



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR’S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. (the “Company”), which comprise the statement of financial position as at 31 December 2019 and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How audit matters are handled
<p>Financial investments and investments accounted for using the equity method - Fair value measurement of Eczacıbaşı Holding A.Ş.</p> <p>The Company classified its stake in its ultimate parent, Eczacıbaşı Holding A.Ş. as long term financial assets at fair value through other comprehensive income and recorded at fair value in the accompanying financial statements. The Company also owns additional stake in Eczacıbaşı Holding A.Ş. through its associate, accounted for using the equity accounting method, EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. (“EİS”)’s, shares on Eczacıbaşı Holding A.Ş.</p> <p>As a result of the fair value study performed by the Company as of 31 December 2019, the Company recognized its shares in Eczacıbaşı Holding A.Ş. at a fair value of TL 826,040,560 in the accompanying financial statements. In addition to this, though not presented as a sperate financial statement line item, fair value of the shares in Eczacıbaşı Holding A.Ş. that are classified as financial investment in the statement of financial position of EİS amounted to TL 994,565,388 calculated with the Company’s ownership ratio on EİS as of 31 December 2019.</p> <p>We focused on this matter during our audit for the following reasons below:</p> <ul style="list-style-type: none"> - Eczacıbaşı Holding A.Ş. financial investment that is carried at fair value is material to the accompanying financial statements and the related fair value study requires specialist involvement. - The fair value model includes future management estimates (ie. weighted average cost of capital rate, growth rate and minority discount) where realization of such management estimates in the future includes inherent uncertainties. <p>Please refer to Notes 2.3, 2.4, 3 and 19 to the financial statements for the relevant disclosures.</p>	<p>In summary, the following audit procedures are performed in the audit of fair value measurement study of Eczacıbaşı Holding A.Ş.:</p> <ul style="list-style-type: none"> - Mathematical accuracy of the consistency of the information used in fair value study with the financial statements and related calculation are checked. - Valuation methods and technical data used are evaluated, with the support of our specialists, by conducting interviews with the expert and the Company management who carried out the related work. - The expertise of those, who carried out the valuation study, is assessed in accordance with SIA 500 “Audit Evidence”. - Data from external sources, such as “market value” and “similar acquisitions”, used in the valuation models are compared to the relevant independent data sources. - The reasonableness of the key management estimates used in the discounted cash flow models (ie. weighted average cost of capital rate, growth rates and minority discoun) are evaluated with the support of our specialists and the sensitivity analysis performed are checked. In addition, the future revenue estimates used in modeling are compared to the prior period results and future budgets of related companies. - The compliance of the related disclosures with respect to financial investments with TFRS are cecked. <p>Based on the above procedures performed we had no material finding on the financial investments.</p>



4. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 28 February 2020.

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 28 February 2020

ECZACIBAŐI YATIRIM HOLDİNG ORTAKLIĐI A.Ő.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS FOR THE YEAR ENDED
1 JANUARY - 31 DECEMBER 2019**

(ORIGINALLY ISSUED IN TURKISH)

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

(Amount expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Audited 31 December 2019	Audited 31 December 2018
ASSETS			
Cash and cash equivalents	22	105,678,582	44,729,543
Other receivables	5	246,636	246,599
- <i>Other receivables due from other parties</i>		246,636	246,599
Total current assets		105,925,218	44,976,142
Financial investments	3, 19	980,475,892	914,290,504
<i>Financial assets at fair value through other comprehensive income</i>		980,475,892	914,290,504
Right-of-use assets	2.1.7	25,578	-
Investments accounted for using equity accounting method	3, 6	1,280,190,754	1,186,031,630
Intangible assets		4,497	7,697
<i>Other intangible assets</i>		4,497	7,697
Prepaid Expenses	7	29,518	24,510
- <i>Prepaid expenses due to other parties</i>		29,518	24,510
Other non-current assets	10	7,885,315	6,908,849
- <i>Other non-current assets due to other parties</i>		7,885,315	6,908,849
Total non-current assets		2,268,611,554	2,107,263,190
TOTAL ASSETS		2,374,536,772	2,152,239,332

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

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

(Amount expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Note	Audited 31 December 2019	Audited 31 December 2018
LIABILITIES			
Short term borrowings		12,625	-
<i>Short term lease liabilities due from related parties</i>		<i>12,625</i>	<i>-</i>
Short term trade payables	4	617,292	429,308
<i>Short term trade payables due to related parties</i>	3	<i>616,991</i>	<i>428,355</i>
<i>Short term trade payables due to other parties</i>		<i>301</i>	<i>953</i>
Other short-term liabilities	10	110,913	70,117
<i>Other short-term liabilities to other parties</i>		<i>110,913</i>	<i>70,117</i>
Tax liability for the period	17	636,868	119,683
Total current liabilities		1,377,698	619,108
Long term borrowings		15,248	-
<i>Lease liabilities due from related parties</i>		<i>15,248</i>	<i>-</i>
Deferred income		383	383
<i>Deferred income due from related parties</i>		<i>383</i>	<i>383</i>
Deferred tax liabilities	17	43,374,667	39,945,053
Total non-current liabilities		43,390,298	39,945,436
Total Liabilities		44,767,996	40,564,544
Share capital	11	105,000,000	105,000,000
Adjustment to share capital	11	105,173,533	105,173,533
Items that will not be reclassified subsequently to profit or loss		1,580,366,570	1,419,587,862
<i>Gains on financial assets measured at fair value</i>			
<i>through other comprehensive income</i>		<i>1,581,124,134</i>	<i>1,420,345,426</i>
<i>Defined benefit plans re-measurement gains/losses</i>		<i>(757,564)</i>	<i>(757,564)</i>
Items that will be reclassified subsequently to profit or loss		1,876,525	1,876,525
<i>Foreign currency translation differences</i>		<i>1,876,525</i>	<i>1,876,525</i>
Restricted reserves	11	35,622,785	35,622,785
Retained earnings		429,100,813	343,631,914
Net income for the period		72,628,550	100,782,169
Equity attributable to equity holders of the parent		2,329,768,776	2,111,674,788
Non-controlling interest		-	-
Total Equity		2,329,768,776	2,111,674,788
TOTAL LIABILITIES AND EQUITY		2,374,536,772	2,152,239,332

