

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE INTERIM PERIOD  
1 JANUARY - 31 MARCH 2019**

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

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

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AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2019

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

	Notes	Unaudited 31 March 2019	Audited 31 December 2018
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	5	663,161	619,899
Financial investments			
- Financial assets at fair value through profit or loss	6	1,215	1,146
Trade receivables			
- Trade receivables from related parties	8	1,189	468
- Trade receivables from third parties	9	216,787	185,667
Other receivables			
- Other receivables from related parties	8	8	370
- Other receivables from third parties	10	86,010	120
Inventories	11	78,044	87,536
Prepaid expenses	12	4,345	2,522
Current income tax assets	13	454	13,810
Other current assets	19	2,410	845
<b>Total current assets</b>		<b>1,053,623</b>	<b>912,383</b>
<b>Non-current assets:</b>			
Other receivables			
- Other receivables from related parties	8	-	331
- Other receivables from third parties	10	12	12
Financial investments			
- Financial assets at fair value through profit or loss	6	3,604	3,392
- Financial assets at fair value through other comprehensive income	6	3,019,672	3,019,743
Investments accounted for using equity method	3	70,843	123,873
Investment properties	14	355,121	357,183
Tangible assets	15	5,805	6,048
Right of use assets	2.2.1	22,802	-
Intangible assets	16	14,250	14,396
Prepaid expenses	12	1,468	1,136
Deferred tax assets	27	7,810	5,777
Other non-current assets	19	10,802	12,198
<b>Total non-current assets</b>		<b>3,512,189</b>	<b>3,544,089</b>
<b>TOTAL ASSETS</b>		<b>4,565,812</b>	<b>4,456,472</b>

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2019

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

	Notes	Unaudited 31 March 2019	Audited 31 December 2018
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short term borrowings			
- Short term lease due to related parties	8	2,635	-
- Short term lease due to third parties	7	8,071	32
- Short term borrowings due to third parties	7	47,049	35,870
Trade payables			
- Trade payables due to related parties	8	6,786	7,065
- Trade payables due to third parties	9	196,465	186,616
Employee benefit obligations	18	3,220	1,060
Other payables			
- Other payables due to third parties	10	7,024	6,123
Derivative financial instruments		14,524	-
Deferred income	12	285	450
Short term provisions			
- Short term provisions for employee benefits	18	3,561	2,956
- Other short term provisions	17	1,482	1,453
Short term liabilities due to investment accounted for using the equity method			
	3	56,250	-
Other current liabilities	19	192	112
<b>Total current liabilities</b>		<b>347,544</b>	<b>241,737</b>
<b>Non-current liabilities:</b>			
Long term borrowings			
- Long term lease due to related parties	8	5,409	-
- Long term lease due to third parties	7	7,014	-
- Long term borrowings due to third parties	7	48,000	48,076
Deferred income	8, 12	19,498	19,498
Long term provisions			
- Long term provisions for employee benefits	18	4,596	4,079
Deferred tax liabilities	27	144,400	145,238
<b>Total non-current liabilities</b>		<b>228,917</b>	<b>216,891</b>
<b>TOTAL LIABILITIES</b>		<b>576,461</b>	<b>458,628</b>

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2019**

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

	Notes	Unaudited 31 March 2019	Audited 31 December 2018
<b>EQUITY</b>			
<b>Attributable to equity holders of the Company:</b>		<b>3,989.316</b>	<b>3,997.807</b>
Paid-in share capital	20	685,260	685,260
Adjustments to share capital	20	105,777	105,777
Items not to be reclassified to profit or loss			
- Defined benefit plans re-measurement gains/losses		(4,058)	(4,058)
- Gains/losses on financial assets measured at fair value through other comprehensive income (*)		2,746,243	2,746,184
Items to be reclassified to profit or loss			
- Foreign currency conversion adjustments		10,010	10,010
Restricted reserves	20	199,697	199,697
Retained earnings		254,937	14,818
Net (loss)/income for the period		(8,550)	240,119
<b>Non-controlling interests</b>		<b>35</b>	<b>37</b>
<b>TOTAL EQUITY</b>		<b>3,989,351</b>	<b>3,997,844</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,565,812</b>	<b>4,456,472</b>

(\*) “Gains/losses on financial assets measured at fair value through other comprehensive income” is presented under “Other revaluating on remeasurement gains” in PDP (KAP) templates.

The consolidated financial statements for the period 1 January - 31 March 2019 were approved by the Board of Directors on 30 April 2019.

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE INTERIM PERIOD ENDED  
31 MARCH 2019

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

	Notes	Unaudited 1 January - 31 March 2019	Unaudited 1 January - 31 March 2018
<b>PROFIT OR LOSS</b>			
Revenue	21	208,272	193,088
Cost of sales (-)	21	(132,253)	(118,266)
<b>GROSS PROFIT</b>		<b>76,019</b>	<b>74,822</b>
General administrative expenses (-)	22	(13,112)	(14,621)
Marketing expenses (-)	22	(28,854)	(32,740)
Other operating income	24	50,241	41,263
Other operating expenses (-)	24	(13,329)	(10,014)
<b>OPERATING PROFIT</b>		<b>70,965</b>	<b>58,710</b>
Income from investing activities	25	33,450	-
Expenses from investing activities (-)		-	(116)
Share of (loss)/income of investments accounted for using equity method		(75,280)	5,619
<b>Operating income before finance expense</b>		<b>29,135</b>	<b>64,213</b>
Financial income	26	610	966
Financial expenses (-)	26	(26,680)	(3,070)
<b>PROFIT BEFORE TAX</b>		<b>3,065</b>	<b>62,109</b>
<b>Tax expense from continuing operations</b>		<b>(11,617)</b>	<b>(10,531)</b>
Income tax expense (-)	27	(14,487)	(9,805)
Deferred tax (income)/expenses	27	2,870	(726)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(8,552)</b>	<b>51,578</b>
<b>Attributable to</b>			
Non-controlling interests		(2)	8
Equity holders of the parent		(8,550)	51,570
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(8,552)</b>	<b>51,578</b>
Weighted average number of ordinary shares with face value of KR 1 each		68,526,000,000	68,526,000,000
<b>Earnings per share (TL)</b>			
Earnings per share from continuous operations	28	(0.0125)	0.0752

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EİS ECZACIBAŞI İLAÇ, SİNAİ VE FİNANSAL YATIRIMLAR SANAYİ VE TİCARET A.Ş.  
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CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE INTERIM  
PERIOD ENDED 31 MARCH 2019

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

	Notes	Unaudited 1 January- 31 March 2019	Unaudited 1 January- 31 March 2018
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(8,552)</b>	<b>51,578</b>
<b>Items that not to be reclassified to profit or loss:</b>		<b>59</b>	<b>47</b>
Group’s share in equity method accounted investments’ comprehensive income	3	12	47
Gains/losses on financial assets measured at fair value through other comprehensive income (*)		47	-
<b>Other comprehensive income (after tax)</b>		<b>59</b>	<b>47</b>
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME</b>		<b>(8,493)</b>	<b>51,625</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		(2)	8
Equity holders of the parent		(8,491)	51,617
<b>TOTAL COMPREHENSIVE (EXPENSE)/INCOME</b>		<b>(8,493)</b>	<b>51,625</b>

(\*) “Gains/losses on financial assets measured at fair value through other comprehensive income” is presented under  
“Other revaluating on remeasurement gains” in PDP (KAP) templates.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTERIM PERIODS ENDED 31 MARCH 2019

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

	Items that will be reclassified subsequently to profit or loss				Items that will not be reclassified subsequently to profit or loss		Restricted reserves	Retained earnings		Attributable to equity holders of company	Non controlling interest	Total Equity
	Paid in Share capital	Adjustments to share capital	Gains on financial assets measured at fair value through other comprehensive income	Foreign currency translation differences	Defined benefit plans re-measurement gains/(losses)	Gains on financial assets measured at fair value through other comprehensive income		Retained earnings	Net profit for the period			
<b>As previously reported at 1 January 2018</b>	<b>685,260</b>	<b>105,777</b>	<b>2,332,744</b>	<b>10,010</b>	<b>(3,874)</b>	<b>-</b>	<b>168,095</b>	<b>36,481</b>	<b>146,095</b>	<b>3,480,588</b>	<b>67</b>	<b>3,480,655</b>
TFRS 9 policy change transition effect	-	-	(2,332,744)	-	-	2,332,744	-	-	-	-	-	-
<b>As of 1 January 2018 (revised)</b>	<b>685,260</b>	<b>105,777</b>	<b>-</b>	<b>10,010</b>	<b>(3,874)</b>	<b>2,332,744</b>	<b>168,095</b>	<b>36,481</b>	<b>146,095</b>	<b>3,480,588</b>	<b>67</b>	<b>3,480,655</b>
Transfers	-	-	-	-	-	-	-	146,095	(146,095)	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	47	-	-	51,570	51,617	8	51,625
<b>31 March 2018 (revised)</b>	<b>685,260</b>	<b>105,777</b>	<b>-</b>	<b>10,010</b>	<b>(3,874)</b>	<b>2,332,791</b>	<b>168,095</b>	<b>182,576</b>	<b>51,570</b>	<b>3,532,205</b>	<b>75</b>	<b>3,532,280</b>
<b>As of 1 January 2019</b>	<b>685,260</b>	<b>105,777</b>	<b>-</b>	<b>10,010</b>	<b>(4,058)</b>	<b>2,746,184</b>	<b>199,697</b>	<b>14,818</b>	<b>240,119</b>	<b>3,997,807</b>	<b>37</b>	<b>3,997,844</b>
Transfers	-	-	-	-	-	-	-	240,119	(240,119)	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	59	-	-	(8,550)	(8,491)	(2)	(8,493)
<b>31 March 2019</b>	<b>685,260</b>	<b>105,777</b>	<b>-</b>	<b>10,010</b>	<b>(4,058)</b>	<b>2,746,243</b>	<b>199,697</b>	<b>(254,937)</b>	<b>(8,550)</b>	<b>3,989,316</b>	<b>35</b>	<b>3,989,351</b>

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE INTERIM PERIOD ENDED 31 MARCH 2019**

