320	-	(8,410)	2,238
Computer software	13,269	254	(109)	-	1,223	-	(10,037)	4,600
Other intangible assets	159	16	-	-	-	-	-	175
	27,917	1,541	(109)	-	2,222	-	(24,558)	7,013
Carrying amount	35,066							10,951

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 14 - INTANGIBLE ASSETS (Continued)

	1 January 2016	Additions	Disposals	Impairment	Transfers	30 June 2016
Cost						
Customer relations, licences and royalty	20,370	-	-	-	-	20,370
Rights	16,215	313	-	-	936	17,464
Computer software	16,043	617	(29)	-	-	16,631
Construction in progress	3,461	2,793	-	-	(936)	5,318
Other intangible assets	160	26	-	-	-	186
	56,249	3,749	(29)	-	-	59,969
Accumulated amortisation						
Customer relations, licences and royalty	4,074	679	-	-	-	4,753
Rights	7,038	881	-	-	-	7,919
Computer software	11,657	665	(29)	-	-	12,293
Other intangible assets	132	7	-	-	-	139
	22,901	2,232	(29)	-	-	25,104
Carrying amount	33,348					34,865

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

a) Provisions:

	30 June 2017	31 December 2016
Provision for litigations	605	3,578
	605	3,578

Provision for litigations:

The Group has provided provision for the lawsuits filed against the Group in the amount of TL605 thousand (31 December 2016: TL3,578 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

	2017	2016
As of 1 January	3,578	3,199
Charge for the period	61	446
Reversal of provisions (-)	-	(89)
Provisions related to discontinued operations	650	-
Transfer to current assets held for sale	(3,684)	-
As of 30 June	605	3,556

b) Contingent assets:

Appeal for return of tax penalty paid:

The Competition Authority decided to conduct an inquiry for 8 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 TL1,211 thousand, equivalent of 7.5% of the net sales of 2001, has been imposed on EİP. Regarding the penalty mentioned a reduced payment of TL908 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.

On 20 August 2014, as a result of an investigation initiated by the Competition Board, 2 companies, including EİP were fined amounting to TL930 thousand, based on the grounds that the Company violated competition rules. The Company benefited from the early payment option in 2015 and paid TL698 thousand.

There are no additional liabilities attributable to the penalty. The Company filed a lawsuit for the cancellation of the Competition Board’s decision and the reimbursement of the aforementioned amount.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

c) Contingent liabilities:

I- Tax and tax related penalties of the Company:

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, TL3,113 thousand regarding the tax and TL3,113 thousand regarding the penalty have been levied against the Company by the Büyük Mükellefler Tax Administration.

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 lawsuit is still in progress in Council of State.

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

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

- i) For the related tax and penalties, the Company applied to Commission for Tax Settlements in the Ministry of Finance for settlement. The Company filed a lawsuit for the related tax penalties in the Tax Court on 2 December 2011 since no consensus was reached during the settlement. The lawsuit has resulted against EBX and an appeal has been filed in the Council of State on 24 July 2012. For the lawsuits lost in the Tax Court, a provision of TL17,764 thousand is provided for the Group's share in total amount of TL35,528 thousand calculated by considering overdue interests, based on equity method accounting for EBX. EBX is agreed on repayment schedule with the tax administration and made all payments.

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.

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 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) EBX filed a lawsuit against Büyük Mükellefler Tax Administration related to offsetting 2012 VAT with 2010 VAT receivable amounting to TL4,104 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
- iii) TL1,223 thousand, which was offset in 2011 and included in VAT required to be reimbursed due to deliveries subject to reduced rates, was paid with overdue interest on 7 January 2016 with regards to payment order notified on 4 April 2015.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

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

Tax penalty notified as at 3 August 2012:

Within the scope of inspections of companies in pharmaceuticals industry by the Tax Auditors of the Ministry of Finance, a limited investigation has been conducted for EİP Eczacıbaşı İlaç Pazarlama A.Ş. and EIP has been notified for tax penalties consisting of TL570 thousand regarding VAT and TL855 thousand for its activities of the 2010 - 2011 periods. Based on on-going inspection process, tax penalties for TL282 thousand of Corporate Tax, TL365 thousand VAT and TL917 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 TL570 thousand VAT, TL855 thousand penalty and TL365 thousand VAT, TL635 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 TL282 thousand attributable to corporate tax and TL282 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 still in progress. The lawsuit related to TL282 thousand attributable to corporate tax and TL282 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.

Tax Court demand additional information and documents from EİP and reconsiderated the case after the court file was sent back to Istanbul 8.Tax Court. Council of State Tax Case Office accept the resolution of general assembly and cancel the amount with penalty.