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

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

**STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019**

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

	Notes	Audited 1 January - 31 December 2019	Audited 1 January - 31 December 2018
PROFIT OR LOSS			
Revenue	12	-	27,032,805
Cost of sales (-)	12	-	(25,652,001)
Gross profit		-	1,380,804
GROSS PROFIT		-	1,380,804
General administrative expenses (-)	13	(5,540,758)	(5,748,463)
Marketing expenses (-)	13	-	(46,324)
Other operating income	14	49,627,248	46,517,285
Other operating expenses (-)	14	(6,467,034)	(575,297)
Operating profit		37,619,456	41,798,005
Share of income/(loss) of investments accounted for using equity accounting method	6, 15	39,332,050	61,594,713
Operating income before finance expense		76,951,506	103,392,718
Financial expenses (-)	16	(6,111)	-
Profit before tax from continuing oprations		76,945,395	103,392,718
Tax (expense)/income from continuing operations		(4,316,845)	(2,062,088)
Income tax expenses (-)	17	(4,317,422)	(2,062,088)
Deferred tax income/(expenses)	17	577	-
Net profit from continuing operations		72,628,550	101,330,630
Weighted average number of ordinary shares with face value of KR 1 each	18	0,69	0.97
Profit attributable to			
Non controlling interest		-	548,461
Equity holders of the parent		72,628,550	100,782,169

(*) As explained in Note 1 and Note 23, the Company sold its consolidated subsidiary, Eczacıbaşı Yatırım Ortaklığı A.Ş., on April 9, 2018. Therefore, the financial statements prepared as of 31 December 2019 are presented as unconsolidated financial statements whereas the comparative statement of profit or loss for the period ended at 31 December 2018 which includes financial results of Eczacıbaşı Yatırım Ortaklığı A.Ş. is consisted of consolidated financial statements. The Company has left consolidating its subsidiary from 1 April 2018 on. Thus, the statement of profit or loss of the Company for the period between 1 January - 31 March 2018 includes consolidated financial results whereas the financial results for the accounting period of 1 April - 31 December 2019 includes unconsolidated financial results.

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

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019**

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

	Note	Audited 1 January - 31 December 2019	Audited 1 January - 31 December 2018
Profit for the period		72,628,550	101,330,630
Other comprehensive income/(expenses)			
Items that may be reclassified subsequently to profit or loss		224,215,438	257,189,079
Gains on fair value through other comprehensive income financial assets due to revaluation (**)		96,770,085	136,517,226
Gains on other comprehensive income of investments accounted for using the equity method that will not to be reclassified to profit or loss due to revaluation	6	96,605,194	127,497,714
Share of other comprehensive income of investments accounted for using the equity method that will not to be reclassified to profit or loss (net)		35,270,350	-
Tax liabilities due to items that will not be reclassified subsequently to profit or loss		(3,430,191)	(6,825,861)
Deferred tax expense (-)	17	(3,430,191)	(6,825,861)
Other comprehensive income		224,215,438	257,189,079
Total comprehensive income		296,843,988	358,519,709
Total Comprehensive Income for the period Attributable To:		296,843,988	358,738,540
Non-controlling interests		-	548,461
Owners of the company		296,843,988	357,971,248
Earnings from continuing operations per share	18	2,83	3.41

(*) As explained in Note 1 and Note 23, the Company sold its consolidated subsidiary, Eczacıbaşı Yatırım Ortaklığı A.Ş., on April 9, 2018. Therefore, the financial statements prepared as of 31 December 2019 are presented as unconsolidated financial statements whereas the comparative statement of other comprehensive income for the period ended at 31 December 2018 which includes financial results of Eczacıbaşı Yatırım Ortaklığı A.Ş. is consisted of consolidated financial statements. The Company has left consolidating its subsidiary from 1 April 2018 on. Thus, the statement of other comprehensive income of the Company for the period between 1 January - 31 March 2018 includes consolidated financial results whereas the financial results for the accounting period of 1 April - 31 December 2019 are consisted of unconsolidated financial results.

