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

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY - 30 SEPTEMBER 2018

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

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2018

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

	Notes	Unaudited 30 September 2018	Audited 31 December 2017
ASSETS			
Current assets:			
Cash and cash equivalents	5	729,358	506,419
Financial investments			
- Financial assets at fair value through profit or loss	6	1,315	354
Trade receivables			
- Trade receivables due from related parties	8	908	583
- Trade receivables due from third parties	9	150,277	145,393
Other receivables			
- Other receivables due from related parties		84	257
- Other receivables due from third parties		153	126
Derivative financial instruments		9,149	5,434
Inventories	10	71,573	72,636
Prepaid expenses	11	5,070	2,209
Current income tax assets	24	1,873	63
Other current assets	17	2,877	7,850
Total current assets		**972,637**	**741,324**
Non-current assets			
Other receivables			
- Other receivables due from related parties		-	263
- Other receivables due from third parties		12	12
Financial investments			
- Financial assets at fair value through profit or loss	6	3,993	3,185
- Financial assets at fair value in other comprehensive income	6	2,588,216	-
- Financial investments available for sale	6	-	2,588,218
Investments accounted for using equity method	3	134,933	101,820
Investment properties	12	357,802	361,789
Property, plant and equipment	13	6,309	6,066
Intangible assets			
- Other intangible assets	14	14,561	10,620
Prepaid expenses	11	1,787	1,192
Deferred tax assets	24	6,920	6,744
Other non-current assets	17	9,104	10,142
Total non-current assets		**3,123,637**	**3,090,051**
TOTAL ASSETS		**4,096,274**	**3,831,375**

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2018
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited 30 September 2018	Audited 31 December 2017
LIABILITIES			
Current liabilities:			
Short-term borrowings			
- Short term borrowings due to third parties	7	15,807	3,600
Trade payables			
- Trade payables due to related parties	8	6,681	3,767
- Trade payables due to third parties	9	171,294	132,203
Payables for employee benefits	16	2,797	1,125
Other payables			
- Other payables due to third parties		8,711	4,599
Deferred income	11	4,056	782
Current income tax liabilities	24	37,079	7,829
Short term provisions			
- Short term provisions for employee benefits	16	3,059	2,751
- Other short term provisions	15	982	894
Short term liabilities due to investment accounted for using the equity method	3	1	52,500
Other current liabilities		119	96
Total current liabilities		**250,586**	**210,146**
Non-current liabilities			
Long term borrowings			
- Long term borrowings due to third parties	7	63,000	15,032
Deferred income	11	19,498	-
Long term provisions			
- Long term provisions for employee benefits	16	4,813	2,953
Deferred tax liabilities	24	122,789	122,589
Total non-current liabilities		**210,100**	**140,574**
TOTAL LIABILITIES		**460,686**	**350,720**

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2018

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

	Notes	Unaudited 30 September 2018	Audited 31 December 2017
EQUITY			
Attributable to equity holders of the parent:		**3,635,541**	**3,480,588**
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)	(3,874)
- Gains / losses on available for sale financial assets due to revaluation or/and reclassification		2,332,801	2,332,744
Items that may be reclassified subsequently to profit or loss			
- Foreign currency translation differences		10,010	10,010
Restricted reserves	18	199,697	168,095
Retained earnings		14,818	36,481
Net profit for the period		291,052	146,095
Non-controlling interests		**47**	**67**
TOTAL EQUITY		**3,635,588**	**3,480,655**
TOTAL LIABILITIES AND EQUITY		**4,096,274**	**3,831,375**

The consolidated financial statements for the period of 1 January - 30 September 2018 were approved by the Board of Directors at 30 October 2018.

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

	Notes	Unaudited 1 January - 30 September 2018	Unaudited 1 July - 30 September 2018	Unaudited 1 January- 30 September 2017	Unaudited 1 July - 30 September 2017
PROFIT OR LOSS					
Revenue	19	510,386	150,571	430,104	139,124
Cost of Sales (-)	19	(331,592)	(107,189)	(259,362)	(80,562)
GROSS PROFIT		**178,794**	**43,382**	**170,742**	**58,562**
General administrative expenses (-)	20	(46,571)	(12,823)	(44,667)	(11,819)
Marketing expenses (-)	20	(93,310)	(29,249)	(83,108)	(26,152)
Other operating income	22	338,163	224,899	134,572	26,697
Other operating expenses (-)	22	(120,580)	(81,800)	(92,206)	(15,554)
OPERATING PROFIT		**256,496**	**144,409**	**85,333**	**31,734**
Income from investing activities	8	73,370	1,218	134,402	34,996
Expenses from investing activities (-)		(1)	(1)	(128)	(49)
Share of (loss)/income of investments accounted for using equity method	3	19,511	3,554	(44,883)	(18,373)
Operating income before finance expense		**349,376**	**149,180**	**174,724**	**48,308**
Financial income	23	16,788	11,960	10,142	2,978
Financial expenses (-)	23	(11,614)	(6,961)	(4,750)	(902)
PROFIT BEFORE TAX		**354,550**	**154,179**	**180,116**	**50,384**
Tax expense from continuing operations					
Income tax expense (-)	24	(63,494)	(38,662)	(17,890)	(7,324)
Deferred tax (expenses) / income	24	(24)	1,856	(144)	802
Profit from continuous operations		**291,032**	**117,373**	**162,082**	**43,862**
Profit from discontinued operations	25	-	-	**6,791**	-
NET PROFIT FOR THE PERIOD		**291,032**	**117,373**	**168,873**	**43,862**
Attributable to					
- Non-controlling interests		(20)	(18)	3,440	(5)
- Equity holders of the parent		291,052	117,391	165,433	43,867
NET PROFIT FOR THE PERIOD		**291,032**	**117,373**	**168,873**	**43,862**
Weighted average number of ordinary shares with face value of KR 1 each		68,526,000,000	68,526,000,000	68,526,000,000	68,526,000,000
Earnings per share					
Basic earnings per share from continuous operations	26	0.4247	0.1713	0.2363	0.0640
Basic earnings per share from discontinued operations	26	-	-	0.0050	-

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

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

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

	Notes	Unaudited 1 January - 30 September 2018	Unaudited 1 July- 30 September 2018	Unaudited 1 January - 30 September 2017	Unaudited 1 July- 30 September 2017
PROFIT FOR THE PERIOD		**291,032**	**117,373**	**168,873**	**43,862**
Other comprehensive income					
Items that may not be reclassified subsequently to profit or loss		**57**	**-**	**4,633**	**-**
- Gains / (losses) arising from investments in equity instruments	6	(2)	-	699	-
- Group's share not classified in profit / loss in equity method accounted investments' comprehensive income	3	59	-	3,969	-
- Tax relating to comprehensive income that not reclassified in profit / loss	24	-	-	(35)	-
Other comprehensive income (after tax)		**57**	**-**	**4,633**	**-**
Total comprehensive income		**291,089**	**117,373**	**173,506**	**43,862**
Total comprehensive income attributable to:					
- Non-controlling interest		(20)	(18)	3,782	(10)
- Equity holders of the parent		291,109	117,391	169,724	43,872
Total comprehensive income		**291,089**	**117,373**	**173,506**	**43,862**

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

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR INTERIM PERIOD ENDED 30 SEPTEMBER 2018

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

			Items that will not be reclassified subsequently to profit or loss	Items that will not be reclassified subsequently to profit or loss			Retained Earnings				
	Paid - in Share capital	**Adjustments to share capital**	**Foreign currency translation differences**	**Defined benefit plans re-measurement gains/losses**	**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**
1 January 2017	**685,260**	**105,777**	**10,010**	**(4,228)**	**1,912,833**	**277,913**	**78,387**	**184,803**	**3,250,755**	**(6,265)**	**3,244,490**
Transfers	-	-	-	-	-	50,616	134,187	(184,803)	-	-	-
Dividends paid	-	-	-	-	-	(160,434)	(182,196)	-	**(342,630)**	-	(342,630)
Acquisition or disposal of a subsidiaries	-	-	-	354	(787)	-	6,103	-	**5,670**	2,555	8,225
Total comprehensive income	-	-	-	-	4,291	-	-	165,433	**169,724**	3,782	173,506
30 September 2017	**685,260**	**105,777**	**10,010**	**(3,874)**	**1,916,337**	**168,095**	**36,481**	**165,433**	**3,083,519**	**72**	**3,083,591**
1 January 2018	**685,260**	**105,777**	**10,010**	**(3,874)**	**2,332,744**	**168,095**	**36,481**	**146,095**	**3,480,588**	**67**	**3,480,655**
Transfers	-	-	-	-	-	30,602	115,493	(146,095)	-	-	-
Dividends paid	-	-	-	-	-	-	(137,052)	-	**(137,052)**	-	(137,052)
Effect of disposal of subsidiaries'(*)	-	-	-	-	-	-	(104)	-	**(104)**	-	(104)
Total comprehensive income/ (expenses)	-	-	-	-	57	-	-	291,052	**291,109**	(20)	291,089
Other (**)	-	-	-	-	-	1,000	-	-	**1,000**	-	1,000
30 September 2018	**685,260**	**105,777**	**10,010**	**(3,874)**	**2,332,801**	**199,697**	**14,818**	**291,052**	**3,635,541**	**47**	**3,635,588**

(*) The procedures related to the liquidation process of Eczacıbaşı İlaç (Cyprus) Ltd., registered in Turkish Republic of Northern Cyprus and informally active, have been initiated on 31 January 2018, no. 89, no. 11, dated June 11, 2018; Announcement was made in the V. Annex of Official Gazette and the termination procedure has been completed. The termination was announced on 4 July 2018 and it is approved by the Official Cabinet Office and the Register Office in Turkish Republic of Northern Cyprus.