The lawsuit related to price differences from market values

Various public hospitals governed by Turkish Ministry of Health ("MoH") claimed approximately TL1,749 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 TL403 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

d) Guarantees given and taken:

Guarantees given	30 June 2017			Total
	USD	EUR	TL	
Letters of guarantee	-	-	14,044	14,044
	-	-	14,044	14,044
Guarantees taken				
Letters of guarantee	8,315	95	25,651	34,061
Guaranteed bills of exchange	516	-	188	704
	8,831	95	25,839	34,765
Guarantees given	31 December 2016			Total
	USD	EUR	TL	
Letters of guarantee	-	-	15,031	15,031
	-	-	15,031	15,031
Guarantees taken				
Letters of guarantee	7,511	88	112,525	120,124
Guaranteed bills of exchange	517	-	3,836	4,353
Mortgages	-	-	26,137	26,137
	8,028	88	142,498	150,614

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.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

Collateral/pledge/mortgage (“CPM”) position of the Group. as of 30 June 2017 and 31 December 2016 is as follows:

	30 June 2017	31 December 2016
A. CPMs given for Company’s own legal personality (*)	14,044	15,031
- Collateral (Fully denominated in TL)	14,044	15,031
- 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	-	-
	14,044	15,031

(*) TL189 thousand of total amount (31 December 2016: TL151 thousand) presents “CPM” position of the majority shareholder EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.

Proportion of other CPMs given to the Group’s equity as of 30 June 2017 is 0% (31 December 2016: 0%).

NOTE 16 - EMPLOYEE BENEFITS

Employee benefit obligations	30 June 2017	31 December 2016
Social security premiums payable	976	3,024
Wages payable to employees	46	1,143
	1,022	4,167
Short term provisions for employee benefits	30 June 2017	31 December 2016
Provision for unused vacations	2,803	5,928
	2,803	5,928

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

Provision for unused vacations:

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

	2017	2016
As of 1 January	5,928	5,042
Charge for the period	905	2,003
Payments during the period (-)	(134)	(129)
Provisions related to discontinued operations	35	-
Transfer to current assets held for sale	(3,931)	-
As of 30 June	2,803	6,916

Long term provisions for employee benefits

Provision for employment termination benefits:

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

As of 30 June 2017, the amount payable consists of one month’s salary limited to a maximum of TL4,732.48 (31 December 2016: TL4,297.21) 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:

	30 June 2017	31 December 2016
Discount rate (%)	4.11	4.11
Turnover rate to estimate the probability of retirement (%) (*)	93 - 98	89 - 98

(*) For the estimation of the probability of retirement, the turnover rate was used for employees with services up to 15 years, and for employees with 16 years of service and over, it was taken as 100%.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. The discount rate thus applied represents the expected rate of actual inflation.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

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

	2017	2016
As of 1 January	7,774	7,533
Charge for the period (Note 21)	705	915
Payments during the period (-)	(164)	(803)
Additions related to current assets held for sale	592	-
Payments related to current assets held for sale (-)	(1,084)	-
Transfer to current assets held for sale	(3,760)	-
As of 30 June	4,063	7,645

NOTE 17 - OTHER ASSETS AND LIABILITIES

Other current assets	30 June 2017	31 December 2016
VAT receivables	20,905	15,555
Advances given to personnel	1,025	81
Other	-	11
	21,930	15,647

Other non-current assets	30 June 2017	31 December 2016
VAT receivables	923	13,847
	923	13,847

NOTE 18 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr 1. There are no privileged shares, EİS Eczacıbaşı İlaç, Sanayi ve Ticaret A.Ş.'s subscribed, historical and authorised share capital for the years ended at 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017	31 December 2016
Limit on registered share capital (historical value)	1,920,000	1,920,000
Authorised share capital approved with nominal value	685,260	685,260

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SINAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 18 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

At 30 June 2017 and 31 December 2016, the shareholders of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and their proportion of ownership interests in historical share capital are as follows:

Shareholders	(%)	30 June 2017	(%)	31 December 2016
Eczacıbaşı Holding A.Ş.	50.62	346,845	50.62	346,845
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	29.35	201,117	29.20	200,117
Other (Listed) (*)	20.04	137,298	20.18	138,298
Total	100.00	685,260	100.00	685,260
Adjustment to share capital		105,777		105,777
Total authorised share capital		791,037		791,037

(*) Within the framework of Capital Markets Board’s decision, dated 23 July 2010 and numbered 21/655, actual rates of the shares in circulation of the listed companies in BIST are announced on a weekly basis starting from the period ended 31 March 2010, became effective as of 1 October 2010 by the Central Registry Agency (“CRA”). According to the report published by CRA on 30 June 2017, 20.04% (31 December 2016: 20.17%) 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 TL128,127 thousand (31 December 2016: TL78,111 thousand).