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

	Notes	Unaudited 1 January - 31 March 2019	Unaudited 1 January - 31 March 2018
<b>A. Cash flows from operating activities</b>		<b>(114,340)</b>	<b>43,741</b>
<b>(Loss)/profit for the period</b>		<b>(8,550)</b>	<b>51,578</b>
<b>Adjustments for reconciliation of profit/loss for the period</b>			
Adjustments for depreciation and amortisation	14, 15, 16	5,352	3,107
Adjustments for employment termination benefits	18, 23	1,162	617
Adjustments for litigations	17, 24	29	41
Adjustments for doubtful receivables	9, 24	-	1,133
Provision for diminution in value of inventories, net	11	13	402
Loss/(gain) on sale of financial assets	25	(33,124)	-
Loss/(gain) on sale of tangible assets, net	25	(43)	-
Group’s share in the (profit)/loss of investments accounted for using equity method	3	280	(5,619)
Adjustments for interest incomes	24	(13,983)	(9,909)
Adjustments for interest expenses	24, 26	6,662	2,526
Adjustments for income tax expense	27	11,617	10,531
Adjustments for fair value losses (gains) of derivative financial instruments	26	21,048	800
Adjustments for fair value losses of financial assets	25	(281)	(40)
Adjustments related to profit share income/(expenses)	25	(2)	-
Adjustments for unrecognized foreign exchange differences		11,085	27,020
Other adjustments related to non-cash items expense/income accruals		4,613	(497)
		<b>14,428</b>	<b>30,112</b>
<b>Changes in working capital</b>			
Adjustments for increase/decrease in trade receivables		(36,094)	(48,835)
Adjustments for increase/decrease in inventories		9,479	1,037
Adjustments for increase/decrease in trade payables		4,841	31,479
Adjustments for increase/decrease in other receivables related to operations		(93,847)	(23,859)
Increase/decrease in prepaid expenses		(2,155)	(4,137)
Increase/decrease in other payables related to operations		3,141	3,453
Increase/decrease in deferred income		(165)	2,039
		<b>114,800</b>	<b>38,823</b>
<b>Cash flows from operating activities</b>			
Interest received		10,613	11,663
Taxes paid		(13,865)	(8,816)
Employment termination benefits paid	18	(40)	(22)
Interest paid		(2,126)	-
Other cash inflow/(outflow)		-	(1,951)
		<b>(108,922)</b>	<b>42,867</b>

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE INTERIM PERIOD ENDED 31 MARCH 2019**

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

	Notes	Unaudited 1 January - 31 March 2019	Unaudited 1 January - 31 March 2018
<b>B. Cash flows from investing activities</b>		<b>160,782</b>	<b>(4,806)</b>
Cash outflows from the purchase of tangible and intangible assets	15, 16	(719)	(5,795)
Cash inflows from the sale of tangible and intangible assets		46	212
Cash inflow from the sale of financial assets		85,888	-
Cash inflows from sale of investment property	14	1,698	1,681
Cash outflows from investment property purchases	14	(1,133)	(904)
Cash outflows due to capital increase to associates	3	(75,000)	-
Dividends received		2	-
<b>C. Cash flows from financing activities</b>		<b>(2,298)</b>	<b>11,416</b>
Cash inflows from bank borrowings		11,071	12,255
Cash outflows related to payments due to lease contracts		(2,425)	-
Cash inflows from derivative financial instruments		(6,524)	307
Interest paid		(4,420)	(1,146)
<b>Net increase in cash and cash equivalents before effect of change in foreign exchange rate (A+B+C)</b>		<b>44,144</b>	<b>50,351</b>
<b>D. Effect of change in foreign exchange rate on cash and cash equivalents</b>		<b>-</b>	<b>(631)</b>
<b>Net increase in cash and cash equivalents (A+B+C+D)</b>		<b>44,144</b>	<b>49,720</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>		<b>618,571</b>	<b>505,251</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E)</b>		<b>662,715</b>	<b>554,971</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED 31 MARCH 2019**

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

**NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP**

EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. (“EİS” or 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 industries through its joint ventures, subsidiaries and associates.

The Company’s registered address is as follows:

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

The Company is registered with the Capital Markets Board of Turkey (“CMB”) and its shares have been quoted on the Borsa İstanbul A.Ş. (“BİST”) (formerly named as İstanbul Menkul Kıymetler Borsası (“İMKB”)) since 1990. As of 31 March 2019, 19.64% (31 December 2018: 19.70%) of total shares are quoted on the BİST. The ultimate parent company of the Group is Eczacıbaşı Holding A.Ş., which possesses 50.62% (31 December 2018: 50.62%) shares of the Company (Note 20). The ultimate parent of Eczacıbaşı Holding A.Ş. is managed by Eczacıbaşı family.

As of 31 March 2019, the personnel number of the Group is 385 (31 December 2018: 397).

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

**Subsidiaries**

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

Companies accounted by line consolidation:

<b>Subsidiaries</b>	<b>Nature of business</b>	<b>Segment</b>
EİP Eczacıbaşı İlaç Pazarlama A.Ş. (“EİP”)	Marketing and selling of pharmaceuticals	Health
Eczacıbaşı İlaç Ticaret A.Ş. (“EİT”)	Marketing and selling of pharmaceuticals	Health
Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş. (“Eczacıbaşı Gayrimenkul”)	Real estate development	Construction

**Joint Ventures**

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

<b>Joint Ventures</b>	<b>Nature of business</b>	<b>Partner</b>	<b>Segment</b>
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş. (“EBX”)	Serum production and sales	Baxter S.A.	Health
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş. (“Eczacıbaşı-Monrol”)	Radiopharmaceuticals production and sales	Uğur Bozluoğlu and Şükrü Bozluoğlu	Health

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

**Associates**

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

<b>Associates</b>	<b>Nature of business</b>
Ekom Eczacıbaşı Dış Ticaret A.Ş. (“Ekom”)	Export services
Vitra Karo Sanayi ve Ticaret A.Ş. (“Vitra Karo”)	Production of ceramic tiles
Eczacıbaşı Sağlık Hizmetleri A.Ş. (“ESH”)	Special care and nursing services
Eczacıbaşı Shire Sağlık Ürünleri Sanayi ve Ticaret A.Ş. (“Eczacıbaşı Shire”) (*)	Marketing and selling of pharmaceuticals

(\*) Within the meeting held by Board of Directors on 1 February 2019; Group has made an assesment about the 50% owned Eczacıbaşı Shire’s other shareholder Baxalta GmbH’s main shareholder Shire Plc’s acquisition to Takeda Pharmaceutical Company Limited on 8 January 2019, and the Group has decided to initiate the necessary legal process for the transfer of 50% of its shares in Eczacıbaşı Shire, which has a contractual right in accordance with the Shareholders Agreement with Baxalta GmbH dated 25 January 2016. The Company’s Board of Directors held its meeting on 22 March 2019; and it has decided to sell all of the shares owned by EİS to Baxalta GmbH with a sales price of TL85,888 thousand. Transfer of share transactions were completed on 29 March 2019 and the share transfer fee was collected on 10 April 2019.

**NOTE 2 - BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**2.1.1 Statement of compliance**

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

With the decision law numbered 11/367 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. The accompanying financial statements are prepared in accordance with the law.

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 2018.

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

**2.1 Basis of Presentation (Continued)**

**2.1.2 Continuity Concept**

Group’s consolidated financial statements prepared in accordance with continuity principle.

**2.1.3 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.

**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 three months interim period ended 31 March 2019 are consistent with accounting policies presented in the consolidated financial statements as of 31 December 2018, except for accounting policies related to the first transition to TFRS 16 "Leases" standard as set out in Note 2.1.1

**2.2.1 TFRS 16 “Leases” standard**

*The Group as the lessee*

At inception of a contract, the Group assess whether the contract is, or contains, a lease. 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. The Group considers the following matters when assessing whether the agreement transfers the right to control the use of an identified asset for a limited period of time:

- a) the contract contains an identified asset: - this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. the Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
  - ii. the customer designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

At the commencement date, the Group recognize a right-of-use asset and a lease liability in financial statements.

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

**2.1 Basis of Presentation (Continued)**

**2.2.1 TFRS 16 “Leases” Standard (Continued)**

*Right of use asset*

The cost of the right-of-use asset shall comprise:

- a) the amount of the initial measurement of lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the lessee., and

To apply a cost model, the Group measure the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

The Group apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, subject to the requirements. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

*Lease liability*

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee’s incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- d) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

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

**2.1 Basis of Presentation (Continued)**

**2.2.1 TFRS 16 “Leases” Standard (Continued)**

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee’s incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee’s incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

The Group determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Group uses an unadjusted interest rate.

The Group recognises the restructuring of the lease as a separate leasing if both of the following are met:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

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

2.1 Basis of Presentation (Continued)

2.2.1 TFRS 16 “Leases” Standard (Continued)

*The Group’s leasing activities*

All the leasings of the Group as lessor are operational leasings. For operational leasings, leased assets are classified under investment properties, tangible assets or other current assets in the consolidated balance sheet and rental income is accounted in the consolidated income statement in equal amounts for the leasing period. Rental income is accounted in the consolidated income statement for the leasing period on a straight-line basis.

**First adoption to TFRS 16**

The Group distributes an amount that takes place in an agreement which includes an item that has or has not one or more extra leasing qualities along with a leasing item through applying the TFRS 15 “Revenue arising from agreements made with customers” standard.

The Group has adopted TFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. With this method, use of rights are measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period.

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 21.12% for TL, 3.87% for Euro and 9.29 for USD.

The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	<b>Machinery and equipment</b>	<b>Vehicle</b>	<b>Office</b>	<b>Other</b>	<b>Total</b>
1 January 2019	8	17,235	9,404	168	25,554
Additions	-	-	-	-	-
Amortisation cost (-)	(4)	(2,060)	(772)	(21)	(2,752)
<b>Right of use assets - 31 March 2019</b>	<b>4</b>	<b>15,175</b>	<b>8,632</b>	<b>147</b>	<b>22,802</b>

As of 31 March 2019, right of use assets amounting to TL34 thousand is due to the classification of prepaid rent expenses which are accounted under prepaid expenses before TFRS 16 application.

Interest expense on the Group's lease obligations is TL574 thousand.

*Extension and termination options*

Lease liability is determined considering the extension and termination options in the agreements. The majority of extension and termination options held are by the Group and by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).



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

**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.

**2.3.1 Comparative information and restatement of prior period financial statements**

Interim 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.

The Group has applied consistent accounting policies in the consolidated financial statements for the period presented and has no material changes in the accounting policies and estimates in the current period.

**2.4 New and revised Turkish Accounting Standards**

The accounting policies of the consolidated financial statements for the period ended 31 March 2019 have been applied consistently to those used in the prior year except for the new and amended IFRS standards and TFRYK interpretations as of 1 January 2019.

**a) New standards, amendments and interpretations to existing standards as of 31 March 2019:**

- **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. The amendments will not have significant effect on the notes to the Group’s consolidated financial statements.
- **Amendments to IFRS 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.

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

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

**a) New standards, amendments and interpretations to existing standards as of 31 March 2019 (Continued)**

- **Amendments to TAS 40, “Investment Properties”;**Effective for annual periods beginning on or after 1 January 2018. These amendments to the classification of investment properties clarify the classifications made from investment properties or real estate in case of a change in the purpose of use. If the use of a real estate changes, it is necessary to evaluate whether this real estate meets the definitions of up investment real estate uy. This change should be supported by evidence. The amendments did not have an impact on the financial position or performance of the Group.
- **Amendments to TFRS 2, “Share based payments”;** on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments did not have significant effect on the notes to the Group’s consolidated financial statements.