(**) In fiscal year 2018 the Group has taken the advantage of corporate tax deduction in the amount of TL 1,000 thousand.

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

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMER 2018

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

	Notes	Unaudited 1 January - 30 September 2018	Unaudited 1 January - 30 September 2017
A. Cash flows from operating activities		**297,686**	**49,626**
Profit for the period		**291,032**	**168,873**
Adjustments for reconciliation of profit/loss for the period			
Adjustments for depreciation and amortisation	12, 13, 14	7,844	8,073
Adjustments for employment termination benefits	16	3,089	1,106
Adjustments for litigations	15	88	61
Adjustments for doubtful receivables	9	1,105	-
Provision for diminution in value of inventories, net	10	1,364	700
Adjustments for sale of subsidiaries		(19)	(34,996)
Loss/(gain) on sale of property, plant and equipment, net		(32)	(5,140)
Group's share in the (profit)/loss of investments accounted for using equity method	3	(19,511)	44,883
Adjustments for interest incomes	23	(38,504)	(23,954)
Adjustments for interest expenses	23	13,323	6,125
Adjustments for income tax expenses	24	63,518	18,034
Income from derivative financial investments	23	(16,788)	(10,129)
Adjustments related to fair value gains of financial assets		(1,769)	100
Adjustments related to profit share income	8	(71,569)	(99,401)
Adjustments for unrecognized foreign exchange differences		36,050	24,562
Other adjustments related to non-cash items		2,686	(3,783)
Adjustments related to discontinued operations, net		-	11,966
		271,907	**107,080**
Changes in working capital:			
Decrease in trade receivables		(9,284)	(73,275)
Increase/decrease in inventories		(5,237)	34,806
Increase/decrease in trade payables		39,978	52,728
Decrease in other receivables related with operations		(29,629)	(15,967)
Decrease in prepaid expenses		(3,456)	(1,714)
Increase/decrease in other liabilities related to operations		5,807	464
Increase/decrease in deferred income		22,772	1,788
Cash flows related to discontinued operations, net		-	(47,461)
		20,951	**(48,631)**
Cash flows from operating activities:			
Interest received		41,012	24,926
Taxes paid		(35,054)	(29,471)
Employment termination benefits paid	16	(921)	(386)
Interest paid		-	(2,971)
Other cash inflows/outflows		(209)	-
Cash flows related to discontinued operations, net		-	(921)
		4,828	**(8,823)**

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE INTERIM PERIOD ENDED 30 SEPTEMER 2018

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

	Notes	Unaudited 1 January - 30 September 2018	Audited 1 January - 30 September 2017
B. Cash flows from investing activities		**2,577**	**102,347**
Cash outflows from the purchase of tangible and intangible assets	13, 14	(7,527)	(5,935)
Cash inflows from the sale of tangible and intangible assets		43	5,163
Cash inflows from sale of investment properties		7,564	9,544
Cash outflows from investment property purchases	12	(3,153)	(18,842)
Capital payments to associates		(68,825)	(23,124)
Dividends received	8, 3	74,352	101,126
Cash inflows from sale of subsidiaries		123	37,541
Net cash flows related to discounted operations		-	(3,126)
C. Cash flows from financing activities		**(77,786)**	**(313,910)**
Cash inflows / (outflows) from bank borrowings		60,175	(4,481)
Cash flows from derivative financial instruments		13,073	14,304
Dividends paid		(137,052)	(342,630)
Interest paid		(13,982)	(3,460)
Net cash flows related to discontinued operations		-	22,357
Net increase in cash and cash equivalents (A+B+C)		**222,477**	**(161,937)**
D. Cash and cash equivalents at the beginning of the period	**5**	**505,251**	**660,502**
Cash and cash equivalents at the end of the period (A+B+C+D)	**5**	**727,728**	**498,565**

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

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

NOTE 1 - ORGANISATION AND NATURE OF THE GROUP

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

The Company's registered address is as follows:

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

The Company is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been quoted on the Borsa İstanbul A.Ş. ("BIST") (formerly named as İstanbul Menkul Kıymetler Borsası ("İMKB")) since 1990. As of 30 September 2018, 19.70% (31 December 2017: 20.02%) of total shares are quoted on the BIST. The ultimate parent company of the Group is Eczacıbaşı Holding A.Ş., which possesses 50.62% (31 December 2017: 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 2018, the personnel number of the Group is 466 (31 December 2017: 477).

The Company and its consolidated subsidiaries, joint ventures and associates are referred to as the "Group" in these notes. The operations of the subsidiaries, joint ventures and associates included in the consolidation are stated below:

Subsidiaries

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

Companies accounted by line by line consolidation:

Subsidiaries	Nature of business	Segment
EİP Eczacıbaşı İlaç Pazarlama A.Ş. ("EİP")	Marketing and selling of pharmaceuticals	Health
Eczacıbaşı İlaç Ticaret A.Ş. ("EİT")	Marketing and selling of pharmaceuticals	Health
Eczacıbaşı İlaç (Cyprus) Ltd. ("Eczacıbaşı Cyprus") (*)	Marketing and selling of pharmaceuticals	Health
Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş. ("Eczacıbaşı Gayrimenkul")	Real estate development	Construction

(*) The procedures related to the liquidation process of Eczacıbaşı İlaç (Cyprus) Ltd., registered in Turkish Republic of Northern Cyprus and informally active, were initiated on 31 January 2018, no. 89, no. 11, dated June 11, 2018; Announcement was made in the V. Annex of Official Gazette and the termination procedure was completed. The termination was announced on 4 July 2018 and it is approved by the Official Cabinet Office and the Register Office in Turkish Republic of Northern Cyprus. All subsidiaries other than Eczacıbaşı Cyprus are registered in Turkey.

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

Joint Ventures

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

Joint Ventures	Nature of business	Partner	Segment
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. ("EBX")	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 Bozluolçay ve Şükrü Bozluolçay	Health

Associates

The Company's associates (the "Associates") and their respective business segments are as follows:

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

(*) Eczacıbaşı Ortak Sağlık ve Güvenlik Birimi A.Ş. has decided to suspend its activities and operation within the scope of the Board of Directors' decision dated 15 March 2018 and the Law No. 6331 on Occupational Health and Safety Law. Within this respect; Eczacıbaşı Sağlık Hizmetleri A.Ş. and Eczacıbaşı Ortak Sağlık ve Güvenlik Birimi A.Ş has decided to merge, legal process of this merge is still ongoing.

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of compliance

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

The accompanying financial statements are prepared in accordance with the CMB's Communiqué Serial II, No: 14.1, "Basis of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") and its addendum and interpretations ("TFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). Consolidated financial statements and notes are prepared in accordance with the "Announcement on TAS Taxonomy" issued by POA on 2 June 2016 and the formats specified in the Financial Statement Examples and Usage Guidelines issued by the CMB.

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

2.1 Basis of Presentation (Continued)

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 2017.

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.

Transition to TFRS 15 "Revenue from contracts with customers

Group has applied TFRS 15 "Revenue from contracts with customers", which has replaced TAS 18, by using cumulative effect method on the transition date, 1 January 2018. With this method, Group made evaluation studies to determine the cumulative effect of the transition to the TFRS 15 standard and concluded that no changes should be made to the consolidated financial statements.

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. Group has carried out valuation studies to determine the cumulative effect of the first transition and concluded that no changes should be made to the consolidated financial statements.

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

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

2.1 Basis of Presentation (Continued)

The amendments to TFRS 9 regarding the classification of financial assets and liabilities are summarized below. The classification differences do not have any effect on the measurement of financial assets except for the financial investments account group:

Financial assets	Previous classification according to TAS 39	New classification according to TFRS 9
Cash and cash equivalents	Borrowings and receivables	Amortized cost
Trade receivables	Borrowings and receivables	Amortized cost
Derivative financial instruments	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss
Financial investments	Financial investments available for sale	Financial assets at fair value through other comprehensive income

Financial liabilities	Previous classification according to TAS 39	New classification according to TFRS 9
Derivative financial instruments	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss
Bank borrowings	Amortised cost	Amortized cost
Financial lease payables	Amortised cost	Amortized cost
Factoring payables	Amortised cost	Amortized cost
Trade payables	Amortised cost	Amortized cost

2.2 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated. Group's significant accounting policies that are used for the preparation of condensed consolidated financial statements for the nine months interim period ended 30 September 2018 are consistent with accounting policies presented in the consolidated financial statements as of 31 December 2017, except for accounting policies related to the first transition to TFRS 15 "Revenue Standard from Customer Agreements" and TFRS 9, "Financial instruments" standards as set out in Note 2.1.

Revenue recognition

In accordance with TFRS 15 "Revenue Standard from Customer Agreements", which is effective as of 1 January 2018, Group accounts in the financial statements of the revenue consignment in accordance with the following five-tiered model.

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue

The Group assesses the goods or services undertaken by each contract made with the customers and sets each commitment to transfer such goods or services as a separate performance obligation..

For each performance obligation, at the beginning of the contract, the obligation to fulfill the obligation is to be delivered in time or at a certain time. When the control of a good or service is over time and the Group fulfills its performance obligations related to sales in a timely manner, the Group takes the financial statements in the console at the expiration time by measuring the progress towards fulfillment of the fulfillment obligations.

