

**EİS ECZACIBAŐI İLAÇ, SİNAİ 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 SEPTEMBER 2017**

**(ORIGINALLY ISSUED IN TURKISH)**

**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**

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<b>CONTENTS</b>	<b>PAGE</b>
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....</b>	<b>1 - 3</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....</b>	<b>4 - 5</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>6</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS.....</b>	<b>7-8</b>
<b>NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS .....</b>	<b>9-68</b>
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP .....	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 INCOME FROM INVESTMENT ACTIVITIES.....	49
NOTE 24 FINANCIAL INCOME / EXPENSES.....	50
NOTE 25 TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED).....	50-54
NOTE 26 EARNINGS PER SHARE .....	54
NOTE 27 DISCONTINUED OPERATIONS .....	55-56
NOTE 28 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT .....	56-68
NOTE 29 EVENTS AFTER THE REPORTING PERIOD.....	68

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	<i>Not-Reviewed</i> 30 September 2017	<i>Audited</i> 31 December 2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	499,571	661,541
Financial investments			
- Restricted cash	6	-	2,754
- Financial assets at fair value through profit or loss	6	338	1,082
Trade receivables			
- Trade receivables due from related parties	8	2,230	26,374
- Trade receivables due from third parties	9	131,352	313,720
Other receivables			
- Other receivables due from related parties		1,916	1,480
- Other receivables due from third parties		127	558
Derivative financial instruments		2,337	6,512
Inventories	10	64,696	128,248
Prepaid expenses	11	4,320	5,309
Current income tax assets	25	50	327
Other current assets	17	9,779	15,647
<b>Total current assets</b>		<b>716,716</b>	<b>1,163,552</b>
<b>Non-current assets</b>			
Trade receivables			
- Trade receivables due from third parties		-	7
Other receivables			
- Other receivables due from related parties		227	422
- Other receivables due from third parties		12	14
Financial investments			
- Financial assets at fair value through profit or loss	6	3,039	2,396
- Financial investments available for sale	6	2,153,660	2,157,822
Investments accounted for using equity method	3	99,803	83,693
Investment properties	12	367,818	363,017
Property, plant and equipment	13	6,178	122,388
Intangible assets			
- Goodwill		-	24,117
- Other intangible assets	14	11,376	35,066
Prepaid expenses	11	1,251	2,635
Deferred tax assets	25	8,115	23,727
Other non-current assets	17	8,412	13,847
<b>Total non-current assets</b>		<b>2,659,891</b>	<b>2,829,151</b>
<b>Total assets</b>		<b>3,376,607</b>	<b>3,992,703</b>

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

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CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH**

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

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

	Notes	<i>Not-Reviewed</i> 30 September 2017	<i>Audited</i> 31 December 2016
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term borrowings			
- Short term borrowings due to related parties	8	-	121,726
- Short term borrowings due to third parties	7	15,995	86,086
Trade payables			
- Trade payables due to related parties	8	6,249	145,112
- Trade payables due to third parties	9	112,457	203,531
Employee benefit obligations	16	2,825	4,167
Other payables			
- Other payables due to third parties		4,364	9,623
Deferred income	11	1,015	700
Current income tax liabilities	25	6,535	18,162
Short term provisions			
- Short term provisions for employee benefits	16	2,209	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		96	3,538
<b>Total current liabilities</b>		<b>164,225</b>	<b>602,151</b>
<b>Non-current liabilities</b>			
Long term borrowings			
- Long term borrowings due to third parties	7	114	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	4,065	7,774
Long term liabilities due to investment accounted for using the equity method	3	23,750	-
Deferred tax liabilities	25	100,862	105,044
<b>Total non-current liabilities</b>		<b>128,791</b>	<b>146,062</b>

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2017**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	<i>Notes</i>	<i>Not-Reviewed</i> <b>30 September 2017</b>	<i>Audited</i> <b>31 December 2016</b>
<b>EQUITY</b>			
<b>Attributable to equity holders of the parent</b>		<b>3,083,519</b>	<b>3,250,755</b>
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		(3,874)	(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		1,916,337	1,912,833
Restricted reserves	18	168,095	277,913
Retained earnings		36,481	78,387
Net income for the period		165,433	184,803
<b>Non-controlling interests</b>		<b>72</b>	<b>(6,265)</b>
<b>Total equity</b>		<b>3,083,591</b>	<b>3,244,490</b>
<b>Total liabilities and equity</b>		<b>3,376,607</b>	<b>3,992,703</b>

The consolidated financial statements for the period of 1 January - 30 September 2017 were approved by the Board of Directors on 8 November 2017.

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

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

<b>PROFIT OR LOSS</b>	<b>Notes</b>	<i>Not-Reviewed</i> <b>1 January - 30 September 2017</b>	<i>Not-Reviewed</i> <b>1 July - 30 September 2017</b>	<i>Not-Reviewed</i> <b>1 January - 30 September 2016</b>	<i>Not-Reviewed</i> <b>1 July - 30 September 2016</b>
Revenue	19	430,104	139,124	357,288	106,274
Cost of Sales (-)	19	(259,362)	(80,562)	(219,350)	(69,884)
<b>Gross Profit</b>		<b>170,742</b>	<b>58,562</b>	<b>137,938</b>	<b>36,390</b>
General administrative expenses (-)	20	(44,667)	(11,819)	(33,158)	(9,648)
Marketing expenses (-)	20	(83,108)	(26,152)	(70,390)	(22,518)
Other operating income	22	134,572	26,697	97,164	36,663
Other operating expense(-)	22	(92,206)	(15,554)	(45,511)	(2,212)
<b>Operating profit</b>		<b>85,333</b>	<b>31,734</b>	<b>86,043</b>	<b>38,675</b>
Income from investing activities	23	134,402	34,996	59,773	12
Expenses from investing activities (-)		(128)	(49)	(4)	-
Share of (loss)/income of investments accounted for using equity method	3	(44,883)	(18,373)	8,150	(3,277)
<b>Operating income before finance expense</b>		<b>174,724</b>	<b>48,308</b>	<b>153,962</b>	<b>35,410</b>
Financial income	24	10,142	2,978	1,588	229
Financial expenses(-)	24	(4,750)	(902)	(3,865)	(2,228)
<b>Profit before tax</b>		<b>180,116</b>	<b>50,384</b>	<b>151,685</b>	<b>33,411</b>
<b>Tax expense from continuing operations</b>					
Income tax expense (-)	25	(17,890)	(7,324)	(13,229)	(6,947)
Deferred tax (expenses) / income	25	(144)	802	(1,774)	(1,401)
<b>Profit from continuous operations</b>		<b>162,082</b>	<b>43,862</b>	<b>136,682</b>	<b>25,063</b>
<b>Profit from discontinued operations</b>	<b>27</b>	<b>6,791</b>	<b>-</b>	<b>3,295</b>	<b>3,138</b>
<b>Profit for the period</b>		<b>168,873</b>	<b>43,862</b>	<b>139,977</b>	<b>28,201</b>
<b>Attributable to</b>					
- Non-controlling interests		3,440	(5)	1,713	1,626
- Equity holders of the parent		165,433	43,867	138,264	26,575
<b>Net profit for the period</b>		<b>168,873</b>	<b>43,862</b>	<b>139,977</b>	<b>28,201</b>
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		0.2365	0.0640	0.1995	0.0366
Basic earnings per share from discontinued operations		0.0099	-	0.0048	0.0046

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

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

	<i>Not-Reviewed</i> 1 January - 30 September 2017	<i>Not-Reviewed</i> 1 July - 30 September 2017	<i>Not-Reviewed</i> 1 January - 30 September 2016	<i>Not-Reviewed</i> 1 July - 30 September 2016
	Notes			
<b>Profit for the period</b>	<b>168,873</b>	<b>43,862</b>	<b>139,977</b>	<b>28,201</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
- Gain/loss on remeasurement of defined benefit plans of investments accounted for using equity method	3	-	12	-
			12	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
- Foreign currency conversion adjustments	-	-	483	(292)
- Gains/losses on available for sale financial assets due to revaluation or/and reclassification	6	699	545	(308)
- Group’s share in equity method accounted investments’ comprehensive income/(expenses)	3	3,969	(35)	-
- Tax relating to items that may be reclassified subsequently	25	(35)	(27)	16
<b>Other comprehensive income (after tax)</b>			<b>495</b>	<b>(292)</b>
<b>Total comprehensive income</b>		<b>173,506</b>	<b>140,472</b>	<b>27,909</b>
<b>Total comprehensive income attributable to:</b>				
- Non-controlling interest		3,782	(10)	1,474
- Equity holders of the parent		169,724	138,540	26,435
<b>Total comprehensive income</b>		<b>173,506</b>	<b>140,472</b>	<b>27,909</b>

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

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

	Paid - in Share capital	Adjustments 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
<b>As of 1 January 2016</b>	<b>548,208</b>	<b>105,777</b>	<b>(4,646)</b>	<b>10,010</b>	<b>1,456,903</b>	<b>312,763</b>	<b>239,470</b>	<b>67,647</b>	<b>2,736,132</b>	<b>3,928</b>	<b>2,740,060</b>
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	-	264	-	-	138,264	138,540	1,932	140,472
<b>30 September 2016</b>	<b>548,208</b>	<b>105,777</b>	<b>(4,634)</b>	<b>10,010</b>	<b>1,457,167</b>	<b>337,248</b>	<b>156,104</b>	<b>138,264</b>	<b>2,748,144</b>	<b>12,928</b>	<b>2,761,072</b>
<b>As of 1 January 2017</b>	<b>685,260</b>	<b>105,777</b>	<b>(4,228)</b>	<b>10,010</b>	<b>1,912,833</b>	<b>277,913</b>	<b>78,387</b>	<b>184,803</b>	<b>3,250,755</b>	<b>(6,265)</b>	<b>3,244,490</b>
Transfers	-	-	-	-	-	50,616	134,187	(184,803)	-	-	-
Effect of disposal of subsidiaries	-	-	354	-	(787)	-	6,103	-	5,670	2,555	8,225
Dividends paid	-	-	-	-	-	(160,434)	(182,196)	-	(342,630)	-	(342,630)
Total comprehensive income	-	-	-	-	4,291	-	-	165,433	169,724	3,782	173,506
<b>30 September 2017</b>	<b>685,260</b>	<b>105,777</b>	<b>(3,874)</b>	<b>10,010</b>	<b>1,916,337</b>	<b>168,095</b>	<b>36,481</b>	<b>165,433</b>	<b>3,083,519</b>	<b>72</b>	<b>3,083,591</b>