**Annual improvements 2014 - 2016;** effective from annual periods beginning on or after 1 January 2018.

- 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,

These improvements are not expected to have a significant impact on the financial position and performance of the Company.

- **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. The amendments did not have significant effect on the notes to the Group’s consolidated financial statements.
- **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.
- **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.

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

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

**b) New standards, amendments and interpretations to existing standards as of 31 March 2019 (Continued)**

- **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.

**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.

**Amennments 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 remainder 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,

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

2.4 New and revised Turkish Accounting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 March 2019 (Continued)

**Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, ‘Presentation of financial statements’, and TAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:

- i) use a consistent definition of materiality throughout TFRS and the Conceptual Framework for Financial Reporting;
- ii) clarify the explanation of the definition of material; and
- iii) incorporate some of the guidance in IAS 1 about immaterial information.

**Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

**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.

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

NOTE 3 - SHARES IN OTHER COMPANIES

Shares in associates and joint ventures

	31 March 2019	31 December 2018
<b>Associates</b>		
Vitra Karo	-	-
Ekom	31,305	30,432
ESH	-	-
Eczacıbaşı Shire	-	54,913
<b>Joint Ventures</b>		
Eczacıbaşı-Monrol	-	-
EBX	39,538	38,528
	<b>70,843</b>	<b>123,873</b>

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

	31 March 2019	31 December 2018
Capital commitments to associates (*)	56,250	-
	<b>56,250</b>	<b>-</b>

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

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**NOTE 3 - SHARES IN OTHER COMPANIES (Continued)**

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

<b>As of 1 January</b>	<b>123,873</b>	<b>101,820</b>
The Group’s share in investments accounted for using equity method’ profit/(loss)	(280)	5,619
Capital payment and commitments (*)	75,000	-
Disposal of an associate (**)	(52,762)	-
Change in the fair value of available-for-sale financial assets	12	47
Capital payments to impaired associates (*)	(75,000)	-
<b>As of 31 March</b>	<b>70,843</b>	<b>107,486</b>

(\*) As of 31 March 2019, TL18,750 thousand of the capital increase amounting to TL75,000 thousand has paid within the period and TL56,250 thousand has been accounted as capital commitment. The total amount is reflected as loss in the income statement.

(\*\*) The transfer of the Company’s shares in Eczacıbaşı Shire to Baxalta GmbH has been completed as of 29 March 2019 with a sales amount of TL85,888 thousand, and Eczacıbaşı Shire’s total loss for the period end amounting to TL2,149 thousand reflected in consolidated income statement.

Assets and liabilities of the Group’s associates and joint ventures in its condensed consolidated financial statements as at 31 March 2019 and 31 December 2018 and their net sales for the three months period ended 31 March are as follows:

<b>31 March 2019</b>						
	<b>Assets</b>	<b>Liabilities</b>	<b>Goodwill attributable to equity holders</b>	<b>Net sales</b>	<b>Net profit/(loss) for the period</b>	<b>Total ownership interests (%)</b>
Ekom	3,165,674	3,046,921	-	5,291	861	26.36
EBX	81,338	2,257	-	-	1,008	50.00
Eczacıbaşı Shire (*)	-	-	-	388,959	(2,149)	50.00
					<b>(280)</b>	

(\*) The transfer of the Company’s shares in Eczacıbaşı Shire to Baxalta GmbH has been completed as of 29 March 2019 and Eczacıbaşı Shire’s total loss for the period end amounting to TL2,149 thousand reflected in consolidated income statement.

<b>31 December 2018</b>				<b>31 March 2018</b>		
	<b>Assets</b>	<b>Liabilities</b>	<b>Goodwill attributable to equity holders</b>	<b>Net sales</b>	<b>Net profit/(loss) for the period</b>	<b>Total ownership interests (%)</b>
Ekom	2,736,053	2,620,616	-	4,511	632	26.36
EBX	79,469	2,406	-	-	1,509	50.00
Eczacıbaşı Shire	218,162	108,337	-	99,013	3,478	50.00
					<b>5,619</b>	

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**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 31 March 2019 (2018: 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 m<sup>2</sup> 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 TL7.2 million to TL10.4 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.

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**NOTE 4 - SEGMENT REPORTING (Continued)**

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

Purchase date	Locations	Parcel	Surface area (m <sup>2</sup> )	Purchasing cost
29 June 2015	Silivri	21 plantation	265,930	16,425
1 December 2015	Silivri	No. 308	8,500	765
1 March 2016	Silivri	No. 1985	5,250	484
7 June 2016	Silivri	No. 2007	685,026	67,995
			<b>964,706</b>	<b>85,669</b>

*Eczacıbaşı Gayrimenkul*

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

**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 31 March 2019 and 31 December 2018:**

	31 March 2019		31 December 2018	
	Assets	Liabilities	Assets	Liabilities
Health	364,639	(338,329)	308,961	(278,011)
Real estate development	390,885	(28,604)	390,008	(29,203)
Undistributed	3,810,288	(209,528)	3,757,503	(151,414)
<b>Total</b>	<b>4,565,812</b>	<b>(576,461)</b>	<b>4,456,472</b>	<b>(458,628)</b>

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NOTE 4 - SEGMENT REPORTING (Continued)

Capital expenditures and non-cash expenses of segments as of 31 March 2019 and 31 December 2018:

1 January 2019 - 31 March 2019	Health	Real estate development	Undistributed	Total
<b>Capital expenditures (Notes 14, 15, 16 and 2.2.1)</b>	<b>23,836</b>	<b>3,570</b>	<b>-</b>	<b>27,406</b>
<b>Non-cash expenses:</b>				
- Depreciation and amortisation (Notes 14, 15, 16 and 2.2.1)	3,493	1,859	-	5,352
- Provision for diminution in value of inventories (Note 11)	13	-	-	13
- Provision for employment termination benefits and actuarial gain/loss (Note 18)	523	8	7	538
- Provision for accrued vacation (Note 18)	522	29	73	624
- Provision for litigations (Note 17)	29	-	-	29
- Provisions for doubtful receivables (Note 9)	-	-	-	-
- Expense accruals (Note 9)	4,613	-	-	4,613
	<b>9,193</b>	<b>1,896</b>	<b>80</b>	<b>11,169</b>

1 January 2018 - 31 March 2018	Health	Real estate development	Undistributed	Total
<b>Capital expenditures (Notes 14, 15 and 16)</b>	<b>4,911</b>	<b>1,782</b>	<b>-</b>	<b>6,699</b>
<b>Non-cash expenses:</b>				
- Depreciation and amortisation (Notes 14, 15 and 16)	761	2,346	-	3,107
- Provision for diminution in value of inventories (Note 11)	402	-	-	402
- Provision for employment termination benefits and actuarial gain/loss (Note 18)	608	9	-	617
- Provision for accrued vacation (Note 18)	372	30	-	402
- Provision for litigations (Note 17)	41	-	-	41
- Provisions for doubtful receivables (Note 9)	1,133	-	-	1,133
- Expense accruals (Note 9)	434	-	-	434
	<b>3,751</b>	<b>2,385</b>	<b>-</b>	<b>6,136</b>

As of 31 March 2019, allocation of capital expenditures is as follows: TL291 thousand in property, plant and equipment, TL428 thousand in intangible assets, TL1,133 thousand in investment properties and TL24,554 thousand in rights of use under TFRS 16.

As of 31 March 2018, allocation of capital expenditures is as follows: TL530 thousand in property, plant and equipment, TL574 thousand in intangible assets, TL1,496 thousand in investment properties and TL2,752 thousand in rights of use under TFRS 16.



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NOTE 4 - SEGMENT REPORTING (Continued)

Capital expenditures and non-cash expenses of segments as of 31 December (Continued):

1 January 2019 - 31 March 2019	Health	Real estate development	Undistributed	Total
Total sales	180,147	28,847	-	208,994
Elimination of sales within the Group (-)	(1)	(721)	-	(722)
Sales to third parties	180,146	28,126	-	208,272
Cost of sales (-)	(128,630)	(3,623)	-	(132,253)
<b>Gross profit</b>	<b>51,516</b>	<b>24,503</b>	<b>-</b>	<b>76,019</b>
General administrative expenses (-)	(9,052)	(2,188)	(1,872)	(13,112)
Marketing expenses (-)	(25,398)	(3,456)	-	(28,854)
Other operating income	9,405	66	40,770	50,241
Other operating expenses (-)	(9,417)	(13)	(3,899)	(13,329)
<b>Operating profit</b>	<b>17,054</b>	<b>18,912</b>	<b>34,999</b>	<b>70,965</b>

1 January 2018 - 31 March 2018	Health	Real estate development	Undistributed	Total
Total sales	168,865	24,821	-	193,686
Elimination of sales within the Group (-)	-	(598)	-	(598)
Sales to third parties	168,865	24,223	-	193,088
Cost of sales (-)	(115,277)	(2,989)	-	(118,266)
<b>Gross profit</b>	<b>53,588</b>	<b>21,234</b>	<b>-</b>	<b>74,822</b>
General administrative expenses (-)	(11,135)	(2,084)	(1,402)	(14,621)
Marketing expenses (-)	(29,239)	(3,501)	-	(32,740)
Other operating income	4,731	108	36,424	41,263
Other operating expenses (-)	(7,632)	(273)	(2,109)	(10,014)
<b>Operating profit</b>	<b>10,313</b>	<b>15,484</b>	<b>32,913</b>	<b>58,710</b>

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

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Operating profits related to operating segments</b>	<b>35,966</b>	<b>25,797</b>
Undistributed income	34,999	32,913
Income from investing activities	33,450	-
Expenses from investing activities (-)	-	(116)
Shares from participation profit/losses (-)	(75,280)	5,619
Financial income	610	966
Financial expenses (-)	(26,680)	(3,070)
<b>Profit before tax</b>	<b>3,065</b>	<b>62,109</b>

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NOTE 5 - CASH AND CASH EQUIVALENTS

	31 March 2019	31 December 2018
Cash in hand	11	14
Banks	663,150	619,885
- demand deposits	10,049	3,101
- time deposits	653,101	616,784
	<b>663,161</b>	<b>619,899</b>

The annual interest rate applied to the Turkish Lira denominated time deposits 21.10% (31 December 2018: 23.90% and 24.00%), and the maturity date is 12 April 2019. The annual interest rates applied to the foreign currency time deposits are between 1.00% and 3.80% (31 December 2018: 2.05% to 5.50%), and the maturity dates are between 1 April 2019 and 6 May 2019. The weighted annual interest rates of TL, USD and Euro denominated bank deposits are 21.10%, 3.74% and 1.40% respectively. (31 December 2018: 23.92%, 5.20% and 2.31%).