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

2.2 Changes in accounting policies (Continued)

When Group fulfills the obligation to perform the obligation by transferring a promised good or service to the customer, it records the transaction value corresponding to the obligation as revenue in the consolidated financial statements. When the control of the goods or services is overtaken by the customers (or as they pass) the goods or services are transferred.

When Group evaluates the transfer of the customer for the control of the goods or services sold,

a) Group owns the right to collect the goods or services,,
b) Owns legal ownership of the goods or services,
c) The transfer of the possession of the goods or services,
d) Ownership of the significant risks and rewards of ownership of the property of the customer,
e) Takes into consideration the conditions under which the customer accepts goods or services.

Group does not make any adjustments to the effect of a significant financing component at the commitment price if the contract at the outset suggests that the period between the transfer date of the goods or services undertaken by the customer and the date the customer pays the price of the goods or services is one year or less. If the other party has significant financing within the revenue, the revenue value is determined by discounting future collections with the interest rate included in the financing element. The difference is recorded in the related periods as Other income from the main operations on the accrual basis.

Rental income received by Group is recognized on an accrual basis. When interest income is accounted, effective interest method is used. Dividend income is recognized in the records at the date when the right to collect the dividends arises.

Financial assets

Classification and measurement

Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position. In addition, with recourse factoring receivables classified in trade receivables are classified as financial assets carried at amortized cost since collection risk for those receivables are not transferred to counterparty.

Impairment

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

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

2.2 Changes in accounting policies (Continued)

a) Financial assets carried at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

b) Assets recognized at amortized cost

i) Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of forward contracts, currency swaps and cross currency fixed interest rate swap.

ii) Financial assets carried at value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. In addition, trade receivables collected from factoring companies due to without recourse factoring activities are classified as financial assets carried at fair value through other comprehensive income since the collection risk of these receivables are transferred to the factoring companies and management's business plan for them is "hold to sell". When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

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.

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.

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

2.4 New and revised Turkish Accounting Standards (Continued)

B) New standards, amendments and interpretations to existing standards as of 30 September 2018:

- Amendment to TFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TMS 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 IASB 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 IASB has also included additional practical expedients related to transition to the new revenue standard.

- Amendments to TFRS 4, 'Insurance contracts' regarding the implementation of IFRS 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 IFRS 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 IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.

Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

- 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,

- TAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value,

- IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC 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.

- Amendment to TFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

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

2.4 New and revised Turkish Accounting Standards (Continued)

C) Standards, amendments and interpretations issued as of 30 September 2018 that are not yet effective:

- Amendment to TAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9.
- 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 IASB 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 IASB 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.
- IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
- 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.

Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- TFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11, 'Joint arrangements', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TAS 12, 'Income taxes' - a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

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

2.4 New and revised Turkish Accounting Standards (Continued)

Amendments to TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling,

These standards, changes and improvements are assessed on the financial position of the Group and its possible impact on performance.

NOTE 3 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Shares in associates and joint ventures

	30 September 2018	31 December 2017
Associates		
Vitra Karo	-	-
Ekom	26,475	25,868
ESH	11,131	-
Eczacıbaşı Shire	56,467	44,903
Joint Ventures		
Eczacıbaşı-Monrol	-	-
EBX	40,860	31,049
	134,933	**101,820**

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

	30 September 2018	31 December 2017
Capital commitments to associates (*)	1	52,500
	1	**52,500**

(*) Capital commitments to associates consist of the unpaid portion of the Company's share of the capital increase of Vitra Karo (TL 17,813 thousand) and Eczacıbaşı-Monrol (TL 34,687 thousand). As of 30 September 2018, the related amounts have been fully paid.

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

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

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

	2018	**2017**
As of 1 January	101,820	83,693
The Group's share in the profits of investments accounted for using equity method	19,511	13,866
Capital payments	16,326	23,124
Change in the fair value of available-for-sale financial assets	59	3,969
Dividends paid/accrued	(2,783)	(1,725)
Capital commitments to associates (*)	-	(35,625)
Capital payments to impaired joint ventures	-	(23,124)
As of 30 September, net	**134,933**	**64,178**

(*) Capital commitments to associates consist of the unpaid portion of the Vitra Karo's share of the Company's share of the capital increase as of 30 September 2017.

Assets and liabilities of the Group's associates and joint ventures in its condensed consolidated financial statements as at 30 September 2018 and 31 December 2017 and their net sales for the nine months period ended 30 September 2018 and 2017 are as follows:

	30 September 2018					
	Assets	**Liabilities**	**Goodwill attributable to equity holders**	**Net sales**	**Net profit/(loss) for the period**	**Total proportion of ownership interests (%)**
Ekom	3,142,550	3,042,108	-	14,554	3,331	26.36
EBX	84,207	2,487	-	-	9,809	50.00
Eczacıbaşı Shire	242,571	129,634	-	291,361	11,565	50.00
ESH	30,214	5,668	-	16,735	(5,194)	45.35
					19,511	

	31 December 2017			**30 September 2017**		
	Assets	**Liabilities**	**Goodwill attributable to equity holders**	**Net sales**	**Net profit/(loss) for the period**	**Total proportion of ownership interests (%)**
Ekom	2,275,323	2,177,186	-	10,015	2,502	26.36
EBX	64,140	2,042	-	(57)	810	50.00
Eczacıbaşı Shire	209,329	119,524	-	232,951	10,554	50.00
					13,866	

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

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 two reportable segments as of 30 September 2018. (30 September 2017: 2 segments)

1. Health:

Production and sale of human health and veterinary medicine.

2. Real estate development:

Kanyon

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

Ormanada

The Company acquired 50% and Eczacıbaşı Holding A.Ş. acquired 50% of the 22 pieces of land with a total area of 196,409.74 m² in Yorgancı Çiftliği Mevkii, Uskumru Mahallesi, Sarıyer district in Istanbul. The size of houses varies between 170 and 700 square meters with sales price range from TL 6.7 million to TL 9.6 million in Ormanada.

Ayazağa facilities

Lease is related to serum facilities located in Ayazağa, 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;

Purchase date	Location	Parcel	Surface area (m²)	Purchasing cost
29.06.2015	Silivri	21 plantation	265,930	16,425
01.12.2015	Silivri	No. 308	8,500	765
01.03.2016	Silivri	No. 1985	5,250	484
07.06.2016	Silivri	No. 2007	685,026	67,995
			964,706	**85,669**

Eczacıbaşı Gayrimenkul

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

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

NOTE 4 - SEGMENT REPORTING (Continued)

Undistributed

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 2018 and 31 December 2017:

	30 September 2018		**31 December 2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Health	302,782	(259,027)	225,656	(154,088)
Real estate development	396,155	(31,986)	411,252	(9,194)
Undistributed	3,397,337	(169,673)	3,194,467	(187,438)
Total	**4,096,274**	**(460,686)**	**3,831,375**	**(350,720)**

Capital expenditures and non-cash expenses of segments for nine months interim period ended 30 September 2018 and 2017:

1 January 2018 - 30 September 2018	**Health**	**Real estate development**	**Total**
Capital expenditures (Note 12, 13 and 14)	7,362	3,318	10,680
Non-cash expenses:			
- Depreciation and amortisation (Note 13, 14 and 21)	3,163	4,681	7,844
- Provision for employment termination benefits (Note 16)	2,373	253	2,626
- Expense accruals	2,686	-	2,686
- Provisions for doubtful receivables (Note 9)	1,133	-	1,133
- Provision for diminution in value of inventories (Note 10)	1,364	-	1,364
- Provision for employment termination benefits (Note 16)	367	96	463
- Provision for litigations (Note 15)	88	-	88
	11,174	**5,030**	**16,204**

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

NOTE 4 - SEGMENT REPORTING (Continued)

1 January 2017 - 30 September 2017	**Health**	**Real estate development**	**Total**
Capital expenditures (Note 12, 13 and 14)	5,865	18,914	24,779
Non-cash expenses:			
- Depreciation and amortisation (Note 12.13 and 14)	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	528	-	528
	5,375	**5,093**	**10,468**

1 January 2018 - 30 September 2018	**Health**	**Real estate development**	**Undistributed**	**Total**
Total sales	415,065	97,141	-	512,206
Elimination of sales within the Group (-)	-	(1,820)	-	(1,820)
Sales to third parties	415,065	95,321	-	510,386
Cost of sales (-)	(313,274)	(18,318)	-	(331,592)
Gross profit	**101,791**	**77,003**	**-**	**178,794**
General administrative expenses (-)	(33,485)	(8,710)	(4,376)	(46,571)
Marketing expenses (-)	(83,448)	(9,862)	-	(93,310)
Other operating income	29,161	373	308,629	338,163
Other operating expenses (-)	(53,533)	(308)	(66,739)	(120,580)
Operating (loss) / profit	**(39,514)**	**58,496**	**237,514**	**256,496**

1 July 2018 - 30 September 2018				
Total sales	117,618	33,577	-	151,195
Elimination of sales within the Group (-)	-	(624)	-	(624)
Sales to third parties	117,618	32,953	-	150,571
Cost of sales (-)	(102,443)	(4,746)	-	(107,189)
Gross profit	**15,175**	**28,207**	**-**	**43,382**
General administrative expenses (-)	(9,379)	(2,532)	(912)	(12,823)
Marketing expenses (-)	(26,350)	(2,899)	-	(29,249)
Other operating income	18,970	225	205,704	224,899
Other operating expenses (-)	(33,971)	(26)	(47,803)	(81,800)
Operating (loss) / profit	**(35,555)**	**22,975**	**156,989**	**144,409**