The aforementioned legal reserves and special reserves shall be classified in “Restricted reserves” in accordance with POA Financial Reporting Standards. Details of the restricted reserves as of 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017	31 December 2016
Legal reserves	128,727	78,111
Gain on sale of shares of associates	39,368	199,802
	168,095	277,913

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 19 - REVENUE

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Domestic sales	354,495	167,800	305,206	145,865
Exports	306	302	71	13
Gross sales	354,801	168,102	305,277	145,878
Sales returns (-)	(2,021)	(1,234)	(3,019)	(2,687)
Sales discounts (-)	(61,800)	(31,020)	(51,244)	(26,170)
Net sales	290,980	135,848	251,014	117,021
Cost of sales (-)	(178,800)	(83,608)	(149,466)	(74,899)
Gross profit	112,180	52,240	101,548	42,122

**NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH
AND DEVELOPMENT EXPENSES**

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
General administrative expenses				
Personnel expenses	14,679	6,150	9,372	4,864
Consultancy expenses	5,386	2,374	3,759	2,016
Rent expenses	2,419	1,292	686	423
Miscellaneous taxes	2,200	2,143	1,868	1,762
Repair and maintenance expenses	1,377	1,041	1,486	940
Provision for unpaid vacation (Note 16)	905	472	2,075	656
Provision for employment termination benefits (Note 16)	705	91	1,628	535
Depreciation and amortisation expenses (Note 12, 13 and 14)	529	288	874	458
Provision expense for doubtful receivables (Note 9)	-	-	91	73
Other	4,648	2,767	1,671	1,652
	32,848	16,618	23,510	13,379

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

**NOTE 20 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH
AND DEVELOPMENT EXPENSES (Continued)**

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Marketing expenses				
Personnel expenses	24,661	11,816	20,579	10,127
Advertisement, presentation and promotion expenses	18,633	11,730	15,765	8,218
Transportation, distribution and warehousing expenses	3,161	1,884	3,577	2,259
Rent expenses	2,642	1,420	2,033	1,088
Training expenses	2,014	296	1,396	343
Fuel, energy and water expenses	1,563	811	1,153	650
Depreciation and amortisation expenses (Note 13 and 14)	1,531	800	867	471
Travelling expenses	1,277	691	1,015	571
Technical support, license and know-how expenses	342	111	1,157	126
Contract manufacturing expense	252	125	-	-
Consultancy expenses	99	55	69	33
Other	781	54	261	93
	56,956	29,793	47,872	23,979

NOTE 21 - EXPENSES BY NATURE

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Purchase and consumption of inventories	178,868	85,018	111,236	59,730
Personnel expenses	39,340	17,966	31,956	16,054
Advertisement and promotion expenses	18,633	11,730	15,765	8,516
Consultancy expense	5,386	2,374	3,827	2,049
Depreciation and amortisation expense (Notes 12, 13 and 14)	5,347	2,860	5,035	2,563
Rent expenses	5,061	2,712	3,043	1,835
Contract manufacturing expense	4,827	3,167	9,221	5,602
Transportation, distribution and warehousing expenses	3,161	1,884	3,577	2,259
Provision for employment termination benefits (Note 16)	705	91	1,628	535
Changes in commercial inventories	(8,220)	(6,288)	22,473	6,294
Other	15,496	8,505	13,087	6,820
	268,604	130,019	220,848	112,257

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Other operating income				
Foreign exchange gains from bank deposits	81,678	12,166	43,616	31,123
Interest income from bank deposits	10,835	3,575	10,749	4,501
Foreign exchange gains from trade receivables and payables	7,852	3,419	446	465
Credit finance income	5,441	2,973	3,629	2,196
Compensation income	-	-	831	225
Collections from doubtful receivables (Note 9)	-	-	73	73
Other	2,069	1,631	1,157	1,615
	107,875	23,764	60,501	40,198

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Other operating expenses				
Foreign exchange losses from bank deposits	64,312	17,312	35,139	15,194
Foreign exchange losses from trade receivables and payables	9,042	1,650	1,654	241
Credit finance expenses	1,383	696	1,585	1,041
Provision for diminution in value of inventories (Note 10)	560	418	335	13
Donation expenses	170	170	205	174
Restructuring expenses	-	-	1,583	508
Provision expense for legal case (Note 15)	61	-	444	446
Other	1,124	45	2,354	3,353
	76,652	20,291	43,299	20,970

NOTE 23 - FINANCIAL INCOME / EXPENSES

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Financial income				
Derivative transactions income	7,165	5,002	1,359	(1,007)
	7,165	5,002	1,359	(1,007)

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 23 - FINANCIAL INCOME / EXPENSES (Continued)