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**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

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

	Notes	<i>Not-Reviewed</i> 1 January - 30 September 2017	<i>Not-Reviewed</i> 1 January - 30 September 2016
<b>A. Cash flows from operating activities</b>		<b>49,626</b>	<b>17,219</b>
<b>Profit for the period</b>		<b>168,873</b>	<b>139,977</b>
<b>Adjustments for reconciliation of profit/loss for the period</b>			
Adjustments for depreciation and amortisation	12,13,14	8,073	15,629
Adjustments for employment termination benefits	16	1,106	2,450
Adjustments for litigations	15	61	446
Adjustments for doubtful receivables	9	-	113
Provision for diminution in value of inventories, net	10	700	(74)
Adjustments for earnings from disposal of subsidiaries income	23,27	(34,996)	-
Loss/(gain) on sale of property, plant and equipment, net		(5,140)	418
Group's share in the (profit)/loss of investments accounted for using equity method	3	44,883	(11,028)
Adjustments for interest incomes	24	(23,954)	(29,583)
Adjustments for interest expenses	24	6,125	20,586
Adjustments for income tax expense	25	18,034	15,724
Income from derivative financial investments	24	(10,129)	(1,588)
Adjustments related to fair value losses of financial assets		100	-
Adjustments related to profit share income	8	(99,401)	(59,717)
Adjustments for unrecognized foreign exchange differences		24,562	19,152
Other adjustments related to non-cash items		(3,783)	(19,307)
Adjustments related to discontinued operations, net	27	11,966	-
		<b>107,080</b>	<b>93,198</b>
<b>Changes in working capital:</b>			
Increase/decrease in trade receivables		(73,275)	(148,603)
Increase/decrease in inventories		34,806	(16,221)
Increase/decrease in trade payables		52,728	80,118
Increase/decrease in other receivables related with operations		(15,967)	13,570
Increase/decrease in prepaid expenses		(1,714)	5,270
Increase/decrease in other liabilities related to operations		464	(28,163)
Increase/decrease in deferred income		1,788	4,857
Cash flows related to discontinued operations, net	27	(47,461)	-
		<b>(48,631)</b>	<b>(89,172)</b>
<b>Cash flows from operating activities:</b>			
Interest received		24,926	28,876
Taxes paid		(29,471)	(2,307)
Employment termination benefits paid	16	(386)	(8,567)
Interest paid		(2,971)	(4,809)
Cash flows related to discontinued operations, net	27	(921)	-
		<b>(8,823)</b>	<b>13,193</b>

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**NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

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

	<i>Notes</i>	<i>Not-Reviewed 1 January - 30 September 2017</i>	<i>Not-Reviewed 1 January - 30 September 2016</i>
<b>B. Cash flows from investing activities</b>		<b>102,347</b>	<b>(43,148)</b>
Cash outflows from the purchase of tangible and intangible assets	13,14	(5,935)	(27,977)
Cash inflows from the sale of tangible and intangible assets		5,163	1,291
Cash inflows from sale of investment property		9,544	1,201
Cash outflows from investment property purchases	12	(18,842)	(68,479)
Capital payments to associates		(23,124)	(33,900)
Cash inflows from sale of subsidiaries		37,541	-
Dividends received		101,126	84,716
Net cash flows related to discontinued operations	27	(3,126)	-
<b>C. Cash flows from financing activities</b>		<b>(313,910)</b>	<b>(111,817)</b>
Cash (outflows) / inflows from bank borrowings		(4,481)	17,411
Cash flows from derivative financial instruments		14,304	1,588
Dividends paid		(342,630)	(219,283)
Interest paid		(3,460)	(11,356)
Cash flows resulting from transactions with equity holders acting in their capacity as equity holders		-	99,823
Net cash flows related to discontinued operations	27	22,357	-
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>(161,937)</b>	<b>(137,746)</b>
<b>D. Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>660,502</b>	<b>698,404</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D)</b>	<b>5</b>	<b>498,565</b>	<b>560,658</b>

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

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

**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS 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’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 September 2017, 20.02% (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 September 2017, the personnel number of the Group is 456 (31 December 2016: 1,160). Change in personnel number is related to disposal of subsidiaries (Note 27).

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 consolidation:

<b>Subsidiaries</b>	<b>Nature of business</b>	<b>Segment</b>
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”) <sup>(*)</sup>	Marketing and selling of pharmaceuticals	Health
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.

**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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

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

**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS 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:

<b>Joint Ventures</b>	<b>Nature of business</b>	<b>Partner</b>	<b>Segment</b>
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. (“EBX”) <sup>(*)</sup>	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:

<b>Associates</b>	<b>Nature of business</b>
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”) <sup>(*)</sup>	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 SEPTEMBER 2017**

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

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

**2.1 Basis of Presentation (Continued)**

*Statement of compliance (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 nine months interim period ended 30 September 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, 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 SEPTEMBER 2017**

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

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**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, the net profit as of 30 September 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 SEPTEMBER 2017**

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

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**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 September 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.
- C) Standards, amendments and interpretations issued as of 30 September 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.
- 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.

**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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2017**

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

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

**2.4 New and Revised Turkish Accounting Standards (Continued)**

- 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, SINAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.  
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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.
- 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.
- 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**

	<b>30 September 2017</b>	<b>31 December 2016</b>
<b>Associates</b>		
Eczacıbaşı Shire	48,628	38,074
Ekom	21,713	16,968
Vitra Karo	-	-
ESH	-	-
<b>Joint Ventures</b>		
EBX	29,462	28,651
ESK	-	-
Eczacıbaşı-Monrol	-	-
	<b>99,803</b>	<b>83,693</b>

**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 SEPTEMBER 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 September 2017	31 December 2016
Capital commitments to associates <sup>(*)</sup>	11,875	-
	<b>11,875</b>	<b>-</b>

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

	30 September 2017	31 December 2016
Capital commitments to associates <sup>(*)</sup>	23,750	-
	<b>23,750</b>	<b>-</b>

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	13,866	11,028
Capital advance payments	23,124	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)	(45,916)
Capital commitments to associates <sup>(*)</sup>	(35,625)	-
Capital payments made to investments which are which are impaired <sup>(**)</sup>	(23,124)	-
<b>As of 30 September, net</b>	<b>64,178</b>	<b>85,337</b>

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

(\*\*) The entire amount consists of the capital advance paid to Eczacıbaşı-Monrol. That amount is considered as a loss in the income statement.

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

		30 September 2017				
	Assets	Liabilities	Goodwill attributable to equity holders	Net sales	Net profit/(loss) for the period	Total proportion of ownership interests (%)
Ekom	2,113,134	2,030,715	-	1,650,728	2,502	26.36
EBX	61,053	2,127	-	(57)	810	50.00
Eczacıbaşı Shire	179,600	82,067	-	232,951	10,554	50.00
					<b>13,866</b>	

**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 SEPTEMBER 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 September 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	-	1,252,806	4,090	26.36
Vitra Karo	1,116,538	1,449,519	-	479,208	-	25.00
ESH	13,492	27,920	-	30,200	-	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	-	171,227	4,631	50.00
Eczacıbaşı Shire	143,081	66,934	-	159,456	404	50.00
					<b>8,150</b>	

**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 September 2017:

**1. Health:**

Production and sale of human health and veterinary medicine.

**2. Personal care:**

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, the net profit as of 30 September 2017 have been reclassified under "profit from 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, SINAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.  
AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 m<sup>2</sup> in Yorgancı Çiftliği Mevkii, Üskümrü 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;

<b>Acquisition date</b>	<b>Area</b>	<b>Parcel</b>	<b>(m<sup>2</sup>)</b>	<b>Transaction amount</b>
29.06.2015	Silivri	21 lands	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
			<b>964,706</b>	<b>85,669</b>

***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 September 2017 and 31 December 2016:**

	<b>30 September 2017</b>		<b>31 December 2016</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Health	206,841	(134,957)	179,862	(131,478)
Personal care (Note 27)	-	-	536,429	(484,247)
Real estate development	417,037	(8,884)	494,529	(6,878)
Undistributed	2,752,729	(149,175)	2,781,883	(125,610)
<b>Total</b>	<b>3,376,607</b>	<b>(293,016)</b>	<b>3,992,703</b>	<b>(748,213)</b>

**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 SEPTEMBER 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 nine months interim period ended 30 September 2017 and 2016:**

<b>1 January 2017 - 30 September 2017</b>	<b>Health</b>	<b>Personal care</b>	<b>Real estate development</b>	<b>Total</b>
Capital expenditures (Note 12, 13 and 14)	5,865	-	18,914	24,779
<b>Non-cash expenses:</b>				
- Depreciation and amortisation (Note 13, 14 and 21)	3,153	-	4,920	8,073
- Provision for diminution in value of inventories (Note 10)	700	-	-	700
- Provision for employment termination benefits (Note 16)	649	-	74	723
- Provision for unused vacation (Note 16)	284	-	99	383
- Provision for litigations (Note 15)	61	-	-	61
- Expense accruals (Note 9)	528	-	-	528
	<b>5,375</b>	<b>-</b>	<b>5,093</b>	<b>10,468</b>