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2019

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

	Note	Share Capital	Inflation adjustment to Capital	Share discounts	Other Comprehensive Income or Expenses Not o Be Reclassified Subsequently to Profit or Loss	Other Comprehensive Income or Expenses To Be Reclassified Subsequently to Profit or Loss	Restricted reserves	Net Retained earnings	to equity profit /(loss)	Attributable Non holders of Company	Controlling Interest	Total equity		
					Defined benefit plans re-measurement gains/losses	Foreign currency translation differences								
					Gains and losses On financial Assets measured At fair value through other comprehensive income (**)	Gains and losses On financial Assets measured at fair value through other comprehensive income (**)								
Balances at 1 January 2018		105,000,000	105,173,533	43,834	(757,564)	-	1,876,525	1,163,156,347	30,221,683	244,654,402	183,128,614	1,832,497,374	31,509,203	1,864,006,577
Effect of Changes in accounting policies (**)		-	-	-	-	1,163,156,347	-	(1,163,156,347)	-	-	-	-	-	-
Balances at 1 January 2018		105,000,000	105,173,533	43,834	(757,564)	1,163,156,347	1,876,525	-	30,221,683	244,654,402	183,128,614	1,832,497,374	31,509,203	1,864,006,577
Transfers		-	-	-	-	-	-	-	5,401,102	177,727,512	(183,128,614)	-	-	-
Dividends	11	-	-	-	-	-	-	-	-	(78,750,000)	-	(78,750,000)	-	(78,750,000)
Disposals due to other changes		-	-	(43,834)	-	-	-	-	-	-	-	(43,834)	-	(43,834)
Total Comprehensive Income		-	-	-	-	257,189,079	-	-	-	-	100,782,169	357,971,248	548,461	358,519,709
- Net Profit/loss		-	-	-	-	-	-	-	-	-	100,782,169	100,782,169	548,461	101,330,630
- Other comprehensive income		-	-	-	-	257,189,079	-	-	-	-	-	257,189,079	-	257,189,079
Disposal or (purchase) of subsidiaries	23	-	-	-	-	-	-	-	-	-	-	-	(32,057,664)	(32,057,664)
Balances at 31 December 2018	11	105,000,000	105,173,533	-	(757,564)	1,420,345,426	1,876,525	-	35,622,785	343,631,914	100,782,169	2,111,674,788	-	2,111,674,788
Balances at 1 January 2019		105,000,000	105,173,533	-	(757,564)	1,420,345,426	1,876,525	-	35,622,785	343,631,914	100,782,169	2,111,674,788	-	2,111,674,788
Transfers		-	-	-	-	-	-	-	-	100,782,169	(100,782,169)	-	-	-
Dividends	11	-	-	-	-	-	-	-	-	(78,750,000)	-	(78,750,000)	-	(78,750,000)
Total Comprehensive Income		-	-	-	-	187,536,776	-	-	-	-	72,628,550	260,165,326	-	260,165,326
- Net Profit/loss		-	-	-	-	-	-	-	-	-	72,628,550	72,628,550	-	72,628,550
- Other comprehensive income		-	-	-	-	187,536,776	-	-	-	-	-	187,536,776	-	187,536,776
Increase (decrease) through other changes (***)		-	-	-	-	(26,758,068)	-	-	-	63,436,730	-	36,678,662	-	36,678,662
Balances at 31 December 2019	11	105,000,000	105,173,533	-	(757,564)	1,581,124,134	1,876,525	-	35,622,785	429,100,813	72,628,550	2,329,768,776	-	2,329,768,776

(*) As explained in Note 1 and Note 23, the Company sold its consolidated subsidiary, Eczacıbaşı Yatırım Ortaklığı A.Ş., on April 9, 2018. Therefore, the financial statements prepared as of 31 December 2019 are presented as unconsolidated financial statements whereas the comparative statement of changes in equity for the period ended at 31 December 2018 which includes financial results of Eczacıbaşı Yatırım Ortaklığı A.Ş. is consisted of consolidated financial statements. The Company has left consolidating its subsidiary from 1 April 2018 on. Thus, the statement of changes in equity of the Company for the period between 1 January - 31 March 2018 includes consolidated financial results whereas the financial results for the accounting period of 1 April - 31 December 2019 are consisted of unconsolidated financial results.

(**) In accordance with initial application of TFRS 9 and its business models, the Company has reclassified equity based financial investments under "Financial assets at fair value through other comprehensive income" as of 1 January 2018 in its statement of financial position. Accordingly, the Company, has reclassified the "gains and losses on financial assets measured at fair value through other comprehensive income" which were classified under "Items that will be reclassified subsequently to profit or loss" as of 31 December 2017 under "Items that will not be reclassified subsequently to profit or loss".

(***) In accordance with the Board of Directors decision on 15 May 2019, Kaynak Tekniği Sanayi ve Ticaret A.Ş. ("Kaynak Tekniği"), which represents 15.86% of the capital of Kaynak Tekniği, has a total of 766,811 shares, each of which has a nominal value of 1 TL, and all of the shares of Group B with a nominal value of 766,811 TL. Pursuant to the principles included in the contract, it has been transferred to Lincoln Electric France S.A.S for \$ 11,442,922. Due to the sale of the asset, fair valuation differences accounted under other comprehensive income are classified in previous years' profits.

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

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

ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş.