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Financial expenses				
Interest expense from bank borrowings	2,352	1,415	917	360
Derivative transactions expenses	1,141	1,141	-	-
Commissions of letter of guarantees	191	92	163	73
Foreign exchange losses	-	-	423	393
Other	164	110	134	55
	3,848	2,758	1,637	881

NOTE 24 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

a) Current income tax on profits:

	30 June 2017	31 December 2016
Corporate and income taxes payable (Company)	10,566	32,392
Prepaid taxes (-) (Company)	(8,508)	(14,230)
	2,058	18,162
Corporate and income taxes payable (Subsidiary)	-	-
Prepaid taxes (-) (Subsidiary)	(36)	(327)
	(36)	(327)
Current income tax liabilities, (net)	2,022	17,835

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 2017 (2016: 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 24 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(Continued)

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 six months interim periods ended 2017 and 2016.

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.

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

The taxes on income reflected to the consolidated income statement of the six months period ended 30 June 2017 and 30 June 2016 are summarized below:

	1 January - 30 June 2017	1 April - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2016
Current income tax expenses	(10,566)	(2,894)	(6,282)	(4,872)
Deferred tax expenses	(946)	(2,005)	(373)	(35)
Total tax expense (-)	(11,512)	(4,899)	(6,655)	(4,907)

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 24 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(Continued)

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

	30 June 2017	30 June 2016
Profit before tax	129,733	118,274
Current year corporation tax expense	(25,947)	(23,655)
Tax effect of disallowable expenses	(68)	(59)
Tax effect of exemption of dividend income	3,976	12,124
Tax losses used in current period	2,327	-
Tax losses disregarded in the calculation of deferred tax assets in the previous periods and recognised in the current period	-	2,258
Tax losses disregarded in the calculation of deferred tax	-	(126)
Items disregarded in the calculation of deferred tax	-	-
Equity method accounting	9,120	2,861
Other	(920)	(58)
Total tax expenses	(11,512)	(6,655)

b) **Deferred tax:**

The Group recognises deferred 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 tax assets and liabilities is 20% (31 December 2016: 20%).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

**NOTE 24 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(Continued)**

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 30 June 2017 and 31 December 2016 using the enacted tax rates is as follows:

	<u>Cumulative temporary differences</u>		<u>Deferred tax assets/ (liabilities)</u>	
	<u>30 June 2017</u>	<u>31 December 2016</u>	<u>30 June 2017</u>	<u>31 December 2016</u>
Carry forward tax losses	(6,509)	(34,457)	1,302	6,891
Difference between the tax base and carrying amount of investment property				
property, plant and equipment and intangible assets	(18,541)	(30,895)	3,708	6,179
Difference between the tax base and carrying amount of inventories	(4,108)	-	822	-
Provision for doubtful receivables	(1,688)	(6,319)	338	1,264
Provision for unused vacation	(2,803)	(5,928)	561	1,186
Provision for employment termination benefits	(4,063)	(7,774)	813	1,555
Provision for litigations	(605)	(3,578)	121	716
Deferred credit finance income	-	-	-	-
Income/(expense) accruals for derivative financial instruments	-	(6,512)	-	1,302
Other	(1,605)	(335)	321	67
Deferred tax assets (**)			8,479	19,953
Fair value differences of available for-sale financial assets (*)	1,997,688	1,999,530	(99,884)	(99,981)
Deferred credit finance expenses	6,884	2,892	(1,377)	(578)
Income/(expense) accruals for derivative financial instruments	3,834	-	(767)	-
Difference between the tax base and carrying amount of inventories	-	3,557	-	(711)
Deferred tax liabilities (-) (**)			(102,028)	(101,270)
Deferred tax liabilities, net			(93,549)	(81,317)

(*) Difference between fair value and book value amounts to TL1,997,688 thousand (31 December 2016: TL1,999,530 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 TL7,312 thousand (31 December 2016: TL23,727 thousand) and deferred tax liability amounting to TL100,861 thousand (31 December 2016: TL105,044 thousand) presented in the financial statements, which are calculated on a separate entity basis for all companies included in the scope of consolidation.

As a result of the evaluations made, it is probable that the Group will be able to deduct the temporary differences that can be deducted from the deductible temporary differences amounting to TL3,960 thousand (31 December 2016: TL22.085 thousand) as of 30 June 2017 from the deductible temporary differences amounting to TL792 thousand (31 December 2016: TL4.417 thousand) have not been recognized in the deferred tax asset.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

**NOTE 24 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)
(Continued)**

The expiry date of the right to use deferred tax assets for which no deferred tax asset is allocated is as follows

	30 June 2017	31 December 2016
Ends in 2017	33	2,546
Ends in 2018	42	2,556
Ends in 2019	24	-
Ends in 2020	886	1,706
Ends in 2021	1,964	15,277
Ends in 2022	1,011	-
	3,960	22,085

Since each of the Subsidiaries is taxpayers separately, a net deferred tax asset or liability is calculated for each taxpayer, but these amounts are not offset in the statement of financial position.