<b>1 July 2016 - 30 September 2016</b>	<b>Health</b>	<b>Personal care</b>	<b>Real estate development</b>	<b>Total</b>
Capital expenditures (Notes 12, 13 and 14)	6,818	21,987	77,773	106,578
<b>Non-cash expenses:</b>				
- Depreciation and amortisation (Notes 13, 14 and 21)	2,132	7,609	5,888	15,629
- Provision for diminution in value of inventories (Note 10)	-	(74)	-	(74)
- Provision for employment termination benefits and actuarial loss (Note 16)	583	1,223	(1)	1,805
- Provision for unused vacation (Note 16)	84	473	88	645
- Provision for litigations (Note 15)	(698)	1,144	-	446
- Provision for doubtful receivables (Note 9)	-	113	-	113
- Expense accruals (Note 9)	56	1,507	-	1,563
	<b>2,157</b>	<b>11,995</b>	<b>5,975</b>	<b>20,127</b>

**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 SEPTEMBER 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 September 2017 and 2016:**

<b>1 January 2017 - 30 September 2017</b>	<b>Health</b>	<b>Real estate development</b>	<b>Undistributed</b>	<b>Total</b>
Total sales	345,288	85,906	-	431,194
Elimination of sales within the Group (-)	-	(1,090)	-	(1,090)
Sales to third parties	345,288	84,816	-	430,104
Cost of sales (-)	(238,627)	(20,735)	-	259,362
<b>Gross profit</b>	<b>106,661</b>	<b>64,081</b>	<b>-</b>	<b>170,742</b>
General administrative expenses (-)	(31,422)	(9,155)	(4,090)	(44,667)
Marketing expenses (-)	(75,292)	(7,816)	-	(83,108)
Other operating income	17,954	581	116,037	134,572
Other operating expenses (-)	(17,391)	(491)	(74,324)	(92,206)
<b>Operating profit</b>	<b>510</b>	<b>47,200</b>	<b>37,623</b>	<b>85,333</b>
<b>1 July 2017 - 30 September 2017</b>	<b>Health</b>	<b>Real estate development</b>	<b>Undistributed</b>	<b>Total</b>
Total sales	102,913	36,430	-	139,343
Elimination of sales within the Group (-)	93	(312)	-	(219)
Sales to third parties	103,006	36,118	-	139,124
Cost of sales (-)	(68,729)	(11,833)	-	(80,562)
<b>Gross profit</b>	<b>34,277</b>	<b>24,285</b>	<b>-</b>	<b>58,562</b>
General administrative expenses (-)	(8,278)	(2,273)	(1,268)	(11,819)
Marketing expenses (-)	(23,824)	(2,328)	-	(26,152)
Other operating income	2,987	94	23,616	26,697
Other operating expenses (-)	(5,246)	(477)	(9,831)	(15,554)
<b>Operating (loss) / profit</b>	<b>(84)</b>	<b>19,301</b>	<b>12,517</b>	<b>31,734</b>

**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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2017 and 2016 (Continued):**

<b>1 January 2017 - 30 September 2016</b>	<b>Health</b>	<b>Real estate development</b>	<b>Undistributed</b>	<b>Total</b>
Total sales	282,625	75,845	-	358,470
Elimination of sales within the Group (-)	(36)	(1,146)	-	(1,182)
Sales to third parties	282,589	74,699	-	357,288
Cost of sales (-)	(193,207)	(26,143)	-	(219,350)
<b>Gross profit</b>	<b>89,382</b>	<b>48,556</b>	<b>-</b>	<b>137,938</b>
General administrative expenses (-)	(24,207)	(3,590)	(5,361)	(33,158)
Marketing expenses (-)	(61,838)	(8,552)	-	(70,390)
Other operating income	10,839	689	85,636	97,164
Other operating expenses (-)	(3,507)	(219)	(41,785)	(45,511)
<b>Operating profit</b>	<b>10,669</b>	<b>36,884</b>	<b>38,490</b>	<b>86,043</b>

<b>1 July 2017 - 30 September 2016</b>	<b>Health</b>	<b>Real estate development</b>	<b>Undistributed</b>	<b>Total</b>
Total sales	80,353	26,330	-	106,683
Elimination of sales within the Group (-)	(11)	(398)	-	(409)
Sales to third parties	80,342	25,932	-	106,274
Cost of sales (-)	(60,847)	(9,037)	-	(69,884)
<b>Gross profit</b>	<b>19,495</b>	<b>16,895</b>	<b>-</b>	<b>36,390</b>
General administrative expenses (-)	(7,488)	(926)	(1,234)	(9,648)
Marketing expenses (-)	(19,509)	(3,009)	-	(22,518)
Other operating income	4,882	147	31,634	36,663
Other operating expenses (-)	(1,993)	(219)	-	(2,212)
<b>Operating profit</b>	<b>(4,613)</b>	<b>12,888</b>	<b>30,400</b>	<b>38,675</b>

**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 SEPTEMBER 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:

	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
<b>Operating profits related to operating segments</b>	<b>47,710</b>	<b>19,217</b>	<b>47,553</b>	<b>8,275</b>
Gain / losses shares from associates	37,623	12,517	38,490	30,400
Income from investing activities	134,402	34,996	59,773	12
Expenses from investing activities (-)	(128)	(49)	(4)	-
Shares from participation gains/losses (-)	(44,883)	(18,373)	8,150	(3,277)
Financial income	10,142	2,978	1,588	229
Financial expenses (-)	(4,750)	(902)	(3,865)	(2,228)
<b>Profit before tax</b>	<b>180,116</b>	<b>50,384</b>	<b>151,685</b>	<b>33,411</b>

**NOTE 5 - CASH AND CASH EQUIVALENTS**

	<b>30 September 2017</b>	<b>31 December 2016</b>
Cash in hand	7	7
Banks	499,564	661,534
- demand deposits	6,923	2,908
- time deposits	492,641	658,626
	<b>499,571</b>	<b>661,541</b>

The annual interest rates applied to the Turkish Lira denominated time deposits range between 14.00% and 14.30% (31 December 2016: 10.75% and 11.95%), and the maturity date is between 3 October 2017 and 30 October 2017. The maturity dates for foreign currency time deposits are between 1.75% and 4.00% (31 December 2016: 1.75% to 3.75%), and between 3 October 2017 and 17 October 2017. The weighted annual interest rates of TL, USD and Euro denominated bank deposits are 14.26%, 4.27% and 2.30% respectively. (31 December 2016: 11.42%, 3.63% and 1.83%).

	<b>30 September 2017</b>	<b>31 December 2016</b>
TL denominated time deposits	63,461	86,918
TL Equivalent of USD denominated time deposits	192,081	439,544
TL Equivalent of EUR denominated time deposits	237,099	132,164
	<b>492,641</b>	<b>658,626</b>



**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 SEPTEMBER 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 September 2017, 31 December 2016, 30 September 2016 and 31 December 2015 are presented below:

	<b>30 September 2017</b>	<b>31 December 2016</b>	<b>30 September 2016</b>	<b>31 December 2015</b>
Cash and cash equivalents	499,571	661,541	561,984	699,023
Interest accruals (-)	(1,006)	(1,039)	(1,326)	(619)
	<b>498,565</b>	<b>660,502</b>	<b>560,658</b>	<b>698,404</b>

**NOTE 6 - FINANCIAL ASSETS**

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

	<b>30 September 2017</b>	<b>31 December 2016</b>
Restricted bank balances	-	2,754
Financial assets at fair value through profit and loss	338	1,082
<b>Financial investments, current</b>	<b>338</b>	<b>3,836</b>
Financial assets available-for-sale	2,153,660	2,157,822
Financial assets at fair value through profit and loss	3,039	2,396
<b>Financial investments, non-current</b>	<b>2,156,699</b>	<b>2,160,218</b>

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 SEPTEMBER 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:

<b>30 September 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	-	338	-	338
<b>Financial investments, current</b>	<b>-</b>	<b>338</b>	<b>-</b>	<b>338</b>
Financial assets available-for-sale	39,116	266,656	1,847,888	2,153,660
Financial assets at fair value through profit and loss	-	3,039	-	3,039
<b>Financial investments, non-current</b>	<b>39,116</b>	<b>269,695</b>	<b>1,847,888</b>	<b>2,156,699</b>
<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	-	1,082	-	1,082
<b>Financial investments, current</b>	<b>-</b>	<b>1,082</b>	<b>-</b>	<b>1,082</b>
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
<b>Financial investments, non-current</b>	<b>43,278</b>	<b>269,052</b>	<b>1,847,888</b>	<b>2,160,218</b>

**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 TL3,377 thousand as of 30 September 2017 (31 December 2016: TL3,478 thousand). As of 30 September 2017, Group estimates to transfer TL338 thousand (31 December 2016: TL1,082 thousand) of these funds within one year and the remaining TL3,039 thousand (31 December 2016: TL2,396 thousand) in long term. TL3,377 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 SEPTEMBER 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 September 2017 and 31 December 2016 is as follows:

<b>Listed:</b>	<b>30 September 2017</b>	<b>(%)</b>	<b>31 December 2016</b>	<b>(%)</b>
Türkiye İş Bankası A.Ş., <sup>(*)</sup>	21	<1	25	<1
Ak Enerji Elektrik Üretim A.Ş. <sup>(*)(**)</sup>	<1	<1	<1	<1
Eczacıbaşı Yatırım Ortaklığı A.Ş. <sup>(*)</sup>	-	-	4,158	15
	<b>21</b>		<b>4,183</b>	
<b>Not listed:</b>				
Eczacıbaşı Holding A.Ş. <sup>(***)</sup>	2,152,843	37	2,152,843	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. <sup>(***)</sup>	768	14	768	14
Other <sup>(***)</sup>	28	<1	28	<1
	<b>2,153,639</b>		<b>2,153,639</b>	
<b>Total</b>	<b>2,153,660</b>		<b>2,157,822</b>	

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

(\*\*) As of 30 September 2017, the market price of Ak Enerji Elektrik Üretim A.Ş. is TL94 (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**

	<b>30 September 2017</b>		<b>31 December 2016</b>	
	<b>Effective interest rate per annum (%)</b>	<b>TL</b>	<b>Effective interest rate per annum (%)</b>	<b>TL</b>
TL denominated bank borrowings <sup>(*)</sup>	13.85 - 13.90	15,640	7.34 - 11.91	79,808
Finance lease payables	14.00	355	-	-
Euro denominated bank borrowings	-	-	3.88	6,278
<b>Short-term bank borrowings</b>		<b>15,995</b>		<b>86,086</b>
Euro denominated bank borrowings	-	-	3.88	31,391
Finance lease payables	14.00	114	14,00	690
<b>Long-term bank borrowings</b>		<b>114</b>		<b>32,081</b>
<b>Total financial liabilities</b>		<b>16,109</b>		<b>118,167</b>