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

	31 March 2019	31 December 2018
TL denominated time deposits	48,465	62,700
TL Equivalent of USD denominated time deposits	218,328	190,984
TL Equivalent of EUR denominated time deposits	386,308	363,100
	<b>653,101</b>	<b>616,784</b>

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 31 March 2019, 31 December 2018, 31 March 2018, and 31 December 2017 are presented below:

	31 March 2019	31 December 2018	31 March 2018	31 December 2017
Cash and cash equivalents	663,161	619,899	555,589	506,419
Interest accruals (-)	(446)	(1,328)	(618)	(1,168)
	<b>662,715</b>	<b>618,571</b>	<b>554,971</b>	<b>505,251</b>

NOTE 6 - FINANCIAL ASSETS

The details of financial investments included in current assets are as follows:

	31 March 2019	31 December 2018
Financial assets at fair value through profit and loss	1,215	1,146
<b>Financial investments, current</b>	<b>1,215</b>	<b>1,146</b>
Financial assets at fair value through other comprehensive income	3,019,672	3,019,743
Financial assets at fair value through profit and loss	3,604	3,392
<b>Financial investments, non-current</b>	<b>3,023,276</b>	<b>3,023,135</b>

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**NOTE 6 - FINANCIAL ASSETS (Continued)**

TFRS 13 defines 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:

<b>31 March 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	-	1,215	-	1,215
<b>Financial investments, current</b>	<b>-</b>	<b>1,215</b>	<b>-</b>	<b>1,215</b>
Financial assets at fair value through other comprehensive income	30,803	1,199,933	1,788,936	3,019,672
Financial assets at fair value through profit and loss	-	3,604	-	3,604
<b>Financial investments, non-current</b>	<b>30,803</b>	<b>1,203,537</b>	<b>1,788,936</b>	<b>3,023,276</b>
<b>31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit and loss	-	1,146	-	1,146
<b>Financial investments, current</b>	<b>-</b>	<b>1,146</b>	<b>-</b>	<b>1,146</b>
Financial assets at fair value through other comprehensive income	30,874	1,199,933	1,788,936	3,019,743
Financial assets at fair value through profit and loss	-	3,392	-	3,392
<b>Financial investments, non-current</b>	<b>30,874</b>	<b>1,203,325</b>	<b>1,788,936</b>	<b>3,023,135</b>

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NOTE 6 - FINANCIAL ASSETS (Continued)

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 TL4,819 thousand as of 31 March 2019 (31 December 2018: TL4,538 thousand). As of 31 March 2019, Group estimates to transfer TL1,215 thousand (31 December 2018: TL1,146 thousand) of these funds within one year and the remaining TL3,604 thousand (31 December 2018: TL3,392 thousand) in long term. TL4,819 thousand (31 December 2018: TL4,538 thousand) of the aforementioned funds are in the funds in North America.

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 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	(%)	31 December 2018	(%)
<b>Publicly traded</b>				
Türkiye İş Bankası A.Ş. (*)	22	<1	93	<1
Ak Enerji Elektrik Üretim A.Ş. (*) (**)	-	-	-	<1
	<b>22</b>		<b>93</b>	
<b>Not publicly traded</b>				
Eczacıbaşı Holding A.Ş. (****)	3,017,850	37	3,017,850	37
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. (****)	1,774	14	1,774	14
Other (***)	26	<1	26	<1
	<b>3,019,650</b>		<b>3,019,650</b>	
<b>Total</b>	<b>3,019,672</b>		<b>3,019,743</b>	

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

(\*\*) As of 31 March 2019, the Group sold all of its shares in Ak Enerji Elektrik Üretim A.Ş. at BIST (31 December 2018: TL63).

(\*\*\*) These financial assets at fair value through other comprehensive income are carried at their acquisition costs since they are not listed and fair values cannot be reliably measured.

(\*\*\*\*) The Group believes that there is no indication that there is any depreciation of the financial assets available for sale that are not publicly traded in the interim period. In this framework, reasonable valuation studies on the related assets were made on 31 December 2018 and have not been updated interim periodically.

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NOTE 7 - FINANCIAL LIABILITIES

	31 March 2019		31 December 2018	
	Effective interest rate per annum (%) (*)	TL	Effective interest rate per annum (%) (*)	TL
TL denominated bank borrowings	14.95 - 20.50	47,049	14.95 - 15.40	35,870
Finance lease payables		8,071		32
<b>Short-term bank borrowings</b>		<b>55,120</b>		<b>35,902</b>
TL denominated bank borrowings	21.05 - 24.20	48,000	21.05 - 24.20	48,076
Finance lease payables		7,014		-
<b>Long-term bank borrowings</b>		<b>55,014</b>		<b>48,076</b>
<b>Total financial liabilities</b>		<b>110,134</b>		<b>83,978</b>

(\*) Annual weighted average interest rate of TL denominated short-term bank borrowings is 18.37% (31 December 2018: 15.18%).

The redemption schedule of borrowings at is as follows:

	31 March 2019	31 December 2018
1 year	55,120	35,902
1 - 2 years	55,014	48,076
<b>Total</b>	<b>110,134</b>	<b>83,978</b>

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**NOTE 8 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

**a) Balances with related parties at 31 March 2019 and 31 December 2018:**

	31 March 2019	31 December 2018
<b>Short-term trade receivables from related parties</b>		
<b>Due from shareholders</b>		
Eczacıbaşı Holding A.Ş.	772	446
	<b>772</b>	<b>446</b>
<b>Due from joint ventures</b>		
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri Sanayi ve Ticaret A.Ş.	3	-
	<b>3</b>	<b>-</b>
<b>Due from associates</b>		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	12	5
Other	3	1
	<b>15</b>	<b>6</b>
<b>Due from other related parties</b>		
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	285	-
İntema Yaşam Ev ve Mutfak Ürünleri Pazarlama ve Ticaret A.Ş.	52	7
Eczacıbaşı Tüketim Ürünleri Sanayi ve Ticaret A.Ş.	32	-
Other	30	9
	<b>399</b>	<b>16</b>
<b>Short-term due from related parties</b>	<b>1,189</b>	<b>468</b>

Average maturity of the Group’s receivables from related parties is 30 days (31 December 2018: 30 days) and is amortised at 23.37% per annum (31 December 2018: 21.51%).

	31 March 2019	31 December 2018
<b>Short-term other payables from related parties</b>		
Eczacıbaşı Holding A.Ş.	8	370
	<b>8</b>	<b>370</b>
<b>Long-term other payables from related parties</b>		
Eczacıbaşı Holding A.Ş.	-	331
	<b>-</b>	<b>331</b>

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

a) Balances with related parties at 31 March 2019 and 31 December 2018 (Continued):

Short-term trade payables to related parties	31 March 2019	31 December 2018
<b>Due to shareholders</b>		
Eczacıbaşı Holding A.Ş.	4,147	4,161
	<b>4,147</b>	<b>4,161</b>
<b>Due to joint ventures</b>		
Eczacıbaşı-Monrol Nükleer Ürünler Sanayi ve Ticaret A.Ş.	3	19
	<b>3</b>	<b>19</b>
<b>Due to associates</b>		
Eczacıbaşı Sağlık Hizmetleri A.Ş.	1	4
	<b>1</b>	<b>4</b>
<b>Due to other related parties</b>		
ESİ Eczacıbaşı Sigorta Acentalığı A.Ş.	1,607	31
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	710	366
Eczacıbaşı Spor Kulübü Derneği	200	600
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	114	1,532
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	7	278
İntema Yaşam Ev ve Mutfak Ürünleri Pazarlama San. ve Tic. A.Ş.	-	77
	<b>2,638</b>	<b>2,884</b>
	<b>6,789</b>	<b>7,068</b>
Deferred credit finance expenses (-)	(3)	(3)
<b>Short-term due to related parties</b>	<b>6,786</b>	<b>7,065</b>
Average maturity of the Group’s payables to related parties is 30 days (31 December 2018: 30 days) and is amortised at 23.49% per annum (31 December 2018: 21.11%).		
	<b>31 March 2019</b>	<b>31 December 2018</b>
<b>Short term lease due to related parties</b>		
Eczacıbaşı Holding A.Ş.	2,635	-
	<b>2,635</b>	<b>-</b>
<b>Long term lease due to related parties</b>		
Eczacıbaşı Holding A.Ş.	5,409	-
	<b>5,409</b>	<b>-</b>
<b>Deferred income from related parties</b>		
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ür. San. ve Tic. A.Ş. (Note 12)	19,498	19,498
<b>Deferred income from related parties</b>	<b>19,498</b>	<b>19,498</b>

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

b) Other transactions with related parties for the interim periods ended 31 March:

	2019	2018
<b>Product sales</b>		
Eczacıbaşı Tüketim Ürünleri Sanayi ve Ticaret A.Ş.	27	-
İntema İnşaat ve Tesisat Malzemeleri ve Pazarlama A.Ş.	5	-
Other	15	-
	<b>47</b>	<b>-</b>
<b>Service sales</b>		
Eczacıbaşı Holding A.Ş.	855	713
	<b>855</b>	<b>713</b>
<b>Product purchases</b>		
İntema İnşaat ve Tesisat Malzemeleri ve Pazarlama A.Ş.	5	-
Diğer	-	2
	<b>5</b>	<b>2</b>
<b>Service purchases</b>		
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	2,271	1,610
Eczacıbaşı Spor Kulübü Derneği	725	635
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	310	275
Eczacıbaşı Sağlık Hizmetleri A.Ş.	11	17
Other	3	-
	<b>3,320</b>	<b>2,537</b>
<b>Management and royalty fees paid to related parties</b>		
Eczacıbaşı Holding A.Ş. (*)	2,053	1,947
	<b>2,053</b>	<b>1,947</b>

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

The Group purchases sanitary ware and related consumable products from İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş..

The Group renders services related to administration of Kanyon complex from Kanyon Yönetim İşletim ve Pazarlama A.Ş.; advertisement services from Eczacıbaşı Spor Kulübü; health services from Eczacıbaşı Sağlık Hizmetleri A.Ş.; and various other services from other group companies.

Within the scope of Ormanada project which is jointly carried out within the scope of real estate activities, the Group provides supervision, monitoring and sub-contracting services to Eczacıbaşı Holding A.Ş..

As of 31 March 2019 and 31 December 2018, the Group does not have any contingent assets or liabilities arising from transactions with related parties.



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

c) Other transactions with related parties for interim periods ended 31 March:

Rent income received from related parties (*)	2019	2018
Eczacıbaşı Holding A.Ş.	1,614	1,233
İntema Yaşam Ev ve Mutfak Ürünleri Pazarlama San. ve Tic. A.Ş.	157	-
ESİ Eczacıbaşı Sigorta Acentalığı A.Ş.	84	64
Other	19	141
	<b>1,874</b>	<b>1,438</b>

(\*) The Group earns rental income from the office block of Kanyon.