Movement of deferred tax liability as of 30 June is as follows:

	2017	2016
As of 1 January	(81,317)	(60,071)
Current year deferred tax (expense) / income	(946)	2,051
Deferred tax liability accounted under equity resulting from increase in value of available-for-sale financial assets (*)	(35)	(43)
Deferred tax expense discontinued operations	(2,567)	-
Disposals related to non-current assets held for sale	(8,684)	-
As of 30 June	(93,549)	(58,063)

(*) It consists of tax that is recognized directly in shareholders' equity. In shareholders' equity, no tax is transferred to the profit and loss account.

NOTE 25 - EARNINGS PER SHARE

	1 January - 30 June 2017	1 January- 30 June 2016
Net gain / (loss) attributable to equity holders of the Company	121,566	111,689
Profit from continuous operations	118,044	111,608
Profit from discontinued operations	3,522	81
Weighted average number of ordinary shares with face value of Kr 1 each	68,526,000,000	68,526,000,000
Earning per share (Kr)	0.1774	0.1630
Basic earnings per share from continuous operations	0.1723	0.1629
Basic earnings per share from discontinued operations	0.0051	0.001

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

NOTE 26 - CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

At the Board Of Director's meeting held on 28 April 2017, it was resolved to sale of the Group's share in Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri Sanayi ve Ticaret A.Ş. which contribute 48.13% of total shares to Eczacıbaşı Holding A.Ş and at the extraordinary general assembly meeting held on 3 July 2017, it was approved to sale of the Group's share and the shares has been transferred on 4 July 2017. In the prior periods, the subsidiary and Eczacıbaşı Hijyen Ürünleri Sanayi ve Ticaret A.Ş. and Eczacıbaşı Profesyonel Ürün ve Hizmetler Sanayi ve Ticaret A.Ş which own 100% ownership with the related subsidiary which are consolidated with full consolidation method, is classified in the non-current asset held for sale.

30 June 2017

Cash flows from operating activities	(36,416)
Cash flows from investment activities	(3,125)
Cash flows from financing activities	20,466

Total cash flows **(19,075)**

a) Current assets held for sale

30 June 2017

Cash and cash equivalents	1,755
Trade receivables	385,781
Other receivables	10,003
Inventories	42,727
Prepaid expenses	6,867
Current income tax assets	68
Other current assets	2,353
Available for sale financial investments	4,851
Tangible fixed assets	116,381
Intangible fixed assets	48,095
Other non-current assets	414
Deferred tax assets	11,538

Total **630,833**

b) Liabilities directly associated with assets classified as held for sale

30 June 2017

Borrowings	239,769
Trade payables	363,152
Employee benefit obligations	1,196
Other payables	15,253
Deferred income	450
Short term provisions	8,527
Other short term payables	777
Long term provisions	3,760
Deferred tax liabilities	2,853

Total **635,737**

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 26 - CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

Analysis of the results of discontinued operations and analysis of the results recorded by re-measuring the group of assets to be excluded is as follows:

	30 June 2017	30 June 2016
Income	536,510	471,106
Expense	(527,153)	(473,373)
Profit before tax from discontinued operations	9,357	(2,267)
Tax	(2,566)	2,424
Net profit from discontinued operations	6,791	157

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

a) Credit risk

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

Details of credit and receivable risk as of 30 June 2017 and 31 December 2016 are as follows:

30 June 2017	Trade receivables		Other receivables		Deposit in banks	Other (*)
	Related parties	Other	Related parties	Other		
Maximum credit risk exposed as of balance sheet date (**)	6,294	141,674	2,018	138	444,068	3,389
- Secured portion of the maximum credit risk by guarantees (-)	-	14,044	-	-	-	-
A. Net book value of financial assets that are neither past due not impaired	6,294	136,310	2,018	138	444,068	-
B. Carrying value of financial assets that are past due but not impaired (***)	-	5,364	-	-	-	3,389
C. Net book value of the impaired assets						
- Past due (gross carrying amount)	-	2,199	-	-	-	-
- Impairment (-)	-	(2,199)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc,	-	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc,	-	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-	-

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

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

(***) As of 30 June 2017, the aging explanations related with past due but not impaired assets indicated in the aging table of “Past due but not impaired trade receivables”.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