(\*) 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 SEPTEMBER 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 September 2017 and 31 December 2016:**

<b>Short-term trade receivables from related parties</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
<b>Due from shareholders</b>		
Eczacıbaşı Holding A.Ş.	549	761
	<b>549</b>	<b>761</b>
<b>Due from Joint Ventures</b>		
Eczacıbaşı-Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş.	4	3,396
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	1	1
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	-	67
	<b>5</b>	<b>3,464</b>
<b>Due from Associates</b>		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	15	38
Ekom Eczacıbaşı Dış Ticaret A.Ş.	-	2,201
Vitra Karo Sanayi ve Ticaret A.Ş.	-	2
	<b>15</b>	<b>2,241</b>
<b>Due from other related parties</b>		
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	1,489	886
İpek Kağıt Sanayi ve Ticaret A.Ş.	5	18,918
Eczacıbaşı Yapı Gereçleri Sanayi ve Ticaret A.Ş.	-	56
Esan Eczacıbaşı Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	-	1
Other	167	47
	<b>1,661</b>	<b>19,908</b>
<b>Short-term due from related parties</b>	<b>2,230</b>	<b>26,374</b>

Average maturity of the Group's receivables from related parties is 15 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 SEPTEMBER 2017**

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

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

<b>Short-term trade payables to related parties</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
<b>Due to shareholders</b>		
Eczacıbaşı Holding A.Ş.	3,609	5,149
	<b>3,609</b>	<b>5,149</b>
<b>Due to Joint Ventures</b>		
Eczacıbaşı-Schwarzkopf Kuafor Ürünleri Pazarlama A.Ş.	-	10,985
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	-	143
	-	<b>11,128</b>
<b>Due to Associates</b>		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	28	62
	<b>28</b>	<b>62</b>
<b>Due to other related parties</b>		
Eczacıbaşı Spor Kulübü Derneği	1,160	610
ESİ Eczacıbaşı Sigorta Acentalığı A.Ş.	607	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	326	514
İpek Kağıt Sanayi ve Ticaret A.Ş.	170	127,538
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	89	160
İntema İnşaat ve Tesisat Malzemeleri ve Pazarlama A.Ş.	1	7
Other	259	209
	<b>2,612</b>	<b>129,075</b>
	<b>6,249</b>	<b>145,414</b>
Deferred credit finance expenses (-)	-	(302)
<b>Short-term due to related parties</b>	<b>6,249</b>	<b>145,112</b>

Average maturity of the Group's payables to related parties is 46 days (31 December 2016: 101 days) and is amortised at 12.42% per annum (31 December 2016: 9.97%).

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

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.

**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 SEPTEMBER 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 nine months period ended 30 September 2017 and 2016:**

	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
<b>Product sales</b>				
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	-	-	1,753	-
	-	-	<b>1,753</b>	-
<b>Service sales</b>				
Eczacıbaşı Holding A.Ş.	788	263	1,080	360
Other	47	-	5	-
	<b>835</b>	<b>263</b>	<b>1,085</b>	<b>360</b>
<b>Product purchases</b>				
İpek Kağıt Sanayi ve Ticaret A.Ş.	101	50	-	-
Eczacıbaşı Holding A.Ş.	19	-	-	-
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	12	-	-	-
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	2	1	-	-
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	-	-	18,620	45
	<b>134</b>	<b>51</b>	<b>18,620</b>	<b>45</b>
<b>Service purchases</b>				
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	3,739	1,255	3,978	1,434
Eczacıbaşı Spor Kulübü Derneği	1,872	627	2,413	1,144
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	714	310	575	111
Eczacıbaşı Sağlık Hizmetleri A.Ş.	73	36	52	-
Diğer	104	75	111	27
	<b>6,502</b>	<b>2,303</b>	<b>7,129</b>	<b>2,716</b>

**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 SEPTEMBER 2017**

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

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

<b>Dividend income from related parties</b>	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
Eczacıbaşı Holding A.Ş	99,289	-	59,649	-
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş	112	-	56	-
	<b>99,401</b>	<b>-</b>	<b>59,705</b>	<b>-</b>

**c) Other transactions with related parties for nine months period ended 30 September:**

<b>Management and royalty fees paid to related parties</b>	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
Eczacıbaşı Holding A.Ş. (*)	4,987	1,711	4,944	1,978
	<b>4,987</b>	<b>1,711</b>	<b>4,944</b>	<b>1,978</b>

(\*) 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.

<b>Rent income received from related parties</b>	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
Eczacıbaşı Holding A.Ş.	3,214	1,137	3,031	1,010
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	168	56	157	52
İntema Yaşam Ev ve Mutfak Ürünleri Pazarlama Sanayi ve Ticaret A.Ş.	383	136	187	117
Eczacıbaşı Yatırım Ortaklığı A.Ş.	20	8	-	-
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	6	2	1,990	677
Other	52	3	56	7
	<b>3,843</b>	<b>1,342</b>	<b>5,421</b>	<b>1,863</b>

**c) Other transactions with related parties for nine months period ended 30 September**

<b>Rent expenses paid to related parties</b>	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
Eczacıbaşı Holding A.Ş.	2,435	817	1,932	657
	<b>2,435</b>	<b>817</b>	<b>1,932</b>	<b>657</b>

**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 SEPTEMBER 2017**

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

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

Other income from related parties	1 January - 30 September 2017	1 July- 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Eczacıbaşı Holding A.Ş. (Note 23) (*)	34.996	34.996	-	-
	<b>34.996</b>	<b>34.996</b>	-	-

(\*) The related amount is generated for the sale of the subsidiary Eczacıbaşı Girişim Pazarlama Tüketim Ürünleri Sanayi ve Ticaret A.Ş. of Group which was realised on 4 July 2017.

Other expenses paid to related parties	1 January - 30 September 2017	1 July- 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	545	192	626	172
Eczacıbaşı Ortak Sağlık ve Güvenlik Birimi A.Ş.	231	80	-	-
Eczacıbaşı Holding A.Ş.	111	-	80	23
Other	3	-	778	73
	<b>890</b>	<b>272</b>	<b>1,484</b>	<b>268</b>

Other expenses paid to related parties	1 January - 30 September 2017	1 July - 30 September 2017	1 January - 30 September 2016	1 July - 30 September 2016
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	1,311	1,047	-	-
Cennet Koyu Turizm İşletmeleri San. ve Tic. A.Ş.	-	-	3,507	-
Other	9	9	5	-
	<b>1,320</b>	<b>1,056</b>	<b>3,512</b>	-

**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 nine months periods ending as of 30 September 2017 and 30 September 2016 are as follows:

Benefits provided to top management(*)	2017	2016
Short term benefits provided to key management personnel	9,874	12,774
Long term benefits provided to key management personnel	1,309	593
	<b>11,183</b>	<b>13,367</b>

(\*) Benefits provided to top management include the amounts of the subsidiaries till the disposal of the subsidiary. (Note 27).



**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 SEPTEMBER 2017**

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

**NOTE 9 - TRADE RECEIVABLES AND PAYABLES**

**a) Trade receivables:**

<b>Short-term trade receivables</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
Trade receivables	96,850	277,291
Notes receivables	38,861	45,681
Income accruals	3	3,054
	<b>135,714</b>	<b>326,026</b>
Deferred credit finance income (-)	(2,163)	(3,957)
Provision for doubtful receivables (-)	(2,199)	(8,349)
<b>Short-term trade receivables, net</b>	<b>131,352</b>	<b>313,720</b>

Average maturity of the Group's receivables is 88 days (31 December 2016: 69 days) and TL denominated trade receivables are amortised at 12.42% per annum (31 December 2016: 8.28%).

Movement of provision for doubtful receivables is presented below:

	<b>2017</b>	<b>2016</b>
As of 1 January	8,349	8,253
Current year additions	-	113
Reversal of provisions (-)	-	(73)
Provisions related to discontinued operations	101	-
Disposals related to sale of subsidiary (-)	(6,251)	-
<b>As of 30 September</b>	<b>2,199</b>	<b>8,293</b>

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

**a) Trade payables:**

<b>Short-term trade payables</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
Trade payables	112,619	198,758
Expense accruals	528	7,362
Deferred credit finance expenses (-)	(690)	(2,589)
<b>Short-term trade payables, net</b>	<b>112,457</b>	<b>203,531</b>

Average maturity of the Group's payables is 59 days (31 December 2016: 118 days) and TL denominated trade payables are amortised at 12.42% 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 SEPTEMBER 2017**

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

**NOTE 10 - INVENTORIES**

	<b>30 September 2017</b>	<b>31 December 2016</b>
Raw materials and supplies	8,806	15,152
Work in progress	5,257	20,298
Finished goods	8,188	17,474
Merchandise	8,317	29,263
Scrap goods (*)	4,573	3,063
Other inventories	-	639
Lands and houses	33,803	54,554
	<b>68,944</b>	<b>140,443</b>
Provision for diminution in value of inventories (-)	(4,248)	(12,195)
	<b>64,696</b>	<b>128,248</b>

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.