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

NOTE 4 - SEGMENT REPORTING (Continued)

1 January 2017 - 30 September 2017	**Health**	**Real estate development**	**Undistributed**	**Total**
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)
Gross profit	**106,661**	**64,081**	**-**	**170,742**
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)
Operating profit	**510**	**47,200**	**37,623**	**85,333**

1 July 2017 - 30 September 2017				
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)
Gross profit	**34,277**	**24,285**	**-**	**58,562**
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)
Operating profit	**(84)**	**19,301**	**12,517**	**31,734**

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

	1 January- 30 September 2018	**1 July- 30 September 2018**	**1 January- 30 September 2017**	**1 July- 30 September 2017**
Operating profits related to operating segments	**18,982**	**(12,580)**	**47,710**	**19,217**
Non-distributed income	237,514	156,989	37,623	12,517
Income from investing activities	73,370	1,218	134,402	34,996
Expenses from investing activities (-)	(1)	(1)	(128)	(49)
Shares from participation losses	19,511	3,554	(44,883)	(18,373)
Financial income	16,788	11,960	10,142	2,978
Financial expenses (-)	(11,614)	(6,961)	(4,750)	(902)
Profit before tax	**354,550**	**154,179**	**180,116**	**50,384**

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	30 September 2018	31 December 2017
Cash in hand	10	11
Banks	729,348	506,408
- Demand deposits	3,129	1,513
- Time deposits	726,219	504,895
	729,358	**506,419**

The annual interest rates applied to the Turkish Lira denominated time deposits range between 21.75% and 28.50% (31 December 2017: 15.05% and 15.50%) and the maturity date is between 1 October 2018 and 19 October 2018. The maturity dates for foreign currency time deposits are between 2.00% and 8.10% (31 December 2017: 1.75% to 4.20%), and between 5 October 2018 and 30 October 2018. The weighted annual interest rates of TL, USD and Euro denominated bank deposits are 26.49%, 7.10% and 3.83% respectively. (31 December 2017: 15.20%, 4% and 1.90%).

The details of the Group's time deposits are as follows:

	30 September 2018	31 December 2017
TL denominated time deposits	78,957	100,093
TL Equivalent of USD denominated time deposits	231,347	208,258
TL Equivalent of EUR denominated time deposits	415,915	196,544
	726,219	**504,895**

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 30 September 2018, 31 December 2017, 30 September 2017 and 31 December 2016 are presented below:

	30 September 2018	31 December 2017	30 September 2017	31 December 2016
Cash and cash equivalents	729,358	506,419	499,571	661,541
Interest accruals (-)	(1,630)	(1,168)	(1,006)	(1,039)
	727,728	**505,251**	**498,565**	**660,502**

NOTE 6 - FINANCIAL INVESTMENTS

The details of financial investments included in current assets as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Financial assets at fair value through profit and loss	1,315	354
Financial investments, current	**1,315**	**354**
Financial assets at fair value in other comprehensive income	2,588,216	-
Financial assets available-for-sale (*)	-	2,588,218
Financial assets at fair value through profit and loss	3,993	3,185
Financial investments, non-current	**2,592,209**	**2,591,403**

(*) The explanations on the accounting policy changes are given in Note 2.1.

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

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

TFRS 13 explains the classifications of valuation techniques.

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

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

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

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

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

30 September 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss	-	1,315	-	1,315
Financial investments, current	**-**	**1,315**	**-**	**1,315**
Financial assets at fair value in other comprehensive income	29,219	1,068,367	1,490,630	2,588,216
Financial assets at fair value through profit and loss	-	3,993	-	3,993
Financial investments, non-current	**29,219**	**1,072,360**	**1,490,630**	**2,592,209**

31 December 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss	-	354	-	354
Financial investments, current	**-**	**354**	**-**	**354**
Financial assets available-for-sale	29,221	1,068,367	1,490,630	2,588,218
Financial assets at fair value through profit and loss	-	3,185	-	3,185
Financial investments, non-current	**29,221**	**1,071,552**	**1,490,630**	**2,591,403**

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 TL 5,308 thousand as of 30 September 2018 (31 December 2017: TL 3,539 thousand). As of 30 September 2018, Group estimates to transfer TL 1,315 thousand (31 December 2017: TL 354 thousand) of these funds within one year and the remaining TL 3,993 thousand (31 December 2017:TL 3,185 thousand) in long term. TL 5,308 thousand (31 December 2017: TL 3,539 thousand) of the aforementioned funds are in the funds in North America.

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

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

b) Financial assets at fair value in other comprehensive income:

Long-term financial assets at fair value in other comprehensive income

The list of long-term financial assets at fair value in other comprehensive income as of 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018	(%)	31 December 2017	(%)
Listed:				
Türkiye İş Bankası A.Ş. (1)	23	<1	25	<1
Ak Enerji Elektrik Üretim A.Ş. (1), (2)	-	<1	-	<1
	23		**25**	
Not listed:				
Eczacıbaşı Holding A.Ş. (3)	2,587,399	15	2,587,399	15
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (3)	768	14	768	14
Other (3)	26	<1	26	<1
	2,588,193		**2,588,193**	
	2,588,216		**2,588,218**	

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

(2) As of 30 September 2018, the market price of Ak Enerji Elektrik Üretim A.Ş. is TL 59 (31 December 2017: TL 92).

(3) 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 2017, has not been updated for interim period.

NOTE 7 - FINANCIAL LIABILITIES

	30 September 2018		31 December 2017	
	Effective interest rate per annum (%) (*)	TL	Effective interest rate per annum (%) (*)	TL
TL denominated bank borrowings	16.17	15,681	13.85 - 14.95	3,244
Finance lease payables	14	126	14	356
Short-term bank borrowings		**15,807**		**3,600**
TL denominated bank borrowings	15.70 - 25.41	63,000	13.85 - 14.95	15,000
Finance lease payables		-	14	32
Long-term bank borrowings		**63,000**		**15,032**
Total financial liabilities		**78,807**		**18,632**

(*) Annual weighted interest rate of TL denominated short-term bank borrowings are 21.37% (31 December 2017: 14.75%).

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

NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Balances with related parties at 30 September 2018 and 31 December 2017:

	30 September 2018	31 December 2017
Due from shareholders		
Eczacıbaşı Holding A.Ş.	813	553
	813	**553**
Due from Associates		
Ekom Eczacıbaşı Dış Ticaret A.Ş.	1	-
	1	**-**
Due from other related parties		
Eczacıbaşı Tüketim Ürünleri Sanayi ve Ticaret A.Ş.	71	29
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	1	-
Other	22	1
	94	**30**
Short-term trade receivables from related parties	**908**	**583**

Average maturity of the Group's receivables from related parties is 30 days (31 December 2017: 14 days) and is amortised at 19.06% per annum (31 December 2017: 14.99%).

	30 September 2018	31 December 2017
Due to shareholders		
Eczacıbaşı Holding A.Ş.	3,427	2,498
	3,427	**2,498**
Due to Joint Ventures		
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	1	-
	1	**-**
Due to Associates		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	-	13
	-	**13**
Due to other related parties		
Eczacıbaşı Spor Kulübü Derneği	1,350	275
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	929	302
ESİ Eczacıbaşı Sigorta Acentalığı A.Ş.	553	2
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	248	664
Other	173	13
	3,253	**1,256**
Short-term due to related parties	**6,681**	**3,767**

Average maturity of the Group's payables to related parties is 30 days (31 December 2017: 47 days) and is amortised at 24.38% per annum (31 December 2017: 14.99%).

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

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

	30 September 2018	31 December 2017
Deferred income from related parties		
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. (Note 11)	19,498	-
	19,498	**-**

b) Transactions with related parties for nine months period ended 30 September:

	1 January- 30 September 2018	1 July - 30 September 2018	1 January- 30 September 2017	1 July - 30 September 2017
Product sales				
Eczacıbaşı Tüketim Ürünleri Sanayi ve Ticaret A.Ş.	85	10	-	-
Ekom Eczacıbaşı Dış Ticaret A.Ş.	1	-	-	-
Other	19	10	-	-
	105	**20**	**-**	**-**
Service sales				
Eczacıbaşı Holding A.Ş.	2,138	713	788	263
Other	-	-	47	-
	2,138	**713**	**835**	**263**
Product purchases				
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	4	2	2	1
Eczacıbaşı Tüketim Ürünleri Sanayi ve Ticaret A.Ş.	1	1	101	50
Eczacıbaşı Holding A.Ş.	-	-	19	-
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	-	-	12	-
	5	**3**	**134**	**51**
Service purchases				
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	4,774	1,796	3,739	1,255
Eczacıbaşı Spor Kulübü Derneği	1,793	542	1,872	627
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	864	269	714	310
Eczacıbaşı Sağlık Hizmetleri A.Ş.	69	32	73	36
Other	34	29	104	75
	7,534	**2,668**	**6,502**	**2,303**
Dividend income from related parties (*)				
Eczacıbaşı Holding A.Ş.	71,469	-	99,289	-
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	100	-	112	-
	71,569	**-**	**99,401**	**-**

(*) Dividend income is included in income from investment activities.