Rent expenses paid to related parties

Eczacıbaşı Holding A.Ş.	42	764
Other	79	215
	<b>121</b>	<b>979</b>

Other expenses paid to related parties

Kanyon Yönetim İşletim ve Pazarlama A.Ş.	163	198
Eczacıbaşı Holding A.Ş.	293	94
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	14	14
Diğer	1	45
	<b>471</b>	<b>351</b>

Asset acquisitions from related parties

Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	273	119
	<b>273</b>	<b>119</b>

Benefits provided to top management:

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

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

Details of compensation provided to key management personnel for the year ending as of 31 March 2019 and 31 March 2018 are as follows:

	2019	2018
Short term benefits provided to key management personnel	1,793	1,927
Long term benefits provided to key management personnel	-	240
	<b>1,793</b>	<b>2,167</b>

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**NOTE 9 - TRADE RECEIVABLES AND PAYABLES**

**a) Trade receivables**

<b>Short-term trade receivables</b>	<b>31 March 2019</b>	<b>31 December 2018</b>
Trade receivables	168,211	128,558
Notes receivables	55,133	45,150
Income accruals	3,132	17,396
	<b>226,476</b>	<b>191,104</b>
Deferred credit finance income (-)	(6,222)	(1,970)
Provision for doubtful receivables (-)	(3,467)	(3,467)
<b>Short-term trade receivables, net</b>	<b>216,787</b>	<b>185,667</b>

Average maturity of the Group’s receivables is 75 days (31 December 2018: 41 days) and TL denominated trade receivables are amortised at 23.52% per annum (31 December 2018: 21.11%).

Movement of provision for doubtful receivables is presented below:

	<b>2019</b>	<b>2018</b>
As of 1 January	3,467	2,358
Current year additions (Note 24)	-	1,133
Reversal of provisions (-)	-	(28)
<b>As of 31 March</b>	<b>3,467</b>	<b>3,463</b>

Maximum credit risk and aging analysis related to trade receivables are included in Note 29.

**b) Trade payables**

<b>Short-term trade payables</b>	<b>31 March 2019</b>	<b>31 December 2018</b>
Trade payables	191,472	186,352
Expense accruals	6,273	1,660
Deferred credit finance expenses (-)	(1,280)	(1,396)
<b>Short-term trade payables, net</b>	<b>196,465</b>	<b>186,616</b>

Average maturity of the Group’s payables is 112 days (31 December 2018: 64 days) and TL denominated trade payables are amortised at 23.46% per annum (31 December 2018: 21.02%), EUR denominated trade payables are amortised at 0% per annum (31 December 2018: 0%) and USD denominated payables are amortised at 1.78% per annum (31 December 2018: 2.12%).

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NOTE 10 - OTHER RECEIVABLES AND PAYABLES

	31 March 2019	31 December 2018
<b>Other current assets</b>		
Other	86,010	120
<b>Other current assets, net</b>	<b>86,010</b>	<b>120</b>
<b>Other non-current assets</b>		
Deposits and collaterals given	12	12
<b>Other non-current assets, net</b>	<b>12</b>	<b>12</b>
<b>Short-term other liabilities</b>		
Deposits and collaterals received	4,038	3,826
Taxes payable	2,922	2,233
Other	64	64
<b>Short-term other liabilities, net</b>	<b>7,024</b>	<b>6,123</b>

NOTE 11 - INVENTORIES

	31 March 2019	31 December 2018
Raw materials and supplies	11,171	11,895
Work in progress	28,384	30,192
Finished goods	13,047	14,947
Trade goods	12,927	18,319
Other inventories	2,947	2,603
Lands and houses (*)	13,077	13,076
	<b>81,553</b>	<b>91,032</b>
Provision for diminution in value of inventories (-)	(3,509)	(3,496)
	<b>78,044</b>	<b>87,536</b>

(\*) Lands and houses contains undelivered houses cost of land of purchased by the Group in Zekeriyaköy as part of real estate development activities and project development costs incurred.

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

	2019	2018
As of 1 January	3,496	2,037
Current year additions	13	402
<b>As of 31 March</b>	<b>3,509</b>	<b>2,439</b>

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**NOTE 12 - PREPAID EXPENSES AND DEFERRED INCOME**

	<b>31 March 2019</b>	<b>31 December 2018</b>
<b>Short-term prepaid expenses</b>		
Prepaid expenses	4,088	2,202
Advances given	257	320
	<b>4,345</b>	<b>2,522</b>
<b>Long-term prepaid expenses</b>		
Prepaid expenses	1,296	964
Advances given to subcontractors	172	172
	<b>1,468</b>	<b>1,136</b>
<b>Short-term deferred income</b>		
Advances received	165	332
Unearned revenue	120	118
	<b>285</b>	<b>450</b>
<b>Long-term deferred income</b>		
Deferred income from related parties (Note 8) (*)	19,498	19,498
	<b>19,498</b>	<b>19,498</b>

(\*) 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 13 - CURRENT INCOME TAX ASSETS**

<b>Current income tax assets</b>	<b>31 March 2019</b>	<b>31 December 2018</b>
Prepaid taxes and withholding taxes	454	13,810
	<b>454</b>	<b>13,810</b>

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NOTE 14 - INVESTMENT PROPERTIES

	1 January 2019	Additions	Transfers	Disposals	31 March 2019
<b>Cost</b>					
Kanyon	237,568	555	-	-	238,124
Buildings	54,853	27	-	(1,751)	53,129
Lands and land improvements	153,094	550	-	-	153,644
	<b>445,515</b>	<b>1,133</b>	<b>-</b>	<b>(1,751)</b>	<b>444,897</b>
<b>Accumulated depreciation</b>					
Kanyon	66,160	1,335	-	-	67,495
Buildings	21,732	161	-	(52)	21,841
Lands and land improvements	440	-	-	-	440
	<b>88,332</b>	<b>1,496</b>	<b>-</b>	<b>(52)</b>	<b>89,776</b>
<b>Carrying amount</b>	<b>357,183</b>				<b>355,121</b>

	1 January 2018	Additions	Transfers	Disposals	31 March 2018
<b>Cost</b>					
Kanyon	230,475	20	-	-	230,495
Buildings (*)	61,690	884	4,936	(1,689)	65,821
Land and land improvements	152,544	-	-	-	152,544
	<b>444,709</b>	<b>904</b>	<b>4,936</b>	<b>(1,689)</b>	<b>448,860</b>
<b>Accumulated depreciation</b>					
Kanyon	60,988	1,293	-	-	62,281
Buildings	21,492	230	-	(8)	21,714
Land and land improvements	440	-	-	-	440
	<b>82,920</b>	<b>1,523</b>	<b>-</b>	<b>(8)</b>	<b>84,435</b>
<b>Carrying amount</b>	<b>361,789</b>				<b>364,425</b>

(\*) Residencies given to rent amounting to TL4,936 thousand are classified from inventory.

For the period ended at 31 March 2019, total rent income of Kanyon shopping center and office complex is amounted to TL22,037 thousand (31 March 2018: TL18,966 thousand) and repair and maintenance expense of the related period is amounted to TL13 thousand (31 March 2018: TL30 thousand).

Total rent income from other investment properties is amounting to TL1,563 thousand (31 March 2018: TL1,685 thousand) for the period ending at 31 March 2019.

As of 31 March 2019 and 31 December 2018, there are no pledges or liens on Group’s investment property.

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**NOTE 14 - INVESTMENT PROPERTIES (Continued)**

**Fair Value**

As of 31 December 2018, fair value of Kanyon is approximately TL847 million which consist of fair value of Kanyon shopping centre amounting TL350 million and fair value of Kanyon Office complex amounting TL497 million which is calculated from net present value of estimated rent income of Kanyon shopping centre and office complex by the Group Management. (31 December 2017: fair value of Kanyon is TL709 million which consist of fair value of Kanyon shopping centre amounting TL287 million and fair value of Kanyon Office complex amounting TL422 million, which is calculated from net present value of estimated rent income of Kanyon shopping centre and office complex).

**Other**

As of 31 December 2018, fair value of other investment properties is amounting to TL579,908 thousand (31 December 2017: TL527,922 thousand). 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.

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NOTE 15 - TANGIBLE ASSETS

	1 January 2019	Additions	Disposals	Transfers	31 March 2019
<b>Cost</b>					
Machinery, plant and equipment	9,920	-	-	-	9,920
Motor vehicles	612	-	-	-	612
Furniture and fixtures	4,922	264	(3)	-	5,183
Leasehold improvements	2,060	-	-	-	2,060
Construction in progress	90	-	-	-	90
Other tangible assets	12,826	27	(2)	-	12,851
	<b>30,430</b>	<b>291</b>	<b>(5)</b>		<b>30,716</b>
<b>Accumulated depreciation</b>					
Machinery, plant and equipment	9,732	8	-	-	9,740
Motor vehicles	187	5	-	-	193
Furniture and fixtures	3,160	199	-	-	3,359
Leasehold improvements	1,888	65	-	-	1,953
Other tangible assets	9,415	252	(1)	-	9,667
	<b>24,382</b>	<b>530</b>	<b>(1)</b>	<b>-</b>	<b>24,911</b>
<b>Carrying amount</b>	<b>6,048</b>				<b>5,805</b>

Allocation of depreciation and amortisation expenses for quarter period 31 March 2019 relating with tangible and intangible assets, investment properties and right of usage assets under TFRS 16 as follows; TL1,535 thousand included in cost of goods sold, TL712 thousand included in general and administrative expenses, TL3,105 thousand included in marketing.

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NOTE 15 - TANGIBLE ASSETS (Continued)

	1 January 2018	Additions	Disposals	Transfers	31 March 2018
<b>Cost</b>					
Machinery, plant and equipment	9,791	174	-	-	9,965
Motor vehicles	485	-	-	-	485
Furniture and fixtures	4,605	21	(417)	-	4,209
Leasehold improvements	1,971	79	-	-	2,050
Other tangible assets	11,549	314	-	-	11,863
	<b>28,401</b>	<b>588</b>	<b>(417)</b>	<b>-</b>	<b>28,572</b>
<b>Accumulated depreciation</b>					
Machinery, plant and equipment	9,702	18	-	-	9,720
Motor vehicles	184	-	-	-	184
Furniture and fixtures	2,403	182	(205)	-	2,380
Leasehold improvements	1,595	53	-	-	1,648
Other tangible assets	8,451	240	-	-	8,691
	<b>22,335</b>	<b>493</b>	<b>(205)</b>	<b>-</b>	<b>22,623</b>
<b>Carrying amount</b>	<b>6,066</b>				<b>5,949</b>

Allocation of depreciation and amortisation expenses for quarter period 31 March 2018 is as follows: TL2,433 thousand included in cost of goods sold, TL332 thousand included in general and administrative expenses, TL782 thousand included in marketing expenses.