(\*) Scrap goods 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:

	<b>2017</b>	<b>2016</b>
As of 1 January	12,195	11,136
Current year additions (Note 22)	700	354
Reversal of provisions (-)	-	(428)
Reversal of provisions related from discontinued operations (-)	(2,044)	-
Disposals related to sale of subsidiary (-)	(6,603)	-
<b>As of 30 September</b>	<b>4,248</b>	<b>11,062</b>

**NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME**

<b>Short-term prepaid expenses</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
Prepaid expenses	3,921	2,467
Advances given	399	2,842
	<b>4,320</b>	<b>5,309</b>
<b>Long-term prepaid expenses</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
Prepaid expenses	1,079	2,463
Advances given to subcontractors	172	172
	<b>1,251</b>	<b>2,635</b>

**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 SEPTEMBER 2017**

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

**NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME (Continued)**

<b>Short-term deferred income</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
Advances received	118	439
Unearned revenue	897	261
	<b>1,015</b>	<b>700</b>

<b>Long-term deferred income</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
Unearned revenue	-	637
	-	<b>637</b>

**NOTE 12 - INVESTMENT PROPERTIES**

<b>Cost</b>	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 September 2017</b>
Kanyon	229,830	256	-	230,086
Buildings	59,887	268	(499)	59,656
Lands and land improvements	151,332	18,318	(9,753)	159,897
	<b>441,049</b>	<b>18,842</b>	<b>(10,252)</b>	<b>449,639</b>

**Accumulated depreciation**

Kanyon	55,828	3,868	-	59,696
Buildings	21,764	629	(499)	21,894
Lands and land improvements	440	-	(209)	231
	<b>78,032</b>	<b>4,497</b>	<b>(708)</b>	<b>81,821</b>

**Carrying amount** **363,017** **367,818**

<b>Cost</b>	<b>1 January 2016</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 September 2016</b>
Kanyon	229,691	-	-	229,691
Buildings	54,294	9,135	(1,315)	62,114
Lands and land improvements	82,853	68,479	-	151,332
	<b>366,838</b>	<b>77,614</b>	<b>(1,315)</b>	<b>443,137</b>

**Accumulated depreciation**

Kanyon	50,442	4,083	-	54,525
Buildings	20,035	1,436	(22)	21,449
Lands and land improvements	390	39	-	429
	<b>70,867</b>	<b>5,558</b>	<b>(22)</b>	<b>76,403</b>

**Carrying amount** **295,971** **366,734**

**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 SEPTEMBER 2017**

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

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**NOTE 12 - INVESTMENT PROPERTIES (Continued)**

For the periods ending at 30 September 2017, total rent income of Kanyon shopping centre and office complex is amounted to TL56,392 thousand (30 September 2016: TL51,785 thousand) and repair and maintenance expense of the related period is amounted to TL977 thousand (30 September 2016: TL297 thousand).

Total rent income from other investment properties is amounting to TL4,585 thousand (30 September 2016: TL3,127 thousand) for the nine months period ended at 30 September 2017.

As of 30 September 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, SİNİAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES**

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

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

**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT**

	1 January 2017	Additions	Disposals	Additions related to assets held for sale	Disposals related to assets held for sale	Transfers to assets held for sale	30 September 2017
<b>Cost</b>							
Land and land improvements	19,286	-	-	51	-	(19,337)	-
Buildings	71,800	-	-	1,554	-	(73,354)	-
Machinery, plant and equipment	45,015	26	(3)	502	-	(35,750)	9,790
Motor vehicles	425	-	-	299	-	(239)	485
Furniture and fixtures	21,630	409	(411)	228	(118)	(17,298)	4,440
Construction in progress	245	-	-	776	-	(1,021)	-
Leasehold improvements	3,661	80	-	63	-	(1,850)	1,954
Other tangible assets	21,220	941	(16)	229	(1,006)	(9,997)	11,371
	<b>183,282</b>	<b>1,456</b>	<b>(430)</b>	<b>3,702</b>	<b>(1,124)</b>	<b>(158,846)</b>	<b>28,040</b>
<b>Accumulated depreciation</b>							
Land improvements	166	-	-	86	-	(252)	-
Buildings	4,259	-	-	737	-	(4,996)	-
Machinery, plant and equipment	27,294	12	3	856	-	(18,461)	9,704
Motor vehicles	385	6	-	8	-	(215)	184
Furniture and fixtures	14,351	512	(397)	897	(118)	(13,026)	2,219
Leasehold improvements	1,962	195	-	74	-	(705)	1,526
Other tangible assets	12,477	588	(13)	769	(782)	(4,810)	8,229
	<b>60,894</b>	<b>1,313</b>	<b>(407)</b>	<b>3,427</b>	<b>(900)</b>	<b>(42,465)</b>	<b>21,862</b>
<b>Carrying amount</b>	<b>122,388</b>						<b>6,178</b>

Allocation of depreciation and amortisation expenses for nine months interim period is as follows: TL4,867 thousand in cost of goods sold, TL922 thousand in general and administrative expenses, TL2,284 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 SEPTEMBER 2017**

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

**NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

	<b>1 January 2016</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>30 September 2016</b>
<b>Cost</b>					
Land and land improvements	17,225	-	-	1,855	19,080
Buildings	29,093	4	-	36,407	65,504
Machinery, plant and equipment	49,505	442	(265)	9,436	59,118
Motor vehicles	611	-	(4)	-	607
Furniture and fixtures	18,495	2,827	(1,030)	1,343	21,635
Construction in progress	36,691	15,885	(532)	(49,701)	2,343
Leasehold improvements	4,003	417	(1,936)	-	2,484
Other tangible assets	16,791	3,390	(7)	660	20,834
	<b>172,414</b>	<b>22,965</b>	<b>(3,774)</b>	<b>-</b>	<b>191,605</b>
<b>Accumulated depreciation</b>					
Land improvements	25	90	-	-	115
Buildings	2,876	883	-	-	3,759
Machinery, plant and equipment	40,289	2,150	(111)	-	42,328
Motor vehicles	539	18	(4)	-	553
Furniture and fixtures	13,219	1,741	(846)	-	14,114
Leasehold improvements	2,847	215	(1,190)	-	1,872
Other tangible assets	10,438	1,617	(6)	-	12,049
	<b>70,233</b>	<b>6,714</b>	<b>(2,157)</b>	<b>-</b>	<b>74,790</b>
<b>Carrying amount</b>	<b>102,181</b>				<b>116,815</b>

Allocation of depreciation and amortization expenses for nine months interim period is as follows: TL4,964 thousand in cost of goods sold, TL1,339 thousand in general and administrative expenses, TL1,352 thousand in marketing expenses and TL7,974 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 SEPTEMBER 2017

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

NOTE 14 - INTANGIBLE ASSETS

	1 January 2017	Additions	Disposals	Additions related to assets held for sale	Disposals related to assets held for sale	Transfers to assets held for sale	30 September 2017
<b>Cost</b>							
Customer relations, licences and royalty	20,370	-	-	-	-	(20,370)	-
Rights	19,766	492	-	12	217	(13,593)	6,894
Computer software	19,184	1,027	(109)	113	74	(14,307)	5,982
Construction in progress	3,437	2,960	-	(125)	-	(263)	6,009
Other intangible assets	226	-	-	-	-	-	226
	<b>62,983</b>	<b>4,479</b>	<b>(109)</b>	<b>-</b>	<b>291</b>	<b>(48,533)</b>	<b>19,111</b>
<b>Accumulated amortisation</b>							
Customer relations, licences and royalty	5,432	-	-	-	679	(6,111)	-
Rights	9,057	1,715	-	-	320	(8,410)	2,682
Computer software	13,269	524	(109)	-	1,223	(10,037)	4,870
Other intangible assets	159	24	-	-	-	-	183
	<b>27,917</b>	<b>2,263</b>	<b>(109)</b>	<b>-</b>	<b>2,222</b>	<b>(24,558)</b>	<b>7,735</b>
<b>Carrying amount</b>	<b>35,066</b>						<b>11,376</b>

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 SEPTEMBER 2017

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

NOTE 14 - INTANGIBLE ASSETS (Continued)

	1 January 2016	Additions	Disposal	Transfers	30 September 2016
<b>Cost</b>					
Customer relations, licences and royalty	20,370	-	-	-	20,370
Rights	16,215	449	-	2,135	18,799
Computer software	16,043	632	(29)	1,124	17,770
Construction in progress	3,461	4,892	-	(3,259)	5,094
Other intangible assets	160	26	-	-	186
	<b>56,249</b>	<b>5,999</b>	<b>(29)</b>	<b>-</b>	<b>62,219</b>
<b>Accumulated amortisation</b>					
Customer relations, licences and royalty	4,074	1,019	-	-	5,093
Rights	7,038	1,328	-	-	8,366
Computer software	11,657	998	(29)	-	12,626
Other intangible assets	132	12	-	-	144
	<b>22,901</b>	<b>3,357</b>	<b>(29)</b>	<b>-</b>	<b>26,229</b>
<b>Carrying amount</b>	<b>33,348</b>				<b>35,990</b>



**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 SEPTEMBER 2017**

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

**NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS**

**a) Provisions:**

	<b>30 September 2017</b>	<b>31 December 2016</b>
Provision for litigations	605	3,578
	<b>605</b>	<b>3,578</b>

**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

	<b>2017</b>	<b>2016</b>
As of 1 January	3,578	3,199
Charge for the period	61	446
Reversal of provisions (-)	-	(89)
Provisions related to discontinuous operations	650	-
Disposals related to sale of subsidiary (-)	(3,684)	-
<b>As of 30 September</b>	<b>605</b>	<b>3,556</b>

**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 SEPTEMBER 2017**

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

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**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) In accordance with the inspection reports conducted by the Ministry of Finance Revenue Inspectors for Company's business partners EBX regarding the VAT return related with services they have purchased under the VAT recall, the tax cases in respect of the tax principal and penalties were lost and the lawsuits filed by the Council of State appeal to the applicant on 24 July 2012. Regarding these cases that have been lost in the tax court; a provision amounting to TL17,764 thousand has been set aside for the EBX which has been condensed according to the equity method with a 50% share from TL35,528 thousand considering the default interest and this amount has been paid in full.

Corporate tax for the year 2006, VAT for the period 2006/6 and the unfair tax return (VAT) for the period 2007/3, Taxation withholding tax for the 3rd, 6th and 9th periods of 2006 and with hold corporate tax for the 12th period of 2006, 2006 Appeals were filed against the Council of State for 5 different cases related to the 1st, 2nd and 3rd period corporate temporary tax and the 4th term corporate temporary tax of 2006 and for the appeal cases against EBX, the Administrative Judgment Procedure Law ("İYUK") 54th article of "Adjustment of the Decision" within the legal periods of the lawsuits were opened, four of these cases were lost to the decision of the Supreme Administrative Court and the legal process was completed and the files were found. The last case (VAT case) was appealed to the Council of State and the case is ongoing.