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

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

	1 January - 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Management and royalty fees paid to related parties				
Eczacıbaşı Holding A.Ş. (*)	6,420	2,253	4,987	1,711
	6,420	**2,253**	**4,987**	**1,711**

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

Rent income received from related parties				
Eczacıbaşı Holding A.Ş.	3,713	1,241	3,214	1,137
İntema Yaşam Ev ve Mutfak Ürünleri Pazarlama Sanayi ve Ticaret A.Ş.	378	133	383	136
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	193	64	168	56
Eczacıbaşı Yatırım Ortaklığı A.Ş.	-	-	20	8
Other	51	17	58	5
	4,335	**1,455**	**3,843**	**1,342**
Rent expenses paid to related parties				
Eczacıbaşı Holding A.Ş.	2,554	698	2,435	817
	2,554	**698**	**2,435**	**817**
Other expenses paid to related parties				
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	666	217	545	192
Eczacıbaşı Holding A.Ş.	246	84	111	-
Eczacıbaşı Ortak Sağlık ve Güvenlik Birimi A.Ş.	80	-	231	80
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	28	14	-	-
Other	-	-	3	-
	1,020	**315**	**890**	**272**
Fixed asset purchases from related parties				
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	938	525	1,311	1,047
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	176	135	-	-
Other	3	-	9	9
	1,117	**660**	**1,320**	**1,056**

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

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

Benefits provided to top management:

Group 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 2018 and 30 September 2017 are as follows:

Benefits provided to top management	**2018**	**2017**
Short term benefits provided to key management personnel	6,670	9,874
Long term benefits provided to key management personnel	-	1,309
	6,670	**11,183**

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables:

	30 September 2018	**31 December 2017**
Trade receivables	123,049	111,047
Notes receivables	36,169	39,284
Income accruals	94	22
	159,312	**150,353**
Deferred finance income (-)	(5,572)	(2,602)
Provision for doubtful receivables (-)	(3,463)	(2,358)
Short-term trade receivables, net	**150,277**	**145,393**

Average maturity of the Group's payables is 46 days (31 December 2017: 88 days) and TL denominated trade payables are amortized at 24.90% per annum (31 December 2017: 14.91%)

Movement of provision for doubtful receivables is presented below:

	2018	**2017**
As of 1 January	2,358	8,349
Provisions during the period	1,133	-
Reversal of provisions (-)	(28)	-
Provisions related to discontinued operations	-	101
Transfer to assets held for sale (-)	-	(6,251)
As of 30 September	**3,463**	**2,199**

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

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

NOTE 9 - TRADE RECEIVABLES AND PAYABLES (Continued)

b) Trade payables:

	30 September 2018	31 December 2017
Trade payables	168,991	131,927
Expense accruals	3,629	943
Deferred credit finance expenses (-)	(1,326)	(667)
Short-term trade payables, net	**171,294**	**132,203**

Average maturity of the Group's payables is 80 days (31 December 2017: 76 days) and TL denominated trade payables are amortised at 24.25% per annum (31 December 2017: 14.91%), EUR denominated trade payables are amortised at 0.00% per annum (31 December 2017: 0.08%), and USD denominated payables are amortised at 1.62% per annum (31 December 2017: 0.25%).

NOTE 10 - INVENTORIES

	30 September 2018	31 December 2017
Raw materials and supplies	11,514	9,248
Work in progress	23,724	18,354
Finished goods	9,043	9,922
Merchandise	10,214	1,597
Scrap goods	-	1,749
Lands and houses (*) , (**)	17,376	33,803
Other inventories	3,103	-
	74,974	**74,673**
Provision for diminution in value of inventories (-)	(3,401)	(2,037)
	71,573	**72,636**

(*) 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.

(**) Residences given to rent amounting to TL 4,936 thousand are classified as investment property.

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

	2018	2017
As of 1 January	2,037	12,195
Provisions during the period	1,364	700
Reversal of provisions	-	-
Reversal of provisions related from discontinued operations	-	(2,044)
Transfer to assets held for sale (-)	-	(6,603)
As of 30 September	**3,401**	**4,248**

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

NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

	30 September 2018	31 December 2017
Short-term prepaid expenses		
Prepaid expenses	4,437	2,078
Advances given	633	131
	5,070	**2,209**
Long-term prepaid expenses		
Prepaid expenses	1,615	1,020
Advances given to subcontractors	172	172
	1,787	**1,192**
Short-term deferred income		
Prepaid expenses	3,490	183
Advances given to subcontractors	566	599
	4,056	**782**
Long-term deferred income		
Unearned revenue from related parties (Note 8) (*)	19,498	-
	19,498	**-**

(*) EBX has decided the distribution of advance on liquidation to the shareholders at the extraordinary general assembly meeting dated 18 June 2018 in the court decision of 8 May 2018. Since the liquidation process of EBX has not completed yet, the distributed advance on liquidation has shown under deferred revenue.

NOTE 12 - INVESTMENT PROPERTIES

	1 January 2018	Additions	Transfers	Disposals	30 September 2018
Cost					
Kanyon	230,630	1,848	-	-	232,478
Buildings (*)	62,153	755	4,936	(7,968)	59,876
Lands and land improvements	151,987	550	-	-	152,537
	444,770	**3,153**	**4,936**	**(7,968)**	**444,891**
Accumulated depreciation					
Kanyon	60,988	3,869	-	-	64,857
Buildings	21,553	643	-	(404)	21,792
Lands and land improvements	440	-	-	-	440
	82,981	**4,512**	**-**	**(404)**	**87,089**
Carrying amount	**361,789**				**357,802**

(*) Residences given to rent amounting to TL 4,936 thousand are classified as investment property.

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

NOTE 12 - INVESTMENT PROPERTIES (Continued)

	1 January 2017	Additions	Disposals	30 September 2017
Cost				
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
	441,049	**18,842**	**(10,252)**	**449,639**
Accumulated depreciation				
Kanyon	55,828	3,868	-	59,696
Buildings	21,764	629	(499)	21,894
Lands and land improvements	440	-	(209)	231
	78,032	**4,497**	**(708)**	**81,821**
Carrying amount	**363,017**			**367,818**

For the periods ending at 30 September 2018, total rent income of Kanyon shopping center and office complex is amounted to TL 61,310 thousand (30 September 2017: TL 56,392 thousand) and repair and maintenance expense of the related period is amounted to TL 145 thousand (30 September 2017: TL 997 thousand).

Total rent income from other investment properties is amounting to TL 5,104 thousand (30 September 2017: TL 4,585 thousand) for the period ending at 30 September 2018.

As of 30 September 2018 and 31 December 2017, there are no pledges or liens on Group's investment property.

Fair Value

Kanyon

As of 31 December 2017, fair value of Kanyon is approximately TL 709 million which consist of fair value of Kanyon shopping center amounting TL 422 million and fair value of Kanyon Office complex amounting TL 287 million which is calculated from net present value of estimated rent income of Kanyon shopping center and office complex by the Group Management. (31 December 2016: fair value of Kanyon is TL 687 million which consist of fair value of Kanyon shopping center amounting TL 412 million and fair value of Kanyon Office complex amounting TL 275 million, which is calculated from net present value of estimated rent income of Kanyon shopping center and office complex).

Other

Fair value of other investment properties is amounting to TL 527,922 thousand as of 31 December 2017. 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.

The Group management believes that the valuation work performed for the real estates held at 31 December 2017 reporting period is valid as of the reporting date.

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2018	Additions	Disposals	Transfers	30 September 2018
Cost					
Machinery, plant and equipment	9,791	131	-	-	9,922
Motor vehicles	485	2	-	-	487
Furniture and fixtures	4,605	348	(12)	-	4,941
Construction in progress	-	-	-	-	-
Leasehold improvements	1,971	86	-	-	2,057
Other tangible assets	11,549	1,223	(3)	-	12,769
	28,401	**1,790**	**(15)**	**-**	**30,176**
Accumulated depreciation					
Machinery, plant and equipment	9,702	23	-	-	9,725
Motor vehicles	184	1	-	-	185
Furniture and fixtures	2,403	578	(3)	-	2,978
Leasehold improvements	1,595	219	-	-	1,814
Other tangible assets	8,451	715	(1)	-	9,165
	22,335	**1,536**	**(4)**	**-**	**23,867**
Carrying amount	**6,066**				**6,309**

Allocation of depreciation and amortisation expenses for the nine months period ended is as follows: TL 4,628 thousand in cost of goods sold, TL 1,053 thousand in general and administrative expenses, TL 2,163 thousand in marketing expenses.

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2017	Additions	Disposals	Additions related to assets held for sale	Disposals related to assets held for sale	Transfers to to assets held for sale	30 September 2017
Costs							
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
	183,282	**1,456**	**(430)**	**3,702**	**(1,124)**	**(158,846)**	**28,040**
Accumulated depreciation							
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
	60,894	**1,313**	**(407)**	**3,427**	**(900)**	**(42,465)**	**21,862**
Carrying amount	**122,388**						**6,178**

Allocation of depreciation and amortisation expenses for the nine months period ended is as follows: TL 4,867 thousand in cost of goods sold, TL 922 thousand in general and administrative expenses, TL 2,284 thousand in marketing expenses.