31 December 2016	Trade receivables		Other receivables		Deposit in banks	Other (*)
	Related parties	Other	Related parties	Other		
Maximum credit risk exposed as of balance sheet date (**)	26,374	313,720	1,902	572	661,534	3,478
- Secured portion of the maximum credit risk by guarantees (-)	-	39,599	-	-	-	-
A. Net book value of financial assets that are neither past due not impaired	26,033	245,360	1,902	572	661,534	-
B. Carrying value of financial assets that are past due but not impaired (***)	341	68,360	-	-	-	3,478
C. Net book value of the impaired assets						
- Past due (gross carrying amount)	-	8,349	-	-	-	-
- Impairment (-)	-	(8,349)	-	-	-	-
- 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 2016, the aging explanations related with past due but not impaired assets indicated in the aging table of “Past due but not impaired trade receivables”.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

Details of the past due but not impaired receivables for the years ended at 30 June 2017 and 31 December 2016 are as follows:

30 June 2017	Trade receivables from		Other
	Related parties	Other	
Past due up to 30 days	-	1,741	-
Past due 1 - 3 months	-	216	-
Past due 3 - 12 months	-	215	-
Past due 1 - 5 year (*)	-	3,192	3,389
	-	5,364	3,389

31 December 2016	Trade receivables from		Other
	Related parties	Other	
Past due up to 30 days	341	29,780	-
Past due 1 - 3 months	-	27,820	-
Past due 3 - 12 months	-	10,036	-
Past due 1 - 5 year (*)	-	731	3,478
	341	68,367	3,478

(*) 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.

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:

Non-derivative financial liabilities	Carrying value	30 June 2017				
		Contractual cash outflows	Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Other financial liabilities	28,176	45,237	27,631	17,606	-	-
Trade payables due to related parties	9,232	9,232	9,232	-	-	-
Other trade payables	130,504	131,079	131,079	-	-	-
Other payables and liabilities	40,308	40,308	-	16,558	23,750	-
Total non-derivative financial liabilities	208,220	225,856	167,942	34,164	23,750	-

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

Non-derivative financial liabilities	Carrying value	Contractual cash outflows	31 December 2016			
			Up to 3 months	3 - 12 months	1 - 5 years	More than 5 years
Financial liabilities to related parties	121,726	122,483	85,846	36,637	-	-
Other financial liabilities	118,167	127,318	50,205	42,329	34,784	-
Trade payables due to related parties	145,112	146,321	146,321	-	-	-
Other trade payables	203,531	205,148	178,199	26,949	-	-
Other payables and liabilities	10,149	10,149	-	9,623	526	-
Total non-derivative financial liabilities	598,685	611,419	460,571	115,538	35,310	-

c) **Market risk**

i) **Cash flow and fair value interest rate risk**

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

The Group is exposed to interest rate risk through floating interest rates bank borrowings. The Group is also exposed to fair value interest risk through fixed rate bank borrowings. As of 30 June 2017, the Group's financial liabilities with floating interest rates are TL (31 December 2016: TL, USD and EUR) denominated.

30 June 2017 31 December 2016

Financial instruments with fixed interest rates:

Financial assets

- Cash and cash equivalents 444,076 661,541

Financial liabilities

- Financial liabilities 28,176 172,462

Financial Instruments with floating exchange rates

Financial liabilities

- Financial liabilities - 67,431

As disclosed above the Group's financial instruments have fixed interest rates. However as indicated in Note 7, 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:

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

At 30 June 2017, 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 TL646 thousand (31 December 2016: TL674 thousand) higher / lower as a result of interest expenses.

Sensitivity analyzes related to liquidity exposures and fair values used in discounted cash flows are shown in Note 6.

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

	30 June 2017			
	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)	13,549	(13,549)	13,549	(13,549)
Secured position (-)	-	-	-	-
USD net effect	13,549	(13,549)	13,549	(13,549)
In case of 10% change in EUR against TL:				
EUR net asset / (liability)	23,925	(23,925)	23,925	(23,925)
Secured position (-)	-	-	-	-
EUR net effect	23,925	(23,925)	23,925	(23,925)
In case of 10% change in other foreign exchange rates against TL:				
Other foreign currency net asset / (liability)	1,288	(1,288)	1,288	(1,288)
Secured position (-)	-	-	-	-
Other foreign currencies net effect	1,288	(1,288)	1,288	(1,288)
	38,762	(38,762)	38,762	(38,762)

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

	30 June 2016			
	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)	30,250	(30,250)	30,250	(30,250)
Secured position (-)	-	-	-	-
USD net effect	30,250	(30,250)	30,250	(30,250)
In case of 10% change in EUR against TL:				
EUR net asset / (liability)	5,132	(5,132)	5,132	(5,132)
Secured position (-)	-	-	-	-
EUR net effect	5,132	(5,132)	5,132	(5,132)
In case of 10% change in other foreign exchange rates against TL:				
Other foreign currency net asset / (liability)	-	-	-	-
Secured position (-)	-	-	-	-
Other foreign currencies net effect	-	-	-	-
	35,382	(35,382)	35,382	(35,382)