- ii) Request of the taxpayer to stop the executive in the Tax Court regarding the payment of TL4,104 thousand which is not accepted as an offset request in 2012 due to the declared amount of VAT that should be returned due to the taxpayers of the Grand Taxpayers Tax Office related to 2010. The lawsuit filed against the company's business partnership. In this context, the appeal has been filed against the Council of State and the case is ongoing.

**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 SEPTEMBER 2017**

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

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**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 SEPTEMBER 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:**

<b>Guarantees given</b>	<b>30 September 2017</b>			<b>Total</b>
	<b>USD</b>	<b>EUR</b>	<b>TL</b>	
Letters of guarantee	-	-	13,063	13,063
	-	-	<b>13,063</b>	<b>13,063</b>
<b>Guarantees taken</b>				
Letters of guarantee	8,880	226	25,695	34,801
Guaranteed bills of exchange	522	-	134	656
	<b>9,402</b>	<b>226</b>	<b>25,829</b>	<b>35,457</b>
<b>Guarantees given</b>	<b>31 December 2016</b>			<b>Total</b>
	<b>USD</b>	<b>EUR</b>	<b>TL</b>	
Letters of guarantee	-	-	15,031	15,031
	-	-	<b>15,031</b>	<b>15,031</b>
<b>Guarantees taken</b>				
Letters of guarantee	7,511	88	112,525	120,124
Guaranteed bills of exchange	517	-	3,836	4,353
Mortgages	-	-	26,137	26,137
	<b>8,028</b>	<b>88</b>	<b>142,498</b>	<b>150,614</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September 2017 and 31 December 2016 is as follows:

	<b>30 September 2017</b>	<b>31 December 2016</b>
A. CPMs given for Company’s own legal personality (*)	13,063	15,031
- Collateral (Fully denominated in TL)	13,063	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	-	-
	<b>13,063</b>	<b>15,031</b>

(\*) 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 September 2017 is 0% (31 December 2016: 0%).

**NOTE 16 - EMPLOYEE BENEFITS**

<b>Employee benefit obligations</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
Social security premiums payable	2,763	3,024
Wages payable to employees	62	1,143
	<b>2,825</b>	<b>4,167</b>
<b>Short term provisions for employee benefits</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
Provision for unused vacations	2,209	5,928
	<b>2,209</b>	<b>5,928</b>

**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 SEPTEMBER 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 September:

	<b>2017</b>	<b>2016</b>
As of 1 January	5,928	5,042
Charge for the period (Note 20)	383	645
Payments during the period (-)	(206)	(526)
Provisions related to discontinuous operations	35	-
Disposals related to sale of subsidiary (-)	(3,931)	-
<b>As of 30 September</b>	<b>2,209</b>	<b>5,161</b>

**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 September 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:

	<b>30 September 2017</b>	<b>31 December 2016</b>
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, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.  
AND ITS SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 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 September:

	<b>2017</b>	<b>2016</b>
As of 1 January	7,774	7,533
Charge for the period (Note 20)	723	1,805
Payments during the period (-)	(180)	(1,781)
Additions related to subsidiary sold	592	-
Payments related to subsidiary sold (-)	(1,084)	-
Disposals related to sale of subsidiary	(3,760)	-
<b>As of 30 September</b>	<b>4,065</b>	<b>7,557</b>

**NOTE 17 - OTHER ASSETS AND LIABILITIES**

<b>Other current assets</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
VAT receivables	9,233	15,555
Advances given to personnel	430	81
Other	116	11
	<b>9,779</b>	<b>15,647</b>

<b>Other non-current assets</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
VAT receivables	8,412	13,847
	<b>8,412</b>	<b>13,847</b>

**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 September 2017 and 31 December 2016 are as follows:

	<b>30 September 2017</b>	<b>31 December 2016</b>
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, SINAI VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.  
AND ITS SUBSIDIARIES**

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

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

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

At 30 September 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:

<b>Shareholders</b>	<b>(%)</b>	<b>30 September 2017</b>	<b>(%)</b>	<b>31 December 2016</b>
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
<b>Total</b>	<b>100.00</b>	<b>685,260</b>	<b>100.00</b>	<b>685,260</b>
Adjustment to share capital		105,777		105,777
<b>Total authorised share capital</b>		<b>791,037</b>		<b>791,037</b>

(\*) 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 September 2017, 20.02% (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 TL128,727 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 September 2017 and 31 December 2016 are as follows:

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



**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 SEPTEMBER 2017**

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

**NOTE 19 - REVENUE**

	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
Domestic sales	518,851	164,356	432,508	127,302
Exports	350	44	176	105
<b>Gross sales</b>	<b>519,201</b>	<b>164,400</b>	<b>432,684</b>	<b>127,407</b>
Sales returns (-)	(2,542)	(521)	(3,660)	(641)
Sales discounts (-)	(86,555)	(24,755)	(71,736)	(20,492)
<b>Net sales</b>	<b>430,104</b>	<b>139,124</b>	<b>357,288</b>	<b>106,274</b>
Cost of sales (-)	(259,362)	(80,562)	(219,350)	(69,884)
<b>Gross profit</b>	<b>170,742</b>	<b>58,562</b>	<b>137,938</b>	<b>36,390</b>

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

	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
<b>General administrative expenses</b>				
Personnel expenses	20,476	5,797	14,256	4,884
Consultancy expenses	7,577	2,191	6,151	2,392
Rent expenses	3,565	1,146	1,019	333
Miscellaneous taxes	2,274	74	1,936	68
Repair and maintenance expenses	1,648	271	1,008	278
Depreciation and amortisation expenses (Note 12, 13 and 14)	922	393	1,339	465
Provision for employment termination benefits (Note 16)	723	18	1,805	177
Provision for unpaid vacation (Note 16)	383	(522)	645	(1,430)
Provision expense for doubtful receivables (Note 9)	-	-	113	22
Other	7,099	2,451	4,886	2,459
	<b>44,667</b>	<b>11,819</b>	<b>33,158</b>	<b>9,648</b>

**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 SEPTEMBER 2017**

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

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

	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
<b>Marketing expenses</b>				
Personnel expenses	38,480	13,819	32,670	12,091
Advertisement, presentation and promotion expenses	25,316	6,683	20,911	5,146
Transportation, distribution and warehousing expenses	4,580	1,419	5,971	2,394
Rent expenses	3,930	1,288	3,124	1,091
Fuel, energy and water expenses	2,332	769	1,737	584
Depreciation and amortisation expenses (Note 13 and 14)	2,284	753	1,352	485
Education expenses	2,179	165	1,688	292
Travelling expenses	1,830	553	1,467	452
Technical support, license and know-how expenses	424	82	1,339	182
Contract manufacturing expense	389	137	-	-
Consultancy expenses	128	29	107	38
Other	1,236	455	24	(237)
	<b>83,108</b>	<b>26,152</b>	<b>70,390</b>	<b>22,518</b>

**NOTE 21 - EXPENSES BY NATURE**

	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
Purchase and consumption of inventories	241,070	62,202	195,724	84,488
Personnel expenses	58,956	19,616	46,926	16,975
Advertisement and promotion expenses	25,316	6,683	20,911	5,146
Contract manufacturing expense	14,215	9,388	9,221	-
Depreciation and amortisation expenses (Notes 12, 13 and 14)	8,073	2,726	7,655	2,620
Consultancy expense	7,705	2,220	6,258	2,430
Rent expenses	7,495	2,434	4,143	1,424
Transportation, distribution and warehousing expenses	4,580	1,419	5,971	2,394
Provision for employment termination benefits (Note16)	723	18	1,805	177
Changes in commercial inventories	(1,058)	7,162	4,693	(17,780)
Other	20,062	4,665	19,591	4,176
	<b>387,137</b>	<b>118,533</b>	<b>322,898</b>	<b>102,050</b>

**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 SEPTEMBER 2017**

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

**NOTE 22 - OTHER OPERATING INCOME AND EXPENSES**

	<b>1 January - 30 September 2017</b>	<b>1 July- 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July- 30 September 2016</b>
<b>Other operating income</b>				
Foreign exchange gains from bank deposits	100,696	19,018	71,394	27,778
Interest income from bank deposits	15,540	4,705	14,754	4,005
Foreign exchange gains from trade receivables and payables	8,414	2,973	5,386	1,757
Credit finance income	7,852	-	446	-
Compensation income	-	-	991	160
Collections from doubtful receivables (Note 9)	-	-	73	-
Other	2,070	1	4,120	2,963
	<b>134,572</b>	<b>26,697</b>	<b>97,164</b>	<b>36,663</b>

	<b>1 January - 30 September 2017</b>	<b>1 July- 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July- 30 September 2016</b>
<b>Other operating expenses</b>				
Foreign exchange losses from bank deposits	74,050	9,738	39,095	3,956
Foreign exchange losses from trade receivables and payables	9,936	894	338	(1,316)
Credit finance expenses	2,665	1,282	2,037	452
Provision for diminution in value of inventories (Note 10)	700	140	354	37
Donation expenses	206	36	223	18
Provision expense for legal case (Note 15)	61	-	446	2
Restructuring expenses	-	-	1,583	-
Other	4,588	3,464	1,435	(937)
	<b>92,206</b>	<b>15,554</b>	<b>45,511</b>	<b>2,212</b>

**NOTE 23 - INCOME FROM INVESTMENT ACTIVITIES**

	<b>1 January - 30 September 2017</b>	<b>1 July- 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
<b>Income from investment activities</b>				
Dividend Income (Note 8)	99,401	-	59,705	-
Sales of financial fixed assets (Note 27)	34,996	34,996	-	-
Other	5	-	68	12
	<b>134,402</b>	<b>34,996</b>	<b>59,773</b>	<b>12</b>