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

NOTE 14 - INTANGIBLE ASSETS

	1 January 2018	Additions	Disposals	30 September 2018
Cost				
Rights	7,037	604	-	7,641
Computer software	6,414	486	-	6,900
Construction in progress	5,299	4,591	-	9,890
Other intangible assets	226	56	-	282
	18,976	**5,737**	**-**	**24,713**
Accumulated amortisation				
Rights	3,092	1,109	-	4,201
Computer software	5,074	656	-	5,730
Other intangible assets	190	31	-	221
	8,356	**1,796**	**-**	**10,152**
Net book value	**10,620**			**14,561**

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

NOTE 14 - INTANGIBLE ASSETS (Continued)

	1 January 2017	Additions	Disposals	Additions related to assets held for sale	Disposals related to assets held for sale	Transfers to to assets held for sale	30 September 2017
Cost							
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
	62,983	**4,479**	**(109)**	**-**	**291**	**(48,533)**	**19,111**
Accumulated amortisation							
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
	27,917	**2,263**	**(109)**	**-**	**2,222**	**(24,558)**	**7,735**
Net book value	**35,066**						**11,376**

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

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

a) Provisions:

	30 September 2018	31 December 2017
Provision for litigations	982	894
	982	**894**

Provision for litigations:

The Group has provided provision for the lawsuits filed against the Group in the amount of TL 982 thousand (31 December 2017: TL 894 thousand) based on the legal opinions taken on juridical, labor, commercial and administrative litigations and the assessment of similar litigations' consequences in the past. Movement of the provision for litigations are stated below:

	2018	2017
As of 1 January	894	3,578
Charge for the period (Note 22)	88	61
Provisions related to discontinuous operations	-	650
Transfer to current assets held for sale	-	(3,684)
As of 30 September	**982**	**605**

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 TL 1,211 thousand, equivalent of 7.5% of the net sales of 2001, has been imposed on EİP. Regarding the penalty mentioned a reduced payment of TL 908 thousand has been made for early payment; there are no additional liabilities attributable to the penalty. The Group has applied to the Council of State for the refund of the penalty.

On 20 August 2014, as a result of an investigation initiated by the Competition Board, 2 companies, including EİP were fined amounting to TL 930 thousand, based on the grounds that the Company violated competition rules. The Company benefited from the early payment option in 2015 and paid TL 698 thousand.

There are no additional liabilities attributable to the penalty. The Company filed a lawsuit

c) Contingent liabilities:

I- Tax and tax related penalties of the Company:

Tax penalty notified as at 7 April 2011

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 favor of the Company. Based on that report, TL 3,113 thousand regarding the tax and TL 3,113 thousand regarding the penalty have been levied against the Company by the Büyük Mükellefler Tax Administration.

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. There has been no changes in current period.

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

c) Contingent liabilities (Continued):

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

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

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

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

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

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

ii) EBX filed a lawsuit against Büyük Mükellefler Tax Administration related to offsetting 2012 VAT with 2010 VAT receivable amounting to TL4,104 thousand in Istanbul Tax Court, lawsuits concluded against EBX. In this respect, EBX has applied to the Council of State for the appeal of this lawsuit and the lawsuits is still in progress in Council of State.There has been no change in the current period.

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 favor 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 favor 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 favor of EIP. EIP has applied to the Council of State and the lawsuit is concluded in favor 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.

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

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

c) Contingent liabilities (Continued):

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. There has been no change in the current period.

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.

d) Guarantees given and taken:

	30 September 2018			
	USD	**EUR**	**TL**	**Total**
Guarantees given				
Letters of guarantee	-	-	1,639	1,639
	-	**-**	**1,639**	**1,639**
Guarantees taken				
Letters of guarantee	11,044	213	45,356	56,613
Guaranteed bills of exchange	881	-	290	1,171
	11,925	**213**	**45,646**	**57,784**

	31 December 2017			
	USD	**EUR**	**TL**	**Total**
Guarantees given				
Letters of guarantee	-	-	12,030	12,030
	-	**-**	**12,030**	**12,030**
Guarantees taken				
Letters of guarantee	9,025	243	25,076	34,344
Guaranteed bills of exchange	554	-	172	726
	9,579	**243**	**25,248**	**35,070**

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

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

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

d) Guarantees given and taken (Continued):

Collateral/pledge/mortgage ("CPM") position of the Parent Company Eis Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. as of 30 September 2018 and 31 December 2017 is as follows:

	30 September 2018	**31 December 2017**
A. CPMs given for Company's own legal personality	189	189
- Collateral (Fully denominated in TL)	*189*	*189*
- 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	-	-
	189	**189**

Proportion of other CPMs given to the Company's equity as of 30 September 2018 is 0% (31 December 2017: 0%).

NOTE 16 - EMPLOYEE BENEFITS

Employee benefit obligations	**30 September 2018**	**31 December 2017**
Social security premiums payable	2,770	1,054
Wages payable to employees	27	71
	2,797	**1,125**

Short term provisions for employee benefits		
Provision for unused vacations	3,059	2,751
	3,059	**2,751**

(Amounts expressed in thousands 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:

	2018	2017
As of 1 January	2,751	5,928
Charge for the period	463	383
Payments during the period (-)	(155)	(206)
Provisions related to discontinuous operations	-	35
Transfer to current assets held for sale	-	(3,931)
As of 30 September	**3,059**	**2,209**

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 2018, the amount payable consists of one month's salary limited to a maximum of TL5,434.42 (31 December 2017: TL 4,732.48) for each year of service.

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

TAS 19 "Employee Benefits" published by POA require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

Accordingly the following actuarial assumptions were used in the calculation of the total liability:

	30 September 2018	31 December 2017
Discount rate (%)	4.11	4.11
Turnover rate to estimate the probability of retirement (%) (*)	93 - 98	93 - 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.

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

	2018	2017
As of 1 January	2,953	7,774
Charge for the period (Note 20)	2,626	723
Payments during the period (-)	(766)	(180)
Additions related to current assets held for sale	-	592
Payments related to current assets held for sale (-)	-	(1,084)
Transfer to current assets held for sale	-	(3,760)
As of 30 September	**4,813**	**4,065**

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

NOTE 17 - OTHER ASSETS AND LIABILITIES

	30 September 2018	31 December 2017
Other current assets		
VAT receivables	2,312	7,731
Advances given to personnel	565	119
	2,877	**7,850**
Other non-current assets		
VAT receivables	9,104	10,142
	9,104	**10,142**

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 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, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.'s subscribed, historical and authorised share capital as of 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
Limit on registered share capital (historical value)	1,920,000	1,920,000
Authorised share capital approved with nominal value	685,260	685,260

At 30 September 2018 and 31 December 2017, the shareholders of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and their proportion of ownership interests in historical share capital are as follows:

Shareholders	(%)	30 September 2018	(%)	31 December 2017
Eczacıbaşı Holding A.Ş.	50.62	346,845	50.62	346,845
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	29.67	203,295	29.35	201,117
Other (Listed) (*)	19.71	135,120	20.03	137,298
Total	**100.00**	**685,260**	**100.00**	**685,260**
Adjustments to share capital		105,777		105,777
Total authorised share capital		**791,037**		**791,037**

(*) Within the framework of Capital Markets Board's decision, dated 23 July 2010 and numbered 21/655, actual rates of the shares in circulation of the listed companies in BIST are announced on a weekly basis starting from the period ended 31 March 2010, became effective as of 1 October 2010 by the Central Registl Agency ("CRA"). According to the report published by CRA on 30 September 2018, 19.70% (31 December 2017: 20.02%) 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.

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

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

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in/authorised share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in/authorised share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in/authorised share capital. Total amount of legal reserves of the Company is TL 149,854 thousand (31 December 2017: TL 128,727 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 2018 and 31 December 2017 are as follows:

	30 September 2018	**31 December 2017**
Legal reserves	149,854	128,727
Gain on sale of shares of associates	48,843	39,368
Corporate tax discount	1,000	-
	199,697	**168,095**

NOTE 19 - REVENUE

	1 January - 30 September 2018	**1 July - 30 September 2018**	**1 January - 30 September 2017**	**1 July - 30 September 2017**
Domestic sales	614,552	178,235	518,851	164,356
Exports	504	163	350	44
Gross sales	**615,056**	**178,398**	**519,201**	**164,400**
Sales returns (-)	(3,476)	(969)	(2,542)	(521)
Sales discounts (-)	(101,194)	(26,858)	(86,555)	(24,755)
Net sales	**510,386**	**150,571**	**430,104**	**139,124**
Cost of sales (-)	(331,592)	(107,189)	(259,362)	(80,562)
Gross profit	**178,794**	**43,382**	**170,742**	**58,562**

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

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

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
General administrative expenses				
Personnel expenses	19,010	6,439	20,476	5,797
Consultancy expenses	8,999	2,860	7,577	2,191
Rent expenses	4,062	1,411	3,565	1,146
Provision for employment termination benefits (Note 16)	2,626	184	723	18
Taxes and funds	2,558	102	2,274	74
Depreciation and amortization expenses (Note 12, 13 and 14)	1,053	364	922	393
Maintenance expenses	761	243	1,648	271
Provision for unpaid vacation (Note 16)	463	(809)	383	(522)
Other	7,039	2,029	7,099	2,451
	46,571	**12,823**	**44,667**	**11,819**
Marketing expenses				
Personnel expenses	43,771	14,930	38,480	13,819
Advertisement, presentation and promotion expenses	26,260	6,588	25,316	6,683
Transportation, distribution and warehousing expenses	6,323	2,325	4,580	1,419
Rent expenses	5,395	2,083	3,930	1,288
Fuel, energy and water expenses	2,804	967	2,332	769
Depreciation and amortization expenses (Note 13 and 14)	2,163	757	2,284	753
Training expenses	1,942	150	2,179	165
Travelling expenses	1,850	485	1,830	553
Technical support, license and know-how expenses	530	73	424	82
Consultancy expenses	226	72	128	29
Contract manufacturing expense	-	-	389	137
Other	2,046	819	1,236	455
	93,310	**29,249**	**83,108**	**26,152**