TL equivalents of assets and liabilities held by the Group denominated in foreign currency at 30 June 2017 and 2016 in consideration of foreign exchange rates are as follows:

	30 June 2017	30 June 2016
USD	3.5071	2.8936
EUR	4.0030	3.2044
GBP	4.5413	3.8690

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

The amounts of assets and liabilities denominated in original and foreign currencies and their TL equivalents as of 30 June 2017 were as follows:

	30 June 2017			
	Total	Original amounts		
	TL equivalent	USD	EUR	GBP
Trade receivables	79	-	20	-
Monetary financial assets	435,125	52,815	62,427	-
Other	338	97	-	-
Current assets	435,542	52,912	62,447	-
Trade receivables	-	-	-	-
Monetary financial assets	16,900	870	-	3,050
Non-current assets	16,900	870	-	3,050
Total assets	452,442	53,782	62,447	3,050
Trade payables	62,336	14,441	2,678	213
Financial liabilities	-	-	-	-
Monetary other liabilities	2,479	707	-	-
Current liabilities	64,815	15,148	2,678	213
Monetary other liabilities	-	-	-	-
Non-current liabilities	-	-	-	-
Total liabilities	64,815	15,148	2,678	213
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	387,627	38,634	59,769	2,837
Net foreign currency asset / (liability) position of monetary items	387,627	38,634	59,769	2,837
Fair value of hedged funds of foreign currency	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

The amounts of assets and liabilities denominated in original and foreign currencies and their TL equivalents as of 31 December 2016 were as follows:

	Total TL equivalent	31 December 2016 Original amounts		
		USD	EUR	GBP
Trade receivables	2,683	542	209	-
Monetary financial assets	573,729	125,455	35,642	-
Other	1,855	-	500	-
Current assets	578,267	125,997	36,351	-
Trade receivables	-	-	-	-
Monetary financial assets	2,397	681	-	-
Non-current assets	2,397	681	-	-
Total Assets	580,664	126,678	36,351	-
Trade payables	125,377	19,759	15,052	190
Financial liabilities	6,278	-	1,692	-
Monetary other liabilities	3,164	896	3	-
Current liabilities	134,819	20,655	16,747	190
Monetary other liabilities	31,391	-	8,461	-
Non-current liabilities	31,391	-	8,461	-
Total liabilities	166,210	20,655	25,208	190
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	413,633	106,023	11,143	(190)
Net foreign currency asset / (liability) position of monetary items	413,633	106,023	11,143	(190)
Fair value of hedged funds of foreign currency	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017

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

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

ii) *Foreign exchange derivative transactions*

	<u>30 June 2017</u>		<u>31 December 2016</u>	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	3,834	-	6,512	-
	3,834	-	6,512	-

The Group utilizes currency derivatives to hedge significant future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	<u>30 June 2017</u>	<u>31 December 2016</u>
Forward foreign exchange contracts	65,771	84,000
As of 31 December	65,771	84,000

At 30 June 2017, the fair value of the Group's currency derivatives is estimated to be approximately TL3,834 thousand (31 December 2016: TL6,512 thousand). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date.

Amounts of TL3,834 thousand (30 June 2016: TL2,366 thousand) respectively have been transferred to the statement of profit or loss in respect of contracts matured during the period.

Changes in the fair value of non-hedging currency derivatives amounting to TL2,190 thousand have been charged to income in the current year (31 December 2016: TL6,512 thousand).

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

e) Categories and fair values of financial instruments

30 June 2017	Financial assets at fair value through profit or loss	Loans and receivables (including cash and cash equivalents)	Available for sale financial assets	Financial liabilities stated at amortised cost	Carrying Amount	Note
Financial assets						
Cash and cash equivalents	-	444,076	-	-	444,076	5
Trade receivables	-	141,674	-	-	141,674	9
Receivables from related parties	-	6,294	-	-	6,294	8
Financial investments	3,389	-	2,153,665	-	2,157,054	6
Other financial assets	-	-	-	-	-	-
Financial liabilities						
Financial liabilities	-	-	-	28,176	28,176	7
Financial liabilities to related parties	-	-	-	-	-	7
Trade payables	-	-	-	130,504	130,504	9
Payables to related parties	-	-	-	9,232	9,232	8
Other financial liabilities	-	-	-	-	-	-

Group Management believes that the carrying amount of financial instruments represent their fair values.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