**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 SEPTEMBER 2017**

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

**NOTE 24 - FINANCIAL INCOME / EXPENSES**

<b>Financial income</b>	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
Derivative transactions income	10,142	2,978	1,588	229
	<b>10,142</b>	<b>2,978</b>	<b>1,588</b>	<b>229</b>
<b>Financial expenses</b>	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September 2016</b>
Interest expense from bank borrowings	3,460	1,108	1,528	611
Derivative transactions expenses	13	(1,128)	86	86
Commissions of letter of guarantees	251	60	233	70
Foreign exchange losses	-	-	1,825	1,402
Other	1,026	862	193	59
	<b>4,750</b>	<b>902</b>	<b>3,865</b>	<b>2,228</b>

**NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)**

**a) Current income tax on profits:**

	<b>30 September 2017</b>	<b>31 December 2016</b>
Corporate and income taxes payable (Company)	17,890	32,392
Prepaid taxes (-) (Company)	(11,355)	(14,230)
	<b>6,535</b>	<b>18,162</b>
Corporate and income taxes payable (Subsidiary)	-	-
Prepaid taxes (-) (Subsidiary)	(50)	(327)
	<b>(50)</b>	<b>(327)</b>
<b>Current income tax liabilities, (net)</b>	<b>6,485</b>	<b>17,835</b>

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

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

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

**NOTE 25 - 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 nine 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 nine months period ended 30 September 2017 and 2016 are summarized below:

	<b>1 January - 30 September 2017</b>	<b>1 July- 30 September</b>	<b>1 January - 30 September 2016</b>	<b>1 July - 30 September</b>
Current income tax expenses	(17,890)	(7,324)	(13,229)	(6,947)
Deferred tax expenses	(144)	802	(1,774)	(1,401)
<b>Total tax expense (-)</b>	<b>(18,034)</b>	<b>(6,522)</b>	<b>(15,003)</b>	<b>(8,348)</b>

**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 SEPTEMBER 2017**

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

**NOTE 25 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)  
(Continued)**

The reconciliation as of 30 September 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 September 2017	30 September 2016
<b>Profit before tax</b>	<b>180,116</b>	<b>151,685</b>
Current year corporation tax expense	(36,024)	(30,337)
Tax effect of disallowable expenses	(95)	(101)
Tax effect of exemption of dividend income	4,132	11,943
Tax losses used in current period	-	1,380
Tax losses disregarded in the calculation of deferred tax assets in the previous periods and recognised in the current period	2,783	1,651
Tax losses disregarded in the calculation of deferred tax	-	(1,685)
Items disregarded in the calculation of deferred tax	6,289	(60)
Equity method accounting	4,779	2,206
Other	102	-
<b>Total tax expenses</b>	<b>(18,034)</b>	<b>(15,003)</b>

**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 SEPTEMBER 2017**

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

**NOTE 25 - 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 September 2017 and 31 December 2016 using the enacted tax rates is as follows:

	<b>Cumulative temporary differences</b>		<b>Deferred tax assets/ (liabilities)</b>	
	<b>30 September 2017</b>	<b>31 December 2016</b>	<b>30 September 2017</b>	<b>31 December 2016</b>
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	(8,020)	(30,895)	1,604	6,179
Difference between the tax base and carrying amount of inventories	(4,248)	-	850	-
Provision for doubtful receivables	(1,688)	(6,319)	338	1,264
Provision for unused vacation	(2,209)	(5,928)	442	1,186
Provision for employment termination benefits	(4,065)	(7,774)	813	1,555
Provision for litigations	(605)	(3,578)	121	716
Deferred credit finance income	(2,166)	(3,964)	433	793
Income/(expense) accruals for derivative financial instruments	-	(6,512)	-	1,302
Deferred revenue	(8,913)	-	1,783	-
Other	(152)	(335)	30	67
<b>Deferred tax assets (**)</b>			<b>7,716</b>	<b>19,953</b>
Fair value differences of available for-sale financial assets (*)	1,997,667	1,999,530	(99,883)	(99,981)
Deferred credit finance expenses	564	2,892	(113)	(578)
Income/(expense) accruals for derivative financial instruments	2,337	-	(467)	-
Difference between the tax base and carrying amount of inventories	-	3,557	-	(711)
<b>Deferred tax liabilities (-) (**)</b>			<b>(100,463)</b>	<b>(101,270)</b>
<b>Deferred tax liabilities, net</b>			<b>(92,747)</b>	<b>(81,317)</b>

(\*) Difference between fair value and book value amounts to TL1,997,667 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 TL8,115 thousand (31 December 2016: TL23,727 thousand) and deferred tax liability amounting to TL100,862 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 September 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, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.  
AND ITS SUBSIDIARIES**

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

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

**NOTE 25 - 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 September 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	-
	<b>3,960</b>	<b>22,085</b>

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 September is as follows:

	2017	2016
As of 1 January	(81,317)	(60,071)
Current year deferred tax (expense) / income	(144)	(2,495)
Deferred tax liability accounted under equity resulting from increase in value of available-for-sale financial assets (*)	(35)	(27)
Deferred tax expense discontinued operations	(2,567)	-
Disposals related to sale of subsidiary	(8,684)	-
<b>As of 30 September</b>	<b>(92,747)</b>	<b>(62,593)</b>

(\*) 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 26 - EARNINGS PER SHARE**

	1 January - 30 September 2017	1 January - 30 September 2016
Net gain attributable to equity holders of the Company	<b>165,433</b>	<b>138,264</b>
Profit from continuous operations	161,911	136,555
Profit from discontinued operations	3,522	1,709
Weighted average number of ordinary shares with face value of Kr 1 each	68,526,000,000	68,526,000,000
<b>Earning per share (Kr)</b>	<b>0.2414</b>	<b>0.2018</b>
Basic earnings per share from continuous operations	0.2363	0.1993
Basic earnings per share from discontinued operations	0.0051	0.0025



**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 SEPTEMBER 2017**

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

**NOTE 27 - 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 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 shown in the discontinued operations. The financial information of the transaction up to the sale date of the subsidaray is disclosed below.

**a) Cash flows from discontinued operations**

	<b>4 July 2017</b>
Cash flows from operating activities	(36,416)
Cash flows from investment activities	(3,125)
Cash flows from financing activities	20,466
<b>Total cash flows</b>	<b>(19,075)</b>

**b) Assets related to sold subsidiary**

	<b>4 July 2017</b>
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
<b>Total</b>	<b>630,833</b>

**c) Liabilities related to sold subsidiary**

	<b>4 July 2017</b>
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
<b>Total</b>	<b>635,737</b>

**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 SEPTEMBER 2017**

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

**NOTE 27 - 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:

	<b>4 July 2017</b>	<b>30 September 2016</b>
Income	536,510	705,140
Expense	(527,153)	(701,124)
Profit before tax from discontinued operations	9,357	4,016
Tax	(2,566)	(721)
<b>Net profit from discontinued operations</b>	<b>6,791</b>	<b>3,295</b>

The detail of sale of the subsidiary is as follows;

**4 July 2017**

Cash from sale of subsidiary	37,541
Net asset of subsidiary sold (-)	4,904
<b>Total</b>	<b>42,445</b>
Current period profit from discontinued operations (-)	(6,791)
Other comprehensive income from discontinued operations	(658)
<b>Net income from sale of subsidiary</b>	<b>34,996</b>

**NOTE 28 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

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

**a) Credit risk**

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

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 SEPTEMBER 2017

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

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

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

30 September 2017	Trade receivables		Other receivables		Deposit in banks	Other <sup>(*)</sup>
	Related parties	Other	Related parties	Other		
Maximum credit risk exposed as of balance sheet date <sup>(**)</sup>	2,230	131,352	2,143	138	499,564	3,377
- Secured portion of the maximum credit risk by guarantees (-)		3,150	-	-	-	-
A. Net book value of financial assets that are neither past due not impaired	2,230	126,583	2,143	138	499,564	-
B. Carrying value of financial assets that are past due but not impaired <sup>(***)</sup>	-	4,769	-	-	-	3,377
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 September 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 SEPTEMBER 2017

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

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

31 December 2016	Trade receivables		Other receivables		Deposit in banks	Other <sup>(*)</sup>
	Related parties	Other	Related parties	Other		
Maximum credit risk exposed as of balance sheet date <sup>(**)</sup>	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 <sup>(***)</sup>	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 SEPTEMBER 2017**

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

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

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

<b>30 September 2017</b>	<b>Trade receivables from</b>		<b>Other</b>
	<b>Related parties</b>	<b>Other</b>	
Past due up to 30 days	-	1,745	-
Past due 1 - 3 months	-	38	-
Past due 3 - 12 months	-	598	-
Past due 1 - 5 year (*)	-	2,388	3,478
	-	<b>4,769</b>	<b>3,478</b>

<b>31 December 2016</b>	<b>Trade receivables from</b>		<b>Other</b>
	<b>Related parties</b>	<b>Other</b>	
Past due up to 30 days	341	29,780	-
Past due 1 - 3 months	-	27,820	-
Past due 3 - 12 months	-	10,030	-
Past due 1 - 5 year (*)	-	730	3,478
	<b>341</b>	<b>68,360</b>	<b>3,478</b>

(\*) 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:

	<b>30 September 2017</b>					
	<b>Carrying value</b>	<b>Contractual cash outflows</b>	<b>Contractual terms</b>			
<b>Up to 3 months</b>			<b>3 - 12 months</b>	<b>1 - 5 years</b>	<b>More than 5 years</b>	
<b>Non-derivative financial liabilities</b>						
Other financial liabilities	16,109	16,360	15,640	720	-	-
Trade payables due to related parties	6,009	6,009	6,009	-	-	-
Other trade payables	112,457	113,147	113,147	-	-	-
Other payables and liabilities	40,229	40,229	-	16,479	23,750	-
<b>Total non-derivative financial liabilities</b>	<b>174,804</b>	<b>175,745</b>	<b>134,796</b>	<b>17,199</b>	<b>23,750</b>	<b>-</b>

**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 SEPTEMBER 2017**

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

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

Non-derivative financial liabilities	31 December 2016					
	Carrying value	Contractual cash outflows	Contractual terms			
			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	-
<b>Total non-derivative financial liabilities</b>	<b>598,685</b>	<b>611,419</b>	<b>460,571</b>	<b>115,538</b>	<b>35,310</b>	<b>-</b>

**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 September 2017, the Group's financial liabilities with floating interest rates are TL (31 December 2016: TL, USD and EUR) denominated.