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NOTE 16 - INTANGIBLE ASSETS

	1 January 2019	Additions	Disposals	31 March 2019
<b>Cost</b>				
Rights	8,232	82	-	8,314
Computer software	7,175	94	-	7,269
Construction in progress	9,487	252	-	9,739
Other intangible assets	282	-	-	282
	<b>25,176</b>	<b>428</b>	<b>-</b>	<b>25,604</b>
<b>Accumulated amortisation</b>				
Rights	4,594	344	-	4,938
Computer software	5,955	222	-	6,177
Other intangible assets	231	8	-	239
	<b>10,780</b>	<b>574</b>	<b>-</b>	<b>11,354</b>
<b>Net book value</b>	<b>14,396</b>			<b>14,250</b>

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NOTE 16 - INTANGIBLE ASSETS (Continued)

	1 January 2018	Additions	Disposals	31 March 2018
<b>Cost</b>				
Rights	7,037	368	-	7,405
Computer software	6,414	847	-	7,261
Construction in progress	5,299	3,964	-	9,263
Other intangible assets	226	28	(3)	251
	<b>18,976</b>	<b>5,207</b>	<b>(3)</b>	<b>24,180</b>
<b>Accumulated amortisation</b>				
Rights	3,092	355	-	3,447
Computer software	5,074	726	-	5,800
Other intangible assets	190	10	(3)	197
	<b>8,356</b>	<b>1,091</b>	<b>(3)</b>	<b>9,444</b>
<b>Net book value</b>	<b>10,620</b>			<b>14,736</b>

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

a) Provisions:

	31 March 2019	31 December 2018
Provision for litigations	1,482	1,453
	<b>1,482</b>	<b>1,453</b>

Provision for litigations:

The Group has provided provision for the lawsuits filed against the Group in the amount of TL1,482 thousand (31 December 2018: TL1,453 thousand) based on the legal opinions taken on juridical, labour, commercial and administrative litigations and the assessment of similar litigations’ consequences in the past. Movement of the provision for litigations are stated below:

	2019	2018
As of 1 January	1,453	894
Charge for the period (Note 24)	29	41
<b>As of 31 March</b>	<b>1,482</b>	<b>935</b>

b) Contingent assets

Appeal for return of tax penalty paid:

The Competition Authority decided to conduct an inquiry for 8 companies, including EİP, regarding tender of the Training Hospitals. As a result of the inquiry, a decision was made by the Competition Board at 19 January 2007 and announced to the parties. With this decision, an administrative penalty amounting to TL1,211 thousand, equivalent of 0.75% of the net sales of 2001, has been imposed on EİP. Regarding the penalty mentioned a reduced payment of TL908 thousand has been made for early payment; there are no additional liabilities attributable to the penalty. The Group has applied to the Council of State for the refund of the penalty.

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

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

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 favour of the Company. Based on that report, TL3,113 thousand regarding the tax and TL3,113 thousand regarding the penalty have been levied against the Company by the Büyük Mükellefler Tax Administration.

Büyük Mükellefler Tax Administration has applied to the Council of State for the appeal of this lawsuit. The Company responded to the petition of the defendant and sent to the State Council. The lawsuit is still in progress in Council of State. There has been no changes in current period.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS  
(Continued)

c) Contingent liabilities (Continued)

II- Tax and tax related penalties and litigation of the Group’s subsidiary EİP (Continued):

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. There has been no changes in current period.

d) Guarantees given and taken

	31 March 2019			
	USD	EUR	TL	Total
<b>Guarantees given</b>				
Letters of guarantee	-	-	1,630	1,630
	-	-	<b>1,630</b>	<b>1,630</b>
<b>Guarantees received</b>				
Letters of guarantee	9,967	-	41,901	51,868
Guarantee bill	827	-	291	1,118
	<b>10,794</b>	-	<b>42,192</b>	<b>52,986</b>
	31 December 2018			
	USD	EUR	TL	Total
<b>Guarantees given</b>				
Letters of guarantee	-	-	1,639	1,639
	-	-	<b>1,639</b>	<b>1,639</b>
<b>Letters of guarantee</b>				
Letters of guarantee	9,671	-	45,301	54,972
Guarantee bill	773	-	290	1,063
	<b>10,444</b>	-	<b>45,591</b>	<b>56,035</b>

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

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS  
(Continued)

d) Guarantees given and taken (Continued)

Collateral/pledge/mortgage (“CPM”) position of the Group. as of 31 March 2019 and 31 December 2018 is as follows:

	31 March 2019	31 December 2018
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	-	-
	<b>189</b>	<b>189</b>

Proportion of other CPMs given to the Group’s equity as of 31 March 2019 is 0% (31 December 2018: 0%).

NOTE 18 - EMPLOYEE BENEFITS

	31 March 2019	31 December 2018
<b>Employee benefit obligations</b>		
Social security premiums payable	3,186	941
Wages payable to employees	34	119
	<b>3,220</b>	<b>1,060</b>
<b>Short term provisions for employee benefits</b>		
Provision for unused vacations	3,561	2,956
	<b>3,561</b>	<b>2,956</b>

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**NOTE 18 - EMPLOYEE BENEFITS (Continued)**

**Provision for unused vacations:**

Movements in the provision for unused vacation are as follows as of 31 March:

	2019	2018
As of 1 January	2,956	2,751
Charge for the period (Note 22)	624	402
Payments during the period (-)	(19)	(22)
<b>As of 31 March</b>	<b>3,561</b>	<b>3,131</b>

**Long term provisions for employee benefits**

	31 March 2019	31 December 2018
Provision for employment termination benefit	4,596	4,079
	<b>4,596</b>	<b>4,079</b>

**Provision for employment termination benefits:**

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

As of 31 March 2019, the amount payable consists of one month’s salary limited to a maximum of TL6,017.60 (31 December 2018: TL 5,434.42) 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:

	31 March 2019	31 December 2018
Discount rate (%)	4.78	4.78
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.

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**NOTE 18 - EMPLOYEE BENEFITS (Continued)**

**Long term provisions for employee benefits (Continued)**

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

	<b>2019</b>	<b>2018</b>
As of 1 January	4,079	2,953
Charge for the period (Note 22)	538	617
Payments during the period (-)	(21)	-
<b>As of 31 March</b>	<b>4,596</b>	<b>3,570</b>

**NOTE 19 - OTHER ASSETS AND LIABILITIES**

	<b>31 March 2019</b>	<b>31 December 2018</b>
<b>Other current assets</b>		
Advances given to personnel	1,677	30
VAT receivables	733	815
	<b>2,410</b>	<b>845</b>
<b>Other non-current assets</b>		
VAT receivables	10,802	12,198
	<b>10,802</b>	<b>12,198</b>
<b>Other current liabilities</b>		
Other	192	112
	<b>192</b>	<b>112</b>

**NOTE 20 - 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, Sanayi ve Ticaret A.Ş.’s subscribed, historical and authorised share capital for the years ended at 31 March 2019 and 31 December 2018 are as follows:

	<b>31 March 2019</b>	<b>31 December 2018</b>
Limit on registered share capital (historical value)	1,920,000	1,920,000
Authorised share capital approved with nominal value	685,260	685,260

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**NOTE 20 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)**

At 31 March 2019 and 31 December 2018, the shareholders of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and their proportion of ownership interests in historical share capital are as follows:

<b>Shareholders</b>	<b>(%)</b>	<b>31 March 2019</b>	<b>(%)</b>	<b>31 December 2018</b>
Eczacıbaşı Holding A.Ş.	50.62	346,845	50.62	346,845
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	29.67	203,295	29.67	203,295
Other (Listed) (*)	19.72	135,120	19.72	135,120
<b>Total</b>	<b>100.00</b>	<b>685,260</b>	<b>100.00</b>	<b>685,260</b>
Adjustment to share capital		105,777		105,777
<b>Total authorised share capital</b>		<b>791,037</b>		<b>791,037</b>

(\*) Within the framework of Capital Markets Board’s decision, dated 23 July 2010 and numbered 21/655, actual rates of the shares in circulation of the listed companies in BIST are announced on a weekly basis starting from the period ended 30 September 2010, became effective as of 1 October 2010 by the Central Registry Agency (“CRA”). According to the report published by CRA on 31 March 2019 19.64% (31 December 2018: 19.70%) of the Group’s shares in circulation are presented in the other group.

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

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company’s paid-in/authorised share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in/authorised share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in/authorised share capital. Total amount of legal reserves of the Company is TL149,854 thousand (31 December 2018: TL149,854 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 31 March 2019 and 31 December 2018 are as follows:

	<b>31 March 2019</b>	<b>31 December 2018</b>
Legal reserves	149,854	149,854
Gain on sale of shares of associates	48,843	48,843
Corporate tax deduction	1,000	1,000
	<b>199,697</b>	<b>199,697</b>



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NOTE 21 - REVENUE

	1 January - 31 March 2019	1 January - 31 March 2018
Domestic sales	246,224	230,450
Exports	450	184
<b>Gross sales</b>	<b>246,674</b>	<b>230,634</b>
Sales returns (-)	(681)	(1,272)
Sales discounts (-)	(37,721)	(36,274)
<b>Net sales</b>	<b>208,272</b>	<b>193,088</b>
Cost of sales (-)	(132,253)	(118,266)
<b>Gross profit</b>	<b>76,019</b>	<b>74,822</b>

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES, MARKETNG EXPENSES

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Marketing expenses</b>		
Personnel expenses	13,566	15,276
Advertisement, presentation and promotion expenses	7,002	9,377
Depreciation and amortisation expenses (Notes 14, 15, 16 and 2.2.1)	3,105	782
Transportation, distribution and warehousing expenses	2,299	2,018
Fuel, energy and water expenses	784	846
Travelling expenses	599	681
Rent expenses	355	1,481
Technical support, license and know-how expenses	303	219
Education expenses	146	1,510
Outsourcing services expenses	109	147
Consultancy expenses	73	79
Other	513	324
	<b>28,854</b>	<b>32,740</b>
<b>General administrative expenses</b>		
Personnel expenses	5,667	5,994
Consultancy expenses	2,561	2,878
Depreciation and amortisation expenses (Notes 14, 15, 16 and 2.2.1)	712	332
Provision for unpaid vacation (Note 18)	624	402
Provision for employment termination benefits (Note 18)	538	617
Maintenance expenses	276	199
Rent expenses	195	1,369
Miscellaneous taxes	146	50
Other	2,393	2,780
	<b>13,112</b>	<b>14,621</b>

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NOTE 23 - EXPENSES BY NATURE

	1 January - 31 March 2019	1 January - 31 March 2018
Purchase and consumption of inventories	134,268	97,766
Personnel expenses	19,233	21,270
Advertisement and promotion expenses	7,817	10,102
Depreciation and amortisation expense (Notes 14, 15 and 16)	5,352	3,107
Consultancy expense	2,634	2,957
Transportation, distribution and warehousing expenses	2,299	2,018
Provision for unpaid vacation	624	402
Rent expenses	550	2,850
Provision for employment termination benefits (Note 18)	538	617
Changes in commercial inventories	(5,379)	(17,125)
Other	6,282	7,413
	<b>174,218</b>	<b>165,627</b>