31 December 2016	Financial assets at fair value through profit or loss	Loans and receivables (including cash and cash equivalents)	Available for sale financial assets	Financial liabilities stated at amortised cost	Carrying Amount	Note
Financial assets						
Cash and cash equivalents	-	661,541	-	-	661,541	5
Trade receivables	-	313,727	-	-	313,727	9
Receivables from related parties	-	26,374	-	-	26,374	8
Financial investments	3,478	-	2,157,822	-	2,161,300	6
Other financial assets	-	2,754	-	-	2,754	6
Financial liabilities						
Financial liabilities	-	-	-	118,167	118,167	7
Payables from related parties	-	-	-	121,726	121,726	8
Trade payables	-	-	-	203,531	203,531	9
Payables to related parties	-	-	-	145,638	145,112	8
Other financial liabilities	-	-	-	2,754	2,754	-

Group Management believes that the carrying amount of financial instruments represent their fair values.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

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

d) Capital risk management

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

The capital structure of the Company consists of debts including the borrowings and other debts disclosed in Notes 7, 8, 9 and 17, cash and cash equivalents disclosed in Note 5 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 18.

The Group Management considers the cost of capital and risks associated with each class of capital. The Company Management aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is the calculated as net debt divided by the total equity amount. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents.

As of 30 June 2017 and 31 December 2016, the Group's net debt / total equity ratio is detailed as follows:

	30 June 2017	31 December 2016
Financial liabilities	28,176	239,893
Less: cash and cash equivalents and current financial investments	(444,076)	(661,541)
Net debt	(415,900)	(421,648)
Total equity	3,031,499	3,244,490
Total capital	2,615,599	2,822,842
Net debt / Total capital	(16%)	(15%)

The general strategy of the Group does not differ from the previous period.

NOTE 28 - EVENTS AFTER THE REPORTING PERIOD

Negotiations for transfer of the shares belonging to the Company in Eczacıbaşı Schwarzkopf which contribute 47% of total shares to joint venturer of Eczacıbaşı Schwarzkopf's, Henkel KGaA, who holds 50% of total shares is continuing as of reporting date.

Sale of the shares of the Company at Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri Sanayi and Ticaret A.Ş. which contributes 48.13% total shares, to Eczacıbaşı Holding A.Ş. for TL37,541,000 is approved by Extraordinary General Assembly dated 3 July 2017. Subsequently, the transfer of shares has been realized at 4 July 2017.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED 30 JUNE 2017**

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

NOTE 28 - EVENTS AFTER THE REPORTING PERIOD

The Company has decided to increase the capital of its joint venture Eczacıbaşı-Monrol, in which contributes 49.99% of the total shares, from TL25,000 thousand to TL125,000 thousand, all of which will be provided in cash. Since Group B shareholders (Bozlu Holding A.Ş., Şükrü Bozluoçay and Uğur Bozluoçay), who hold 50% of the shares of Eczacıbaşı-Monrol, stated that they would not use 85% of the pre-emptive rights, 92.5% of the capital increase will be committed by the Company.

Decisions taken in the board of directors meeting on 18 August 2017 are as follows: TL92,496.3 thousand of the capital of Eczacıbaşı-Monrol, which will be increased in cash by TL100,000 thousand, will be committed by the Company, and since the shareholder structure of Eczacıbaşı-Monrol will be changed after the capital increase, the draft amendment protocol (“Amendment Protocol”), which was prepared to amend the “Partnership Agreement” and signed by the shareholders on 26 March 2008, will be submitted to the Competition Authority.

After the approval of the Competition Authority is received, the Amendment Protocol will be in force, provided that the capital increase of Eczacıbaşı-Monrol is approved in the general assembly (“General Assembly”). If the Amendment Protocol enters into force, 84% of the capital of Eczacıbaşı-Monrol will be owned by Eczacıbaşı Group (83.996% will be owned by the Company, 0.002% will be owned by Eczacıbaşı Holding A.Ş. and 0.002% will be owned by EİP Eczacıbaşı İlaç Pazarlama A.Ş.) and 16% will be owned by Bozlu Group.

The board of directors of Eczacıbaşı-Monrol will consist of six members, four of which will be selected from among those chosen by Eczacıbaşı Group and two of which will be selected by Group B shareholders.

Within five years after the registration date of the General Assembly, Eczacıbaşı Group guarantees it will sell 9% of the shares of Eczacıbaşı-Monrol’s capital to Group B shareholders (which will increase the share of Group B shareholders in Eczacıbaşı-Monrol to 25%), and Group B shareholders guarantee they will buy 9% of the shares of Eczacıbaşı-Monrol’s capital from Eczacıbaşı Group (which will increase the share of Group B shareholders in Eczacıbaşı-Monrol to 25%). Provided that the buying guarantee is exercised, for five years after the registration date of the General Assembly, Group B shareholders will have a Share Call Option to increase their shares in Eczacıbaşı-Monrol to 50%. The Share Call Option of Bozlu Group will be annulled if it is not used within five years after the registration date.

.....