**STATEMENT OF CASH FLOWS
FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019**

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

	Note	Audited 1 January - 31 December 2019	Audited 1 January - 31 December 2018
Cash flows from operating activities		(9,392,529)	(7,478,997)
Net Profit for the Period		72,628,550	101,330,630
Income from continuing operations		72,628,550	101,330,630
Adjustments to reconcile net profit		(84,948,423)	(105,641,006)
Adjustments related to depreciation and amortization		(3,200)	36,709
Adjustments related to provisions		-	187,461
- <i>Adjustments related to provision for employment termination benefits</i>		-	187,461
Adjustments related to interest (income)/expense	14	(5,491,086)	(8,499,423)
Adjustments related to unrealized foreign currency translation differences		(10,642,449)	-
Adjustments related to dividend income (-)	14	(34,141,947)	(30,600,836)
Adjustments related to undistributed profit of investments accounted for using the equity method	6	(48,142,289)	(61,594,713)
- <i>Adjustments related to undistributed profit of associates</i>		(48,142,289)	(61,594,713)
Adjustments related to tax (income)/expense	17	4,317,422	2,062,088
Adjustments related to losses on sale of subsidiary	14, 23	-	64,623
Other adjustments related to profit/loss reconciliations		9,155,126	(7,296,915)
Changes in operating assets and liabilities		(765,683)	(9,673,938)
Adjustments for (increase)/decrease in changes in short-term financial assets		-	(9,717,733)
Adjustments for (increase)/decrease in trade receivables		-	(998,200)
- <i>(Increase)/decrease in trade receivables from due from other parties</i>		-	(998,200)
Adjustments for (increase)/decrease in changes in other receivables		(25,615)	26,582
- <i>(Increase)/decrease in short-term other receivables due to other parties</i>		(25,615)	26,582
Adjustments for (increase)/decrease on other current assets		(5,006)	(51,463)
Adjustments for increase/(decrease) on trade payables		187,984	225,176
- <i>Increase/(decrease) in trade payables due to related parties</i>		188,636	206,338
- <i>Increase/(decrease) in trade payables due to other parties</i>		(652)	18,838
Adjustments for other changes in working capital		(923,046)	841,700
- <i>(Increase)/decrease in oter assets related with other operations</i>		(976,466)	993,859
- <i>(Increase)/decrease in liabilities related with other operations</i>		53,420	(152,159)
Cash flows from operating activities		(13,085,556)	(13,984,314)
Interest received		5,431,176	8,666,553
Tax refunds/payments		(1,738,149)	(2,161,236)
Cash flows from investing activities		138,356,797	76,781,423
Dividends received		95,130,323	70,940,232
Cash outflows related to share purchase or capital increase of subsidiaries and associates		(20,210,256)	(7,651,805)
Cash inflows related to sale of shares or capital decrease of subsidiaries and associates		-	4,118,313
Cash inflows related to sale of subsidiary resulting in loss of control	23	-	15,594,404
Cash inflows related to sale of other long-term assets		63,436,730	-
Other cash inflows/(outflows)	23	-	(6,219,723)
Cash flows from financing activities		(78,750,000)	(78,750,000)
Dividend paid (-)	11	(78,750,000)	(78,750,000)
Net increase on cash and cash equivalents before the effect of foreign exchange differences		50,214,268	(9,447,574)
Effect of foreign exchange-rate changes on cash and cash equivalents		10,642,449	-
Net increase in cash and cash equivalents		60,856,717	(9,447,574)
Cash and cash equivalents at the beginning of the period	22	44,704,615	54,152,189
Cash and cash equivalents at the end of the period	22	105,561,332	44,704,615

(*) As explained in Note 1 and Note 23, the Company sold its consolidated subsidiary, Eczacıbaşı Yatırım Ortaklığı A.Ş., on April 9, 2018. Therefore, the financial statements prepared as of 31 December 2019 are presented as unconsolidated financial statements whereas the comparative statement of cashflows for the period ended at 31 December 2018 which includes financial results of Eczacıbaşı Yatırım Ortaklığı A.Ş. is consisted of consolidated financial statements. The Company has left consolidating its subsidiary from 1 April 2018 on. Thus, the statement of cashflows of the Company for the period between 1 January - 31 March 2018 includes consolidated financial results whereas the financial results for the accounting period of 1 April - 31 December 2018 are consisted of unconsolidated financial results.

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

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

1. ORGANISATION AND NATURE OF OPERATIONS

Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. ("the Company") was incorporated on 29 December 1973 in accordance with the Capital Markets Law and other related regulations to perform capital market operations.

The Company's principal activities are, joining the capital of companies which has the ability or potential to profit and invest the stocks of those companies to other securities.

At 31 December 2019, 18.43% of total shares of the Company are publicly listed (31 December 2018: 18.43%). The ultimate parent of the Company is Eczacıbaşı Holding A.Ş., which has 81.57% of the shares of the Company (31 December 2018: 81.57%) (Note 11). Eczacıbaşı Holding A.Ş., the main shareholder of the Company, holds the control of the Company. As stated in note 2.1 the Company classifies and accounts EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret Anonim Şirketi ("EİS"), İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş. ("İntema") and E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş. ("E-kart") Investments accounted for using equity accounting method.

An agreement has been signed among the Company, Eczacıbaşı Tüketim Ürünleri Sanayi ve Ticaret A.Ş. ile Metro Yatırım Menkul Değerler A.Ş. on 27 December 2017 for the purpose of transferring of the Company's subsidiary's, Eczacıbaşı Yatırım Ortaklığı A.Ş., preferred shares (A Group) which equal to %5 of Eczacıbaşı Yatırım Ortaklığı A.Ş.'s total capital and have a nominal value of 1,050,000 and value of TL 1,050,000 and Eczacıbaşı Yatırım Ortaklığı A.Ş., B Group shares which equal to 42.60% of Eczacıbaşı Yatırım Ortaklığı A.Ş.'s total capital and have a nominal value of 8,946,413 and value of TL 8,946,413 to Metro Yatırım Menkul Değerler A.Ş. and the application has been made to Capital Market Board ("CMB") and to Competition Authority in order to obtain a for the transfer of A Group and B Group shares. Upon CMB's approval of the share transfer application dated 30 March 2018, sale of A Group shares with a total value of TL 6,552,000 and unit value per share of TL 6.24 and of B Group shares with a total value of TL 5,796,413 and unit value per share of TL 1.56 to Metro Yatırım Menkul Değerler A.Ş. has been completed on 9 April 2018 (Note 23).