NOTE 24 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Other operating income</b>		
Foreign exchange gains from bank deposits	34,371	30,601
Credit finance income	7,210	3,943
Interest income from bank deposits	6,773	5,966
Foreign exchange gains from trade receivables and payables	1,708	65
Other	179	688
	<b>50,241</b>	<b>41,263</b>
<b>Other operating expenses</b>		
Foreign exchange losses from trade receivables and payables	7,567	2,914
Foreign exchange losses from bank deposits	3,232	1,823
Credit finance expenses	2,242	1,380
Donation expenses	66	37
Provision expense for legal case (Note 17)	29	41
Provision for doubtful receivables (Note 9)	-	1,133
Provision for diminution in value of inventories	-	402
Other	193	2,284
	<b>13,329</b>	<b>10,014</b>

NOTE 25 - INCOME FROM INVESTING ACTIVITIES

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Income from investment activities</b>		
Earnings from disposal of financial assets (Note 3)	33,124	-
Earnings from disposal of fixed assets	43	-
Dividend income	2	-
Other	281	-
	<b>33,450</b>	<b>-</b>

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NOTE 26 - FINANCIAL INCOME/EXPENSES

	1 January - 31 March 2019	1 January - 31 March 2018
<b>Financial income</b>		
Foreign currency differences income	610	-
Derivative transactions income	-	966
	<b>610</b>	<b>966</b>
<b>Financial expenses</b>		
Derivative transactions expenses	21,048	1,766
Interest expense from bank borrowings	4,420	1,146
Foreign exchange losses	396	33
Commissions of letter of guarantees	113	97
Other	703	28
	<b>26,680</b>	<b>3,070</b>

NOTE 27 - TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)

a)	Current income tax on profits	31 March 2019	31 December 2018
	Corporate and income taxes payable (Company)	14,487	53,075
	Prepaid taxes (Company)	(12,950)	(64,949)
		<b>1,537</b>	<b>(11,874)</b>
	Corporate and income taxes payable (Subsidiary)	-	-
	Prepaid taxes (Subsidiary)	(1,991)	(1,936)
		<b>(1,991)</b>	<b>(1,936)</b>
	<b>Current income tax assets, (net)</b>	<b>(454)</b>	<b>(13,810)</b>

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

Corporate Tax Law is changed with Law No, 5520 dated 13 June 2006, and most of the articles of mentioned law have become effective as of 1 January 2006. Accordingly, corporate tax rate in Turkey is 22% for 2019 (2018: 22%). Corporation tax is payable on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment incentive allowance, etc.) and corporate income tax deductions (like research and development expenditures deduction). No further tax is payable unless the profit is distributed except withholding tax at the rate of 19.8% on the investment incentive allowance utilised within the scope of the Income Tax Law transitional Article 61.

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

Corporations are required to pay advance corporation tax quarterly at the rate of 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.

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**NOTE 27- TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)  
(Continued)**

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

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 interim period ended 2019 and year ended 2018.

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

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

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

The taxes on income reflected to the consolidated income statement of the interim periods ended 31 March are summarized below:

	<b>1 January - 31 March 2019</b>	<b>1 January - 31 March 2018</b>
Current income tax expenses (-)	(14,487)	(9,805)
Deferred tax income/expenses	2,870	(726)
<b>Total tax expense (-)</b>	<b>(11,617)</b>	<b>(10,531)</b>

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

	<b>2019</b>	<b>2018</b>
<b>Profit before tax</b>	<b>3,065</b>	<b>62,109</b>
Current year corporation tax expense	(674)	(13,664)
Tax losses disregarded in the calculation of deferred tax	1,194	-
Items disregarded in the calculation of deferred tax	4,429	1,902
Equity method accounting	(16,562)	1,236
Tax effect of disallowable expenses	(35)	(5)
Other	31	-
<b>Total tax expenses (-)</b>	<b>(11,617)</b>	<b>(10,531)</b>

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NOTE 27- TAXES ON INCOME (DEFERRED TAX ASSET AND LIABILITIES INCLUDED)  
(Continued)

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/IFRS 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/IFRS. The tax rate used for deferred tax assets and liabilities is 22% (31 December 2018: 22%).

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 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 March 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 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 March 2019.

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at 31 March 2019 and 31 December 2018 using the enacted tax rates is as follows:

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Difference between the tax base and carrying amount of investment property plant and equipment and intangible assets	(1,609)	(10,701)	354	2,356
Derivative financial instruments	(14,524)	-	3,195	-
Deferred revenue	(6,222)	(1,970)	1,369	433
Carry forward tax losses	(5,427)	(7,379)	1,194	1,623
Provision for employment termination benefits	(4,596)	(4,079)	1,011	897
Provision for doubtful receivables	(3,467)	(2,873)	763	632
Provision for unused vacation	(3,561)	(2,956)	783	650
Difference between the tax base and carrying amount of inventories	(3,509)	(3,496)	772	769
Provision for litigations	(1,482)	(1,453)	326	320
Liabilities from financial lease	(320)	-	70	-
Other	(1,803)	-	397	-
<b>Deferred tax assets (**)</b>			<b>10,234</b>	<b>7,680</b>
Fair value differences of available for-sale financial assets (*)	2,863,679	2,863,679	(143,184)	(143,184)
Deferred credit finance expenses	16,546	17,986	(3,641)	(3,957)
<b>Deferred tax liabilities (-) (**)</b>			<b>(146,825)</b>	<b>(147,141)</b>
<b>Deferred tax liabilities, net</b>			<b>(139,786)</b>	<b>(139,461)</b>

(\*) Difference between fair value and book value amounts to TL2,863,679 thousand (31 December 2018: TL2,863,679 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 TL146,825 thousand (31 December 2018: TL147,141 thousand) and deferred tax liability amounting to TL10,234 thousand (31 December 2018: TL7,680 thousand) presented in the financial statements, which are calculated on a separate entity basis for all companies included in the scope of consolidation.

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(Continued)

b) Deferred tax (Continued)

As a result of the evaluations made, it is probable that the Group will be able to deduct the temporary differences that can be deducted from the deductible temporary differences amounting to TL5,382 thousand (31 December 2018: TL4,931 thousand) as of 31 March 2019 from the deductible temporary differences amounting to TL1,184 thousand (31 December 2018: TL986 thousand) have not been recognized in the deferred tax asset.

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

	31 March 2019	31 December 2018
Ends in 2020	1,183	1,183
Ends in 2021	1,634	1,634
Ends in 2022	2,114	2,114
Ends in 2023	451	-
	<b>5,382</b>	<b>4,931</b>

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

The movement of deferred tax liabilities in the period is as follows:

	2019	2018
As of 1 January	(139,461)	(115,845)
Current year deferred tax expense	(325)	(726)
<b>As of 31 March</b>	<b>(139,786)</b>	<b>(116,571)</b>

NOTE 28 - EARNINGS PER SHARE

	31 March 2019	31 March 2018
<b>Net (loss)/gain attributable to equity holders of the Company</b>	<b>(8,550)</b>	<b>51,570</b>
(Loss)/Profit from continuous operations	(8,550)	51,570
Weighted average number of ordinary shares with face value of Kr 1 each	68,526,000,000	68,526,000,000
<b>Earning per share (Kr)</b>	<b>(0.0125)</b>	<b>0.0752</b>
Basic earnings per share from continuous operations	(0.0125)	0.0752

For the three months period ended, consolidated net period loss increased by TL699 thousand and earnings per share decreased by TL0.001 as a result of transition to TFRS 16.

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**NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

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

**a) Credit risk**

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

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit risk (Continued)

Details of credit and receivable risk as of 31 March 2019 are as follows:

Credit risks exposed by types of financial instruments	Receivables				Deposits in banks	Other (*)
	Trade receivables		Other receivables			
	Related parties	Other	Related parties	Other		
<b>Maximum credit risk exposed as of 31 March 2019</b>						
(A+B+C+D) (**)	1,189	216,787	8	86,022	663,150	4,819
- Secured portion of the maximum credit risk by guarantees	-	70,754	-	-	-	-
A. Net book value of financial assets that are neither past due not impaired	1,189	211,475	8	86,022	663,150	4,819
B. Carrying value of financial assets that are past due but not impaired (***)	-	5,312	-	-	-	-
C. Net book value of the impaired assets						
- Past due (gross carrying amount)	-	3,467	-	-	-	-
- Impairment (-)	-	(3,467)	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
- Not overdue (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured portion of the net carrying value by guarantees, etc.	-	-	-	-	-	-
D. Off-balance sheet items include credit risk	-	-	-	-	-	-

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

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

(\*\*\*) As of 31 March 2019, the aging explanations related with past due but not impaired assets indicated in the aging table of “Past due but not impaired trade receivables”.



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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

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

Credit risks exposed by types of financial instruments	Receivables				Deposits in banks	Other (*)
	Trade receivables		Other receivables			
	Related parties	Other	Related parties	Other		
<b>Maximum credit risk exposed as of 31 December 2018</b> <b>(A+B+C+D) (**)</b>	<b>468</b>	<b>185,667</b>	<b>701</b>	<b>132</b>	<b>619,885</b>	<b>4,538</b>
- Secured portion of the maximum credit risk by guarantees	-	64,870	-	-	-	-
A. Net book value of financial assets that are neither past due not impaired	468	180,988	701	132	619,885	4,538
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)	-	3,467	-	-	-	-
- Impairment (-)	-	(3,467)	-	-	-	-
- 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 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”.

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

a) Credit risk (Continued)

Details of the past due but not impaired receivables for the years ended at 31 March 2019 and 31 December 2018 are as follows:

31 March 2019	Trade receivables from		
	Related parties	Other	Other
Past due up to 30 days	-	1,786	-
Past due 1 - 3 months	-	1,042	-
Past due 3 - 12 months	-	680	-
Past due 1 - 5 year (*)	-	1,804	-
	-	5,312	-

31 December 2018	Trade receivables from		
	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	-

(\*) 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:

	31 March 2019					More than 5 years (IV)
	Carrying value	Total contractual cash outflow (I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	
<b>Non-derivative financial liabilities</b>						
Payables from leases	23,129	23,129	6,556	6,950	9,623	-
Financial liabilities	95,049	122,288	9,537	50,576	62,175	-
Trade payables due to related parties	6,786	6,789	6,789	-	-	-
Other trade payables	196,465	197,745	180,744	10,573	6,428	-
Other payables and liabilities	66,687	66,687	-	66,687	-	-
<b>Total non-derivative financial liabilities</b>	<b>388,116</b>	<b>416,638</b>	<b>203,626</b>	<b>134,786</b>	<b>78,226</b>	<b>-</b>

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

b) Liquidity risk (Continued)

Non-derivative financial liabilities	Carrying value	31 December 2018				
		Total contractual cash outflow (I+II+III+IV)	Up to 3 months (I)	3-12 months (II)	1-5 years (III)	More then 5 years (IV)
Other financial liabilities	83,978	108,565	23,679	21,218	63,668	-
Trade payables due to related parties	7,065	7,068	7,068	-	-	-
Other trade payables	186,616	188,012	188,012	-	-	-
Other payables and liabilities	7,295	7,295	-	7,295	-	-
<b>Total non-derivative financial liabilities</b>	<b>284,954</b>	<b>310,940</b>	<b>218,759</b>	<b>28,513</b>	<b>63,668</b>	<b>-</b>

c) Market risk

i) Cash flow and fair value interest rate risk

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

The Group is exposed to interest rate risk through floating interest rates bank borrowings. The Group is also exposed to fair value interest risk through fixed rate bank borrowings.