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

NOTE 21 - EXPENSES BY NATURE

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Purchase and consumption of inventories	304,067	102,148	241,070	62,202
Personnel expenses	62,781	21,369	58,956	19,616
Advertisement and promotion expenses	26,260	6,588	25,316	6,683
Rent expenses	9,457	3,494	7,495	2,434
Consultancy expense	8,999	2,860	7,705	2,220
Changes in commercial inventories	8,617	(213)	(1,058)	7,162
Depreciation and amortization expense (Notes 12, 13 and 14)	7,844	2,667	8,073	2,726
Transportation, distribution and warehousing expenses	6,323	2,325	4,580	1,419
Provision for employment termination benefits (Note 16)	2,626	184	723	18
Contract manufacturing expense	-	-	14,215	9,388
Other	34,499	7,839	20,062	4,665
	471,473	**149,261**	**387,137**	**118,533**

NOTE 22 - OTHER OPERATING INCOME/EXPENSES

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Other operating income				
Foreign exchange gains from bank deposits	287,085	195,938	100,696	19,018
Interest income from bank deposits	23,248	10,993	15,540	4,705
Credit finance income	15,256	6,512	8,414	2,973
Foreign exchange gains from trade receivables and payables	11,702	11,135	7,852	-
Other	872	321	2,070	1
	338,163	**224,899**	**134,572**	**26,697**
Other operating expenses				
Foreign exchange losses from bank deposits	65,597	48,091	74,050	9,738
Foreign exchange losses from trade receivables and payables	47,752	30,965	9,936	894
Credit finance charges arising from borrowings	5,368	2,624	2,665	1,282
Donation expenses	219	91	206	36
Provision expense for legal case (Note 15)	88	26	61	-
Other	1,556	3	5,288	3,604
	120,580	**81,800**	**92,206**	**15,554**

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

NOTE 23 - FINANCIAL INCOME / EXPENSES

	1 January - 30 September 2018	1 July - 30 September 2018	1 January - 30 September 2017	1 July - 30 September 2017
Financial income				
Derivative transactions income	16,788	11,960	10,142	2,978
	16,788	**11,960**	**10,142**	**2,978**
Financial expenses				
Interest expense from bank borrowings	7,955	4,347	3,460	1,108
Foreign exchange losses	3,088	2,329	-	-
Commissions of letter of guarantees	451	235	251	60
Derivative transactions expenses	-	-	13	(1,128)
Other	120	50	1,026	862
	11,614	**6,961**	**4,750**	**902**

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

a) Current income tax on profits:

	30 September 2018	31 December 2017
Corporate and income taxes payable (Company)	63,494	26,622
Prepaid taxes (-) (Company)	(26,415)	(18,793)
	37,079	**7,829**
Corporate and income taxes payable (Subsidiary)	-	-
Prepaid taxes (-) (Subsidiary)	(1,873)	(63)
	(1,873)	**(63)**
Current income tax liabilities, (net)	**35,206**	**7,766**

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 22% for 2018 (2017: 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.

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

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

a) Current income tax on profits (Continued):

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

Corporations are required to pay advance corporation tax quarterly at the rate of 22% 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/A 4 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 2018 and 2017 are summarized below:

	1 January - 30 September 2018	**1 July - 30 September 2018**	**1 January - 30 September 2017**	**1 July - 30 September 2017**
Current income tax expenses	(63,494)	(38,662)	(17,890)	(7,324)
Deferred tax expenses / income	(24)	1,856	(144)	802
Total tax expense (-)	**(63,518)**	**(36,806)**	**(18,034)**	**(6,522)**

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

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

a) Current income tax on profits (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 2018	30 September 2017
Profit before tax	**354,550**	**180,116**
Tax amount calculated using current tax rate	(78,001)	(36,024)
Tax effect of disallowable expenses	(58)	(95)
Tax effect of income not subject to tax (dividend)	16,389	4,132
Tax losses utilized in the previous period for which no deferred tax asset has been calculated	-	2,783
Terminated tax losses	(1,625)	-
Items disregarded in the calculation of deferred tax	(5,967)	-
Tax losses not subject to deferred tax calculation	-	6,289
Equity method accounting	4,292	4,779
Other	1,452	102
Total tax expenses	**(63,518)**	**(18,034)**

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.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017," Law on the Amendment of Some Tax Acts and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards, however since the effect of change in tax rate on financial statements is immaterial, calculated amount is not accounted in financial statements as of 31 December 2017.

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.

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

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

b) Deferred tax (Continued):

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 30 September 2018 and 31 December 2017 using the enacted tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	30 September 2018	**31 December 2017**	**30 September 2018**	**31 December 2017**
Carry forward tax losses	(7,379)	(6,509)	1,623	1,302
Difference between the tax base and carrying amount of investment property	(15,364)	(13,439)	3,380	2,688
Provision for doubtful receivables	(3,463)	(1,764)	762	353
Provision for unused vacation	(3,059)	(2,751)	673	550
Provision for employment termination benefits	(4,813)	(2,953)	1,059	591
Provision for litigations	(982)	(894)	216	179
Difference between the tax base and carrying amount of inventories	(3,401)	(2,037)	748	407
Deferred revenue	(5,572)	(2,602)	1,226	520
Other	(3,995)	(770)	879	154
Deferred tax assets (**)			**10,566**	**6,744**
Fair value differences of available for-sale financial assets (*)	2,432,224	2,432,224	(121,611)	(121,611)
Income/(expense) accruals for derivative financial instruments	9,149	3,310	(2,013)	(662)
Revenue postponement adjustments	8,266	-	(1,819)	-
Deferred revenue	4,510	1,585	(992)	(316)
Deferred tax liabilities (-) (**)			**(126,435)**	**(122,589)**
Deferred tax liabilities, net			**(115,869)**	**(115,845)**

(*) Difference between fair value and book value amounts to TL2,432,224 thousand (31 December 2017: TL2,432,224 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 TL122,789 thousand (31 December 2017: TL122,589 thousand) and deferred tax liability amounting to TL6,920 thousand (31 December 2017: TL6,744 thousand) presented in the financial statements, which are calculated on a separate entity basis for all companies included in the scope of consolidation.

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

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

b) Deferred tax (Continued):

Movement of deferred tax liability as follows:

	2018	2017
As of 1 January	(115,845)	(81,317)
Current year deferred tax (expense) / income	(24)	(144)
Deferred tax liability accounted under equity resulting from increase in value of available-for-sale financial assets (*)	-	(35)
Deferred tax expense discontinued operations	-	(2,567)
Disposals related to non-current assets held for sale	-	(8,684)
As of 30 September	**(115,869)**	**(92,747)**

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

NOTE 25 - DISCONTINUED OPERATIONS

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

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:

	4 July 2017
Income	536,510
Expense	(527,153)
Profit before tax from discontinued operations	9,357
Tax	(2,566)
Net profit from discontinued operations	**6,791**

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

NOTE 26 - EARNINGS PER SHARE

	1 January 30 September 2018	1 January- 30 September 2017
Net gain / (loss) attributable to equity holders of the Company	**291,052**	**165,433**
Profit from continuous operations	291,052	161,911
Profit from discontinued operations	-	3,522
Weighted average number of ordinary shares with face value of Kr 1 each	68,526,000,000	68,526,000,000
Earnings per share (Kr)	**0.4247**	**0.2414**
Basic earnings per share from continuous operations	0.4247	0.1993
Basic earnings per share from discontinued operations	-	0.0025

NOTE 27 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

a) Credit risk

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

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

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

a) Credit risk (continued)

Details of credit and receivable risk as of 30 September 2018 and 31 December 2017 are as follows:

		Receivables					
		Trade Receivables		Other Receivables			
		Related parties	Other parties	Related parties	Other parties	Deposit in banks	Other (*)
Maximum credit risk exposed as of 30 September 2018 (A+B+C+D+E) (**)		**908**	**150,277**	**84**	**165**	**729,348**	**5,308**
-	***Secured portion of the maximum credit risk by guarantees (-)***	**-**	***15,823***	**-**	**-**	**-**	**-**
A.	Net book value of financial assets that are neither past due not impaired	908	145,598	84	165	729,348	5,308
B.	Carrying value of financial assets that are past due but not impaired (***)	-	4,679	-	-	-	-
C.	Net book value of the impaired assets						
-	Past due (gross carrying amount)	-	3,463	-	-	-	-
-	Impairment (-)	-	(3,463)	-	-	-	-
-	Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
-	Not overdue (gross amount)	-	-	-	-	-	-
-	Impairment (-)	-	-	-	-	-	-
-	Off-balance sheet items include credit risk	-	-	-	-	-	-
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 2018, the aging explanations related with past due but not impaired assets indicated in the aging table of "Past due but not impaired trade receivables".

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

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

a) Credit risk (continued)

		Receivables					
		Trade Receivables		Other Receivables			
		Related parties	Other parties	Related parties	Other parties	Deposit in banks	Other (*)
Maximum credit risk exposed as of 31 December 2017 (A+B+C+D+E) (**)		**583**	**145,393**	**520**	**138**	**506,408**	**3,539**
-	***Secured portion of the maximum credit risk by guarantees (-)***	**-**	***47,438***	**-**	**-**	**-**	**-**
A.	Net book value of financial assets that are neither past due not impaired	583	141,361	520	138	506,408	3,539
B.	Carrying value of financial assets that are past due but not impaired (***)	-	4,032	-	-	-	-
C.	Net book value of the impaired assets						
-	Past due (gross carrying amount)	-	2,358	-	-	-	-
-	Impairment (-)	-	(2,358)	-	-	-	-
-	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 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".