The Group does not have any employees as of 31 December 2019 and management activities are carried out through the procurement of services (31 December 2018: None). The Group's registered address is as follows:

Kanyon Ofis Büyükdere Caddesi, No: 185 Levent, Şişli, İstanbul.

Approval of financial statements

The financial statements for the period ended 31 December 2019 have been approved by the Board of Directors on 28 February 2020. General Assembly and specific regulatory institutions have the power to amend the financial statements

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 BASIS OF PRESENTATION

2.1.1 Statement of compliance

The accompanying 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/IFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA").

In accordance with the declaration of CMB, based on the decision taken at 17 March 2005, that there is no need to inflation accounting application for publicly listed companies effective after 1 January 2005. Financial statements of the Company were prepared within the framework of this decision.

The Company's financial statements have been prepared in accordance with the 2016 TAS Taxonomy dated June 2, 2016 by the Board of Ministers dated 30 June 2016, based on paragraph (b) of Article 9 of the Decree-Law no. 660 (2 Decree Law').

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

The financial statements are prepared in accordance with historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.1.2 Functional currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in TL, which is the functional currency of the Company and the presentation currency of the Company.

2.1.3 Accounting for the effect of hyperinflation

With the decision taken on 17 March 2005 and numbered, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the CMB Financial Reporting Standards. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" has not been applied in the financial statements for the accounting year commencing 1 January 2005.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 BASIS OF PRESENTATION (Continued)

2.1.4 Comparative Information and Restatement of Prior Period Financial Statements

The financial statements have been prepared in the comparative prior period to enable the determination of changes in financial position and performance. In order to comply with the presentation of current period financial statements, necessary comparative figures are reclassified, and significant differences are explained.

As explained in Note 1 and Note 23, the Company sold its consolidated subsidiary Eczacıbaşı Yatırım Ortaklığı A.Ş. on April 9, 2018. Therefore, the financial statements prepared as of 31 December 2019 are presented as unconsolidated financial statements whereas the comparative financial statements prepared as of 31 December 2018, "Statement of Profit or Loss", "Statement of Comprehensive Income", "Statement of Changes in Equity" and "Statement of Cash Flows" which include the financial results of Eczacıbaşı Yatırım Ortaklığı A.Ş. are consisted of consolidated financial statements.

2.1.5 Basis of Consolidation

- i) The consolidated financial statements as of 31 December 2018 include the accounts of The Company's subsidiary and associates. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with the TAS. Results of the operations of the subsidiary and Associates are either included in or excluded from the consolidation from the date of their acquisition or disposal, respectively.
- ii) As of 31 December 2018 Eczacıbaşı Yatırım Ortaklığı A.Ş. is the company in which Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. has power to control the financial and operating policies for the benefit of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. either through the power to exercise more than 50% of the voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself and/or by companies whereby Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. exercises control over the voting rights of (but does not have the economic benefit of) the shares held by them or although not having the power to exercise more than 50% of the voting rights, through the exercise of actual dominant influence over the financial and operating policies.

The financial statements include the financial statements of the companies controlled by Company and the Company's subsidiary. Control is existing if the following requirements have been met.

- If the Company has power over the investee,
- If the Company has exposure, or rights to variable returns from its involvement with the investee,
- If the Company has the ability to use its power over the investee to affect the number of investees return.

In case there is a change in the above-mentioned requirements, a reassessment regarding to the control existence should be performed.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 BASIS OF PRESENTATION (Continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company’s accounting policies.

As stated in detail in Note 1, The Company has lost its control over its subsidiary Eczacıbaşı Yatırım Ortaklığı A.Ş. as of 9 April 2018. Therefore, the company has started to prepare solo financial statements and have ceased to apply the consolidation principles stated above.

2.1.6 Investments accounted for using equity accounting method

- i) The Company accounts its associates using the equity method (“equity method”) under the following conditions.

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Equity method is applied when the investor has significant influence over the investee. Under the equity accounting method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition. The investor’s share of the investee’s profit or loss is recognised in the investor’s profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor’s proportionate interest in the investee arising from changes in the investee’s other comprehensive income (Note 6).

When necessary, adjustments are made to bring the accounting policies in line with those of the Company. After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as ‘Share of profit of an associate’ in the income statement. Detailed explanations regarding to the impairment in assets are presented in Note 2.3.(o).

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 BASIS OF PRESENTATION (Continued)

- ii) Nominal capital of the associates accounted for using the equity method and the Company’s shares in those associates’ shares are presented below:

	31 December 2019			31 Aralık 2018		
	Nominal capital	Direct shareholding of parent	Stock market quotation value	Nominal capital	Direct shareholding of parent	Stock market quotation value
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret Anonim Şirketi	685,260,000	29.67	754,304,742	685,260,000	29.67	557,027,161
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	19,440,00	46.21	83,184,654	4,860,000	46.21	13,632,042
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	3,110,000	31.01	-	3,110,000	31.01	-

- iii) Assets, liabilities, equity, net sale and profit/(loss) of the associates accounted for using the equity method as at 31 December 2019 and 31 December 2018 are as follows:

31 December 2019	Total assets	Total liabilities	Equity	Net Sales	Profit/(Loss)
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret Anonim Şirketi	4,838,337,000	561,079,000	4,277,258,000	315,814,000	162,728,000
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	411,005,948	386,625,441	24,380,507	77,588,303	(289,513)
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	82,701,835	87,039,793	(4,337,958)	47,816,328	16,917,939
31 December 2018	Total assets	Total liabilities	Equity	Net Sales	Profit/(Loss)
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret Anonim Şirketi	4,456,472,000	458,628,000	3,997,844,000	244,402,000	240,119,000
İntema İnşaat ve Tesisat Malzemeleri Yatırım ve Pazarlama A.Ş.	419,599,289	436,900,569	(17,301,280)	79,289,268	(37,862,724)
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	178,246,314	199,502,211	(21,255,897)	39,093,055	(11,996,712)

2.1.7 Changes in accounting policies

Significant changes in accounting policies and significant accounting errors detected are applied retrospectively and prior period financial statements are restated. There was no change in accounting policies in 2018 except for accounting policy changes required by TFRS 9 “Financial Instruments” standard.

Accounting policy changes arising from the first application of a new TFRS are applied retrospectively or prospectively in accordance with the transitional provisions of that TFRS. Significant accounting errors (if any) are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period when the change is made only for a period, and both in the period when the change is made and prospectively.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 BASIS OF PRESENTATION (Continued)

The Company has performed the accounting policy changes that have been valid as of January 1, 2019 and which have been caused by the first application of the “IFRS 16 Leases” standard, in line with the transition provisions of the related standard.

The accounting policy changes originating from the mentioned standards and the effects of the application of the related standards for the first time are as follows:

The Company as the lessee

At inception of a contract, the Company 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 in exchange for consideration. The Company considers the following matters when assessing whether the agreement transfers the right to control the use of an identified asset for a limited period:

- 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 Company 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 Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
 - i. the Company 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 Company recognize a right-of-use asset and a lease liability in financial statements.

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
- d) restoration costs.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 BASIS OF PRESENTATION (Continued)

To apply a cost model, the Company 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 Company 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 Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Company 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 Company 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 Company 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 Company 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 Company is reasonably certain to exercise that option; and
- d) payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

After the commencement date, the Company 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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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 BASIS OF PRESENTATION (Continued)

The Company 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 Company determine the revised lease payments based
- b) There is a change in the assessment of an option to purchase the underlying asset. The Company determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Company 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 Company 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 Company 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 Company remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

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

- a) The Company determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement. Under these circumstances, the Company uses an unadjusted interest rate.
- b) The Company remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

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

The Company 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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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 BASIS OF PRESENTATION (Continued)

The Company as the lessor

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

The Company 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 Company 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.

First adoption to TFRS 16

The Company has adopted TFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition method defined 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 Company 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 was 21.12%, 3.87%, 9.29% for TL, EUR and USD contracts, respectively.

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

	Buildings	Total
1 January 2019	30,203	30,203
Additions in the current period	8,146	8,146
Depreciation in the current period	(12,771)	(12,771)
31 December 2019	25,578	25,578

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 BASIS OF PRESENTATION (Continued)

The Company’s amount of interest expense on lease liabilities is TL 6,111.

As of 31 December 2019, the Company has recognized TL 25,578 right-of use asset and TL 27,873 lease liabilities.

Regarding the lease contracts within the scope of TFRS 16, the Company has recognized TL 12,771 depreciation expense and TL 6,111 interest expense instead of operating lease expense amounting to TL 16,588 in the period ended 31 December 2019.

Extension and termination options

Lease liability is determined considering the extension and termination options in the agreements. Most of the extension and termination options held are by the Company 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). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

2.1.8 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,

2.1.9 Going concern

The Group prepared its consolidated financial statements on a going concern basis.

2.1.10 Segment reporting

Since the operations of the company is in Turkey and operates in one field segment reporting is not prepared for the period.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New standards, amendments and interpretations

a. Standards, amendments and interpretations as of 31 December 2019:

Explanations on the effects of the new TAS/IFRS on the financial statements:

- a) the context and the objective of TAS/IFRS,
 - b) the accounting policy change, if any, was made in accordance with the relevant transitional provisions,
 - c) disclosure of change in accounting policy,
 - d) disclosure of transitional provisions, if any
 - e) effects of transition provisions to future periods, if any
 - f) adjustment amounts for each current and current period, as much as possible
 - i. each financial statement item affected and
 - ii. If "TAS 33, Earnings Per Share" standard is valid for the company, ordinary shares and diluted earnings per share must be recalculated.
 - g) Adjustment amounts for the periods before periods not presented, if possible and
 - h) If retrospective application is not possible for any period or periods, the events that lead to this situation should be explained and from what date and how the change in accounting policy was applied.
- **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 amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized 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 TAS 39.
- **Amendment to TAS 28, 'Investments in associates and joint venture'**; 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.
- **TFRS 16, "Leases"**; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 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 IFRS 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New standards, amendments and interpretations (Continued)

- **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 IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that IAS 12, not IAS 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.
 - IAS 12, 'Income taxes' - a company accounts for all income tax consequences of dividend payments in the same way.
 - IAS 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.
- **Amendments to TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:
 - use updated assumptions to determine current service cost and net interest for the 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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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 New standards, amendments and interpretations (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2019:

- **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 TFRSs:
 - Use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
 - Clarify the explanation of the definition of material and

Incorporate some of the guidance in TAS 1 about immaterial information

- **Amendments to TFRS 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.

Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

TFRS 17, 'Insurance Contracts'; effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Company management will evaluate the effects of the above-mentioned standards and standard changes that have not yet come into effect, on their operations and apply them from the effective date.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies

Except for the consolidation policies mentioned in Note 2.1.5, 2.1.6 the significant accounting policies applied in the preparation of these financial statements are summarized below:

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a known amount, and which have high liquidity and insignificant conversion risk with maturities of three months or less (Note 22).

Recognition of income and expenses

The Company records sales income at the time of sale; dividend and similar income when they are entitled to receive.

Interest income on all interest-bearing instruments is reflected to the comprehensive income statement on an accrual basis by using the effective interest rate method on the initial cost. Interest income includes coupon rates from fixed income securities, accumulated interest and premiums on treasury bills, redemption interests of non-coupon securities, interest rates arising from exchange market transactions and reverse repo transactions, deferral of futures collateral, and increases in purchase and sale profits of mutual funds.

Other income and expense are accounted for an accrual basis.

The cost of sales consists of the selling costs, commission and clearing expenses of the securities in the portfolio.

Financial assets

Financial assets and liabilities are recognized in the statement of financial position of the Company when the Company is a legal party to these financial instruments.

a) Non-derivative financial assets

The Company classifies its financial assets in the following categories: "Financial Assets at Fair Value Through Profit or Loss"; "Financial Assets Measured at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortised Cost". The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to the classification and measurement of financial instruments of the "IFRS 9 Financial Instruments" standard. At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value. The Company recognizes a financial asset in the financial statement when, and only when, the Company becomes a party to the contractual provisions of the instrument. When the Company first recognizes a financial asset, the business model and the characteristics of contractual cash flows of the financial asset are considered by management.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

b) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to "hold to collect" and "hold & sell" the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates. Financial assets at fair value through profit or loss are initially recognized at fair value and are subsequently measured at fair value. Gain and losses upon their valuation are accounted under the profit or loss accounts.

Equity securities classified as financial assets at fair value through profit or loss are recognized at fair value.

c) Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized at acquisition costs that reflect their fair value by adding transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated using effective interest rate method is reflected in the statement of income. The difference between the fair value of the financial assets at fair value through other comprehensive income and the amortized cost of the financial assets, i.e. "Unrealized gains and losses", is not recognized in the statement of income until the realization of the financial asset, the sale of the asset, i.e. the disposal of the asset or being impaired of the asset are accounted under "Other Accumulated Comprehensive Income or Expenses that will be reclassified at Profit or Loss" under shareholders' equity. Accumulated fair value differences under equity are reflected to the statement of income when such securities are collected or disposed.

The Company may elect at initial recognition to irrevocably designate an equity investment at fair value other comprehensive income where those investments are hold for purposes other than to generate investments returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. Dividends that represent a return on the investment continue to be recognised in profit or loss in the financial statements.

All equity instruments classified as financial assets at fair value through other comprehensive income are measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

d) Financial investments measured at amortised cost:

A financial asset is classified as a financial asset measured at amortized cost when the Company’s policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial asset measured at amortised cost is recognized at cost which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortised cost by using the effective interest rate method. Interest income related to the financial asset measured at amortized cost is recognized in the statement of income.

e) Explanations on Impairment of Financial Assets

As of 1 January 2018, a loss allowance for expected credit losses is provided for all financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, all financial assets, which are not measured at fair value through profit or loss, loan commitments and financial guarantee contracts in accordance with TFRS 9 principles. Equity instruments are not subject to impairment assessment as they are measured at fair value.

Measurement of the expected credit losses reflects:

- Definition of criterias regarding to the increase in credit risk
- Reasonable and supportable information on past events, current conditions and forecasts of future economic conditions at the reporting date
- Definition of similar financial asset groups for calculation of expected credit loss

Within this scope, the Company has assumed that the impact of the impairment on financial assets are not material as the Company has not identified significant increase in credit risk of the related financial assets as of 31 December 2018 and 31 December 2019 . Thus, the Company has not booked any impairment provision in its financial statements as of 31 December 2019 and 31 December 2018 .

f) Recognition and derecognition of Financial Instruments

The Company recognizes a financial asset or financial liability in the balance sheet only when it becomes a party to the contractual provisions of the instrument.

The Company recognizes all regular way purchases and sales of financial assets on the settlement date i.e. the date that the asset is delivered. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets i.e. for assets carried at cost or amortized cost; change in value is not recognized.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

The Company derecognizes a financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) when the rights to receive cash flows from the asset have expired; or while retaining the right to receive cash flows from the asset the Company has also assumed an obligation to pay them in full without material delay to a third party; or the Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has transferred the control of the asset.

g) Financial assets available for sale

As explained in detail in Note 2.1, together with the implementation of TFRS 9 from 1 January 2018 on, the Company has reclassified its financial assets which were previously classified under "Financial assets held for sale" under "Financial assets measured at fair value through other comprehensive income.

"Financial assets available for sale", intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale. These financial assets are included in non-current assets unless management has the intention of holding the investment for less than 12 months from the balance sheet date, or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designation on a regular basis

All financial assets available for sale are initially recognized at cost, being the fair value of the consideration given including acquisition charges associated with the investment. After initial recognition, financial assets that are classified as "available-for-sale" are measured at fair value unless fair value cannot be reliably measured. The unrealized gains and losses that result from the changes in the fair values of available-for-sale investments are directly recognized in the equity and are not released to the consolidated statements of income until they are disposed or sold.

Foreign currency transactions

Foreign currency transactions during the year have been translated at the exchange rates prevailing at the dates of the transactions, Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date, Foreign exchange gains and losses arising from translation of monetary assets and liabilities are reflected in the consolidated statement of profit or loss.

Earnings per share

Earnings per share disclosed in the statements of profit or loss are determined by dividing net profit by the weighted average number of shares that have been outstanding during the year concerned (Note 18).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings, For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Subsequent events

Subsequent events cover any events which arise between the reporting date and the statement of financial position date, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed. The Company adjusts its financial statements if such subsequent events arise which require an adjustment to the financial statements.

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements,

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity,
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others),
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
 - iii. Both entities are joint ventures of the same third party,
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity, If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
 - vi. The entity is controlled or jointly controlled by a person identified in (a),
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged (Note 3).

Provisions, contingent assets and liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation,

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows,

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably (Note 9).

Taxation and deferred income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax,

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting,

According to the Article 32 of the Corporate Tax Law No, 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20% in Turkey for 2018 and 2017. However, the corporate income tax rate will be applied as 22% for the years 2018, 2019 and 2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017,

Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future (Note 17).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities,

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis,

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination,

Share capital and dividends

Ordinary shares are classified as capital. Dividends payable on ordinary shares are recognized as an appropriation of the profit in the period in which they are declared,

Impairment of assets

Except for financial asset, all type of assets are subject to tests for indicators of impairment. Accordingly, when the carrying value of the assets exceeds its net recoverable value an impairment is recognized. Net recoverable value is the higher of the net sales value or value in use. Value in use of an asset is estimated as the total of projected future cash inflows and salvage value at the end of the useful life of the asset.

The Company management assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company management estimates the recoverable amount of the asset and recognizes an impairment loss for the exceed portion of the asset carrying value. In the subsequent period, if there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased, the impairment may be reversed under certain conditions,

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

In assessing whether there is any indication that an asset may be impaired, the Company considers, as a minimum, the following indications:

- (a) there are observable indications that the asset's value has declined during the period significantly more than would be expected as a result of the passage of time or normal use,
- (b) significant changes with an adverse effect on the entity have taken place during the period, or will take place soon, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated,
- (c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially,
- (d) the carrying amount of the net assets of the entity is more than its market capitalisation,

The Company considers for all of its assets, except goodwill, whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased at each reporting period and, if such a conditions exists, the Group reverses the impairment loss recognized in prior periods for an individual asset, Unless the related asset is accounted and measured under a different standard, reversal of the impairment is accounted under statement of comprehensive income,

2.4 Significant accounting assumptions, estimations and judgements

Preparation of financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during financial period, Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results, Judgments that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

The Company prepares its consolidated financial statements according to the going concern principle.

Fair values of equity based financial assets

The Company subsequently measures its equity based financial assets on their fair values in its consolidated financial statements, The Company accounts the fair value of its listed financial investments by multiplying the nominal ownership values with best market price announced at Borsa İstanbul A.Ş., In addition to this, when a price for an identical financial asset is not observable it is estimated that the fair value of the related asset can not be reliably determined and the fair value of the related financial assets shall be found by using another valuation technique, With in this context, the Company measures the fair value of its fair value through other comprehensive income assets by discounting the free cashflows of its financial assets by the weighed average cost of capital, The fair vaule calculation of the Company's financial assets is based on the Company management's approved projections and is sensitive to the estimations and assumptions that are used in the projected cash flows, The Company reviews its equity based financial assets portfolio where any impairment indicator would occur, Impairment assessment of the financial assets, for which any independent valuations techniques can not be applied due to the lack of observable market, requires ceratin assumptions of the Company's management, These estimations and assumptions include the investment's financial perspevtive and the importance of the any impairment on financial asset when occurs, Sensitivity analyse of the financial assets whose fair values are determined by using free discounted cashflows are presented in Note 19.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Significant accounting assumptions, estimations and judgements (Continued)

Determination the effect of recoverable amount

The Company, assess its assets that are accounted in its consolidated financial statements at each balance sheet date in order to determine whether any of the assets's carrying value exceed the amount to be recovered through use or sale of the asset, In assessing whether there is any indication that an asset may be impaired and in determining the recoverable amount of the asset, the Company uses both internal and external sources, Within this context, the Company estimates, at each balance sheet date, cash inflows and outflows through use or sale of assets and when the carrying value of any asset exceed the recoverable amount, the Company reduces the carrying value of the asset to its recoverable amount,

3. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Details of transactions between the Company and other related parties as at 31 December 2019 and 2018 are disclosed below.

	31 December 2019	
	Short-term Receivables	Short-term Payables
Eczacıbaşı Holding A.Ş. (Note 4)	-	616,991
	-	616,991

	31 December 2018	
	Short-term receivables	Short-term payables
Eczacıbaşı Holding A.Ş. (Note 4)	-	428,355
	-	428,355

	31 December 2019	31 December 2018
Equity based financial assets (Note 19)		
Eczacıbaşı Holding A.Ş.	826,040,560	743,594,063
Eczacıbaşı Yapı Gereçleri A.Ş.	154,435,332	140,111,745
Kaynak Tekniği San. ve Tic. A.Ş.	-	30,584,696
	980,475,892	914,290,504

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3. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

All of the investments of the Group accounted for using the equity method consists of related party investment and presented in detail