**30 September 2017      31 December 2016**

**Financial instruments with fixed interest rates:**

**Financial assets**

- Cash and cash equivalents	499,571	661,541
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**Financial liabilities**

- Financial liabilities	16,109	172,462
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**Financial Instruments with floating exchange rates**

**Financial liabilities**

- Financial liabilities	-	67,431
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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 SEPTEMBER 2017**

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

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

At 30 September 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 TL369 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 September 2017			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of 10% change in USD against TL:</b>				
USD net asset / (liability)	14,000	(14,000)	14,000	(14,000)
Secured position (-)	-	-	-	-
<b>USD net effect</b>	<b>14,000</b>	<b>(14,000)</b>	<b>14,000</b>	<b>(14,000)</b>
<b>In case of 10% change in EUR against TL:</b>				
EUR net asset / (liability)	22,827	(22,827)	22,827	(22,827)
Secured position (-)	-	-	-	-
<b>EUR net effect</b>	<b>22,827</b>	<b>(22,827)</b>	<b>22,827</b>	<b>(22,827)</b>
<b>In case of 10% change in other foreign exchange rates against TL:</b>				
Other foreign currency net asset / (liability)	(101)	101	(101)	101
Secured position (-)	-	-	-	-
<b>Other foreign currencies net effect</b>	<b>(101)</b>	<b>101</b>	<b>(101)</b>	<b>101</b>
	<b>36,726</b>	<b>(36,726)</b>	<b>36,726</b>	<b>(36,726)</b>

**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 SEPTEMBER 2017**

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

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

	30 September 2016			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of 10% change in USD against TL:</b>				
USD net asset / (liability)	30,776	(30,776)	30,776	(30,776)
Secured position (-)	-	-	-	-
<b>USD net effect</b>	<b>30,776</b>	<b>(30,776)</b>	<b>30,776</b>	<b>(30,776)</b>
<b>In case of 10% change in EUR against TL:</b>				
EUR net asset / (liability)	3,654	(3,654)	3,654	(3,654)
Secured position (-)	-	-	-	-
<b>EUR net effect</b>	<b>3,654</b>	<b>(3,654)</b>	<b>3,654</b>	<b>(3,654)</b>
<b>In case of 10% change in other foreign exchange rates against TL:</b>				
Other foreign currency net asset / (liability)	(77)	77	(77)	77
Secured position (-)	-	-	-	-
<b>Other foreign currencies net effect</b>	<b>(77)</b>	<b>77</b>	<b>(77)</b>	<b>77</b>
	<b>34,353</b>	<b>(34,353)</b>	<b>34,353</b>	<b>(34,353)</b>

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

	30 September 2017	30 September 2016
USD	3.5521	2.9959
EUR	4.1924	3.3608
GBP	4.7478	3.8909



**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 SEPTEMBER 2017**

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

**NOTE 28 - 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 September 2017 were as follows:

	<b>30 September 2017</b>			
	<b>Total</b>	<b>Original amounts</b>		
	<b>TL equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>
Trade receivables	84	-	20	-
Monetary financial assets	429,762	54,234	56,559	-
Other	338	95	-	-
<b>Current assets</b>	<b>430,184</b>	<b>54,329</b>	<b>56,579</b>	<b>-</b>
Trade receivables	-	-	-	-
Monetary financial assets	3,039	856	-	-
<b>Non-current assets</b>	<b>3,039</b>	<b>856</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>433,223</b>	<b>55,185</b>	<b>56,579</b>	<b>-</b>
Trade payables	63,465	15,070	2,130	219
Financial liabilities	-	-	-	-
Monetary other liabilities	2,496	703	-	-
<b>Current liabilities</b>	<b>65,961</b>	<b>15,773</b>	<b>2,130</b>	<b>219</b>
Monetary other liabilities	-	-	-	-
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>65,961</b>	<b>15,773</b>	<b>2,130</b>	<b>219</b>
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	-	-	-	-
<b>Net foreign currency asset / (liability) position</b>	<b>367,262</b>	<b>39,412</b>	<b>54,449</b>	<b>(219)</b>
<b>Net foreign currency asset / (liability) position of monetary items</b>	<b>367,262</b>	<b>39,412</b>	<b>54,449</b>	<b>(219)</b>
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 SEPTEMBER 2017**

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

**NOTE 28 - 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:

	<b>31 December 2016 Original amounts</b>			
	<b>Total TL equivalent</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>
Trade receivables	2,683	542	209	-
Monetary financial assets	573,729	125,455	35,642	-
Other	1,855	-	500	-
<b>Current assets</b>	<b>578,267</b>	<b>125,997</b>	<b>36,351</b>	<b>-</b>
Trade receivables	-	-	-	-
Monetary financial assets	2,397	681	-	-
<b>Non-current assets</b>	<b>2,397</b>	<b>681</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>580,664</b>	<b>126,678</b>	<b>36,351</b>	<b>-</b>
Trade payables	125,377	19,759	15,052	190
Financial liabilities	6,278	-	1,692	-
Monetary other liabilities	3,164	896	3	-
<b>Current liabilities</b>	<b>134,819</b>	<b>20,655</b>	<b>16,747</b>	<b>190</b>
Monetary other liabilities	31,391	-	8,461	-
<b>Non-current liabilities</b>	<b>31,391</b>	<b>-</b>	<b>8,461</b>	<b>-</b>
<b>Total liabilities</b>	<b>166,210</b>	<b>20,655</b>	<b>25,208</b>	<b>190</b>
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	-	-	-	-
<b>Net foreign currency asset / (liability) position</b>	<b>413,633</b>	<b>106,023</b>	<b>11,143</b>	<b>(190)</b>
<b>Net foreign currency asset / (liability) position of monetary items</b>	<b>413,633</b>	<b>106,023</b>	<b>11,143</b>	<b>(190)</b>
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 SEPTEMBER 2017**

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

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

*ii) Foreign exchange derivative transactions*

	<u>30 September 2017</u>		<u>31 December 2016</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Forward foreign exchange contracts	2,337	-	6,512	-
	<b>2,337</b>	<b>-</b>	<b>6,512</b>	<b>-</b>

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 September 2017</u>	<u>31 December 2016</u>
Forward foreign exchange contracts	74,282	84,000
<b>As of 31 December</b>	<b>74,282</b>	<b>84,000</b>

At 30 September 2017, the fair value of the Group's currency derivatives is estimated to be approximately TL2,337 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 TL7,792 thousand (31 December 2016: TL1,502 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 TL2,337 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 SEPTEMBER 2017**

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

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

**e) Categories and fair values of financial instruments**

<b>30 September 2017</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Loans and receivables (including cash and cash equivalents)</b>	<b>Available for sale financial assets</b>	<b>Financial liabilities stated at amortised cost</b>	<b>Carrying Amount</b>	<b>Note</b>
<b>Financial assets</b>						
Cash and cash equivalents	-	499,571	-	-	499,571	5
Trade receivables	-	131,352	-	-	131,352	9
Receivables from related parties	-	2,230	2,153,660	-	2,230	8
Financial investments	3,377	-	-	-	2,157,037	6
Other financial assets	-	-	-	-	-	-
<b>Financial liabilities</b>						
Financial liabilities	-	-	-	16,109	16,109	7
Financial liabilities to related parties	-	-	-	-	-	7
Trade payables	-	-	-	112,457	112,457	9
Payables to related parties	-	-	-	6,009	6,009	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 SEPTEMBER 2017**

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

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

<b>31 December 2016</b>	<b>Financial assets at fair value through profit or loss</b>	<b>Loans and receivables (including cash and cash equivalents)</b>	<b>Available for sale financial assets</b>	<b>Financial liabilities stated at amortised cost</b>	<b>Carrying Amount</b>	<b>Note</b>
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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	-	-	-	145,112	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 SEPTEMBER 2017**

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

**NOTE 28 - 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 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 September 2017 and 31 December 2016, the Group’s net debt / total equity ratio is detailed as follows:

	<b>30 September 2017</b>	<b>31 December 2016</b>
Financial liabilities	16,109	239,893
Less: cash and cash equivalents and current financial investments	(499,571)	(661,541)
<b>Net debt</b>	<b>(483,462)</b>	<b>(421,648)</b>
<b>Total equity</b>	<b>3,083,591</b>	<b>3,244,490</b>
<b>Total capital</b>	<b>2,600,129</b>	<b>2,822,842</b>
<b>Net debt / Total capital</b>	<b>(%19)</b>	<b>(%15)</b>

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

**NOTE 29 - EVENTS AFTER THE REPORTING PERIOD**

At the general assembly meeting of Eczacıbaşı-Monrol whose capital is contributed by the Company at the rate of %49,99 dated 31 October 2017, increase of capital paid from TL25,000,000 to TL125,000,000 is approved and amendment to association agreement dated 26 March 2008 has become effective which received approval of Competition Authority. Regarding to that amendment share of the Eczacıbaşı Group at Eczacıbaşı-Monrol has raised to 84% (83.996% to the Company, 0.002% to Eczacıbaşı Holding and 0.002% to EİP Eczacıbaşı İlaç Pazarlama A.Ş.) and share of Bozlu Group has reduced to 16%. As of approval date of financial statements TL 57,810,187.50 of capital commitment is paid, remaining TL 34,686,112,50 will be paid within 2 years following the registration of capital increase.

Shares in the Company’s joint venture Schwarzkopf Kuaför Ürünleri Pazarlama A.Ş. (“Eczacıbaşı Schwarzkopf”) whose nominal value is TL1,175,000, is sold to Henkel Central Eastern Europe Operations Gesellschaft mbH at 2 October 2017. Sale price is determined as EUR2,935,014 and paid in cash at the date of sale. Any liabilities may arise for the period up to date of sale will be paid by vendors to the buyers at the rate of ownership.

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