Financial instruments with fixed interest rates	31 March 2019	31 December 2018
<b>Financial assets</b>		
Cash and cash equivalents	663,161	619,899
<b>Financial liabilities</b>		
Financial liabilities	95,049	83,978

As disclosed above the Group’s financial instruments have fixed interest rates. However as indicated in Note 5, 7, the maturities of cash and cash equivalents are 1 month or less, while the maturity of financial liabilities is 2 years or less. Therefore those financial instruments are interest sensitive and the impact on the profit or loss of 100 basis points change in the interest rates is as follows:

At 31 March 2019, if interest rates at contractual re-pricing dates of TL denominated financial liabilities with variable interest rates has strengthened/weakened by 100 basis points (1%) against TL with all other variables held constant, profit before tax would have been TL61 thousand (31 December 2018: TL54 thousand) higher / lower as a result of interest expenses.

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (Continued)

ii) Foreign exchange risk

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

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

	31 March 2019			
	Profit/loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of 20% change in USD against TL:</b>				
USD net asset/(liability)	28,975	(28,975)	28,975	(28,975)
Secured position (-)	-	-	-	-
<b>USD net effect</b>	<b>28,975</b>	<b>(28,975)</b>	<b>28,975</b>	<b>(28,975)</b>
<b>In case of 20% change in EUR against TL:</b>				
EUR net asset/(liability)	68,880	(68,880)	68,880	(68,880)
Secured position (-)	-	-	-	-
<b>EUR net effect</b>	<b>68,880</b>	<b>(68,880)</b>	<b>68,880</b>	<b>(68,880)</b>
<b>In case of 20% change in other foreign exchange rates against TL:</b>				
Other foreign currency net asset/(liability)	(3)	3	(3)	3
Secured position (-)	-	-	-	-
<b>Other foreign currencies net effect</b>	<b>(3)</b>	<b>3</b>	<b>(3)</b>	<b>3</b>
<b>Total</b>	<b>97,853</b>	<b>(97,853)</b>	<b>97,853</b>	<b>(97,853)</b>

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (Continued)

iii) Foreign exchange risk

	31 March 2018			
	Profit/loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>In case of 20% change in USD against TL:</b>				
USD net asset/(liability)	32,275	(32,275)	32,275	(32,275)
Secured position (-)	-	-	-	-
<b>USD net effect</b>	<b>32,275</b>	<b>(32,275)</b>	<b>32,275</b>	<b>(32,275)</b>
<b>In case of 20% change in EUR against TL:</b>				
EUR net asset/(liability)	56,161	(56,161)	56,161	(56,161)
Secured position (-)	-	-	-	-
<b>EUR net effect</b>	<b>56,161</b>	<b>(56,161)</b>	<b>56,161</b>	<b>(56,161)</b>
<b>In case of 20% change in other foreign exchange rates against TL:</b>				
Other foreign currency net asset/(liability)	(205)	205	(205)	205
Secured position (-)	-	-	-	-
<b>Other foreign currencies net effect</b>	<b>(205)</b>	<b>205</b>	<b>(205)</b>	<b>205</b>
<b>Total</b>	<b>88,231</b>	<b>(88,231)</b>	<b>88,231</b>	<b>(88,231)</b>

TL equivalents of assets and liabilities held by the Group denominated in foreign currency at 31 March 2018 in consideration of foreign exchange rates are as follows:

	31 March 2019	31 March 2018
USD	5.6284	3.9489
EUR	6.3188	4.8673
GBP	7.3354	5.5385
CHF	5.6393	4.1326

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NOTE 29 - 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 March 2019 were as follows:

	31 March 2019			
	Total TL equivalent	Original amounts		
		USD	EUR	CHF
Trade receivables	766	-	121	-
Monetary financial assets	605,968	39,010	61,152	-
Other	-	-	-	-
<b>Current assets</b>	<b>606,734</b>	<b>39,010</b>	<b>61,273</b>	<b>-</b>
Monetary financial assets	3,604	640	-	-
<b>Non-current assets</b>	<b>3,604</b>	<b>640</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>610,338</b>	<b>39,650</b>	<b>61,273</b>	<b>-</b>
Trade payables	88,803	12,615	2,815	2
Monetary financial assets	3,690	656	-	-
Financial liabilities	5,862	1	926	-
<b>Short term liabilities</b>	<b>98,355</b>	<b>13,272</b>	<b>3,741</b>	<b>2</b>
Financial assets	3,222	-	510	-
Monetary financial liabilities	19,498	637	2,518	-
<b>Long term liabilities</b>	<b>22,720</b>	<b>637</b>	<b>3,028</b>	<b>-</b>
<b>Total liabilities</b>	<b>121,075</b>	<b>13,909</b>	<b>6,769</b>	<b>2</b>
Net asset/(liability) position of derivative financial assets (A-B)	(155,013)	(11,250)	(11,700)	(3,150)
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	155,013	11,250	11,700	3,150
<b>Net foreign currency asset / (liability) position</b>	<b>334,250</b>	<b>14,491</b>	<b>42,804</b>	<b>(3,152)</b>
<b>Net foreign currency asset/(liability) position of monetary items</b>	<b>489,263</b>	<b>25,741</b>	<b>54,504</b>	<b>(2)</b>
Export	-	-	-	-
İmport	66,118	6,584	4,599	-

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NOTE 29 - 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 2018 were as follows:

	31 December 2018			
	Original amounts			
	Total TL equivalent	USD	EUR	CHF
Trade receivables	142	-	24	-
Monetary financial assets	555,603	36,581	60,244	-
Other	-	-	-	-
<b>Current assets</b>	<b>555,745</b>	<b>36,581</b>	<b>60,268</b>	-
Monetary financial assets	3,392	645	-	-
<b>Non-current assets</b>	<b>3,392</b>	<b>645</b>	-	-
<b>Total assets</b>	<b>559,137</b>	<b>37,226</b>	<b>60,268</b>	-
Trade payables	99,413	14,187	3,241	983
Monetary financial assets	3,449	656	-	-
<b>Short term liabilities</b>	<b>102,862</b>	<b>14,843</b>	<b>3,241</b>	<b>983</b>
Financial assets	-	-	-	-
Monetary financial liabilities	19,498	682	2,640	-
<b>Long term liabilities</b>	<b>19,498</b>	<b>682</b>	<b>2,640</b>	-
<b>Total liabilities</b>	<b>122,360</b>	<b>15,525</b>	<b>5,881</b>	<b>983</b>
Net asset/(liability) position of derivative financial assets (A-B)	-	-	-	-
A. Total amount of off-balance sheet derivative financial assets	-	-	-	-
B. Total amount of off-balance sheet derivative financial liabilities	-	-	-	-
<b>Net foreign currency asset / (liability) position</b>	<b>436,777</b>	<b>21,701</b>	<b>54,387</b>	<b>(983)</b>
<b>Net foreign currency asset/(liability) position of monetary items</b>	<b>436,777</b>	<b>21,701</b>	<b>54,387</b>	<b>(983)</b>
Export	18	-	3	-
İmport	248,739	28,864	16,073	-

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c) Market risk (Continued)

	<u>31 March 2019</u>		<u>31 December 2018</u>	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	-	14,524	-	-
	-	<b>14,524</b>	-	-

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

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

	<b>31 March 2019</b>	<b>31 December 2018</b>
Forward foreign exchange contracts	155,013	-
	<b>155,013</b>	-



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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

d) Categories and fair values of financial instruments

31 March 2019	Financial assets at fair value through profit or loss	Financial liabilities stated at amortised cost	Financial assets at fair value in other comprehensive income	Carrying amount	Note
<b><u>Financial assets</u></b>					
Cash and cash equivalents	-	663,161	-	663,161	5
Trade receivables	-	216,787	-	216,787	9
Receivables from related parties	-	1,189	-	1,189	8
Financial investments	4,819	-	3,019,672	3,024,491	6
<b><u>Financial liabilities</u></b>					
Financial liabilities	-	95,049	-	95,049	7
Payables from leases	-	23,129	-	23,129	7, 8
Derivatives financial instruments	-	14,524	-	14,524	
Trade payables	-	196,465	-	196,465	9
Payables to related parties	-	6,786	-	6,786	8

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

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

d) Categories and fair values of financial instruments (Continued)

31 December 2018	Financial assets at fair value through profit or loss	Financial liabilities stated at amortised cost	Financial assets at fair value in other comprehensive income	Carrying amount	Note
<b><u>Financial assets</u></b>					
Cash and cash equivalents	-	619,899	-	619,899	5
Trade receivables	-	185,667	-	185,667	9
Receivables from related parties	-	468	-	468	8
Financial investments	4,538	-	3,019,743	3,024,281	6
<b><u>Financial liabilities</u></b>					
Financial liabilities	-	83,978	-	83,978	7
Trade payables	-	186,616	-	186,616	9
Payables to related parties	-	7,065	-	7,065	8

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

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NOTE 29 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

e) Capital risk management

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

The capital structure of the Company consists of debts including the borrowings and other debts disclosed in Notes 7, 8 and 19, 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 20.

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 31 March 2019 and 31 December 2018, the Group’s net debt/total equity ratio is detailed as follows:

	31 March 2019	31 December 2018
Financial liabilities	118,179	83,978
Less: cash and cash equivalents and current financial investments	(663,161)	(619,899)
<b>Net debt</b>	<b>(544,982)</b>	<b>(535,921)</b>
Total equity	3,989,351	3,997,844
Total capital	3,444,368	3,461,923
<b>Net debt/Total capital</b>	<b>(16%)</b>	<b>(15%)</b>

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

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

- 1) Within the meeting held by Board of Directors on 22 March 2019; Group has decided to sell all 50% shares of Eczacıbaşı Shire to other partner Baxalta GmbH, transfer of share transactions were completed on 29 March 2019 and the transfer fee was collected on 10 April 2019.
- 2) At the Ordinary General Assembly Meeting of Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş. held on 17 April 2019, it was decided to distribute TL750 thousand dividend (The company’s share TL84 thousand).

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