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

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

a) Credit risk (continued)

Details of the past due but not impaired receivables as of 30 September 2018 and 31 December 2017 are as follows:

	Trade receivables from		
30 September 2018	**Related parties**	**Other**	**Other**
Past due up to 30 days	-	2,169	-
Past due 1 - 3 months	-	576	-
Past due 3 - 12 months	-	80	-
Past due 1 - 5 year (*)	-	1,854	-
	-	**4,679**	**-**

	Trade receivables from		
31 December 2017	**Related parties**	**Other**	**Other**
Past due up to 30 days	-	1,476	-
Past due 1 - 3 months	-	300	-
Past due 3 - 12 months	-	506	-
Past due 1 - 5 year (*)	-	1,750	-
	-	**4,032**	**-**

(*) 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:

	30 September 2018					
Non-derivative financial liabilities	**Carrying value**	**Contractual terms Contractual cash outflows (I+II+III+IV)**	**Up to 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Other financial liabilities	78,807	78,807	15,807	-	63,000	-
Trade payables due to related parties	6,681	6,681	6,681	-	-	-
Other trade payables	171,294	172,620	172,620	-	-	-
Other payables and liabilities	8,711	8,711	-	8,711	-	-
Total non-derivative financial liabilities	**265,493**	**266,819**	**195,108**	**8,711**	**63,000**	**-**

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

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

b) Liquidity risk (continued)

	31 December 2017					
Non-derivative financial liabilities	**Carrying value**	**Contractual terms Contractual cash outflows (I+II+III+IV)**	**Up to 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Other financial liabilities	18,632	18,874	3,600	-	15,274	-
Trade payables due to related parties	3,767	3,767	3,767	-	-	-
Other trade payables	132,203	132,869	132,869	-	-	-
Other payables and liabilities	4,599	4,599	4,599	-	-	-
Total non-derivative financial liabilities	**159,201**	**160,109**	**144,835**	**-**	**15,274**	**-**

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 2018, the Group's financial liabilities with floating interest rates are TL (31 December 2017: TL, USD and EUR) denominated.

Financial instruments with fixed interest rates	**30 September 2018**	**31 December 2017**
Financial assets		
- Cash and cash equivalents	729,358	506,419
Financial liabilities		
- Financial liabilities	78,807	18,632

As disclosed above the Group's financial instruments have fixed interest rates.

Sensitivity analyzes related to the liquidity discount and the rates used in discounted cash flows for the fair value of the financial investments are shown in Note 6.

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

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

c) Market risk (Continued)

i) Foreign exchange risk

The Group is exposed to foreign exchange risk through conversion of liabilities to functional currency. The risks get under control via analyzing 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 2018			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% change in USD against TL:				
USD net asset / (liability)	14,486	(14,486)	14,486	(14,486)
Secured position (-)	-	-	-	-
USD net effect	**14,486**	**(14,486)**	**14,486**	**(14,486)**
In case of 10% change in EUR against TL:				
EUR net asset / (liability)	37,041	(37,041)	37,041	(37,041)
Secured position (-)	-	-	-	-
EUR net effect	**37,041**	**(37,041)**	**37,041**	**(37,041)**
In case of 10% change in other foreign exchange rates against TL:				
Other foreign currency net asset / (liability)	(156)	156	(156)	156
Secured position (-)	-	-	-	-
Other foreign currencies net effect	**(156)**	**156**	**(156)**	**156**
	51,371	**(51,371)**	**51,371**	**(51,371)**

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

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

c) Market risk (Continued)

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

TL equivalents of assets and liabilities held by the Group denominated in foreign currency at 30 September 2018 and 2017 in consideration of foreign exchange rates are as follows:

	30 September 2018	30 September 2017
USD	5.9902	3.5521
EUR	6.9505	4.1924
GBP	7.8079	4.7478

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

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

c) Market risk (Continued)

The amounts of assets and liabilities denominated in original and foreign currencies and their TL equivalents as of 30 September 2018 were as follows:

	30 September 2018 Original amounts			
	Total TL equivalent	**USD**	**EUR**	**GBP**
Trade receivables	160	-	23	-
Monetary financial assets	648,314	38,781	59,853	-
Other	1,312	219	-	-
Current assets	**649,786**	**39,000**	**59,876**	**-**
Monetary financial assets	3,993	667	-	-
Non-current assets	**3,993**	**667**	**-**	**-**
Total assets	**653,779**	**39,667**	**59,876**	**-**
Trade payables	116,612	14,223	4,294	200
Monetary other liabilities	3,965	662	-	-
Current liabilities	**120,577**	**14,885**	**4,294**	**200**
Trade payables	-	-	-	-
Monetary other liabilities	19,498	599	2,289	-
Non-current liabilities	**19,498**	**599**	**2,289**	**-**
Total liabilities	**140,075**	**15,484**	**6,584**	**200**
Net asset / (liability) position of derivative financial assets (A-B)	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency asset / (liability) position	**513,712**	**24,183**	**53,293**	**(200)**
Net foreign currency asset / (liability) position / of monetary items	**793,857**	**55,151**	**66,460**	**200**
Fair value of hedged funds of foreign currency	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-
Export	504	-	3	-
Import	199,179	17,981	10,267	-

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

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

c) Market risk (Continued)

The amounts of assets and liabilities denominated in original and foreign currencies and their TL equivalents as of 31 December 2017 were as follows:

	31 December 2017 Original amounts			
	Total TL equivalent	**USD**	**EUR**	**GBP**
Trade receivables	93	-	21	-
Monetary financial assets	405,472	55,385	43,531	-
Other	354	94	-	-
Current assets	**405,919**	**55,479**	**43,552**	**-**
Monetary financial assets	3,185	844	-	-
Non-current assets	**3,185**	**844**	**-**	**-**
Total assets	**409,104**	**56,323**	**43,552**	**-**
Trade payables	66,898	15,760	1,376	244
Monetary financial liabilities	2,512	666	-	-
Current liabilities	**69,410**	**16,426**	**1,376**	**244**
Trade payables	-	-	-	-
Non-current liabilities	**-**	**-**	**-**	**-**
Total liabilities	**69,410**	**16,426**	**1,376**	**244**
Net asset / (liability) position of derivative financial assets (A-B)	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-
Net foreign currency asset / (liability) position	**339,694**	**39,897**	**42,176**	**(244)**
Net foreign currency asset / (liability) position of monetary items	**339,694**	**39,897**	**42,176**	**(244)**
Fair value of hedged funds of foreign currency	-	-	-	-
Hedged amount of foreign currency assets	-	-	-	-
Hedged amount of foreign currency liabilities	-	-	-	-
Export	20,224	1,861	1,692	1,382
Import	225,988	32,798	19,897	5,248

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

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

iii) Foreign exchange derivative transactions

	30 September 2018		31 December 2017	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Forward foreign exchange contracts	9,149	-	5,434	-
	9,149	**-**	**5,434**	**-**

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:

	30 September 2018	**31 December 2017**
Forward foreign exchange contracts	19,169	168,163
	19,169	**168,163**

At 30 September 2018, the fair value of the Group's currency derivatives is estimated to be approximately TL9,149 thousand (31 December 2017: TL5,434 thousand). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date.

Amounts of TL16,788 thousand (30 September 2017: TL10.129 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 TL9,149 thousand have been charged to income in the current year (31 December 2017: TL5,434 thousand).

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

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

Categories and fair values of financial instruments

30 September 2018	Financial assets at fair value through profit or loss	Loans and receivables (including cash and cash equivalents)	Financial assets at fair value in other comprehensive income	Financial liabilities stated at amortised cost	Carrying amount	Note
Financial assets						
Cash and cash equivalents	-	729,358	-	-	729,358	5
Trade receivables	-	150,277	-	-	150,277	9
Receivables from related parties	-	908	-	-	908	8
Financial investments	5,308		2,588,216	-	2,593,524	6
Financial liabilities						
Financial liabilities	-	-	-	78,807	78,807	7
Trade payables	-	-	-	171,294	171,294	9
Financial liabilities to related parties	-	-	-	6,681	6,681	8

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

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

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

Categories and fair values of financial instruments (Continued)

31 December 2017	Financial assets at fair value through profit or loss	Loans and receivables (including cash and cash equivalents)	Financial investments available for sale	Financial liabilities stated at amortised cost	Carrying amount	Note
Financial assets						
Cash and cash equivalents	-	506,419	-	-	506,419	5
Trade receivables	-	145,393	-	-	145,393	9
Receivables from related parties	-	583	-	-	583	8
Financial investments	3,539	-	2,588,218	-	2,591,757	6
Financial liabilities						
Financial liabilities	-	-	-	18,632	18,632	7
Trade payables	-	-	-	132,203	132,203	9
Financial liabilities to related parties	-	-	-	3,767	3,767	8

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

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

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

d) Capital risk management

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

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

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

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

As of 30 September 2018 and 31 December 2017, the Group's net debt / total equity ratio is detailed as follows:

	30 September 2018	**31 December 2017**
Financial liabilities	78,807	18,632
Less: cash and cash equivalents and current financial investments	(729,358)	(506,419)
Net debt	**(650,551)**	**(487,787)**
Total equity	3,635,588	3,480,655
Total capital	2,985,037	2,992,868
Net debt / Total capital	**(22%)**	**(16%)**

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

NOTE 28 - SUBSEQUENT EVENTS

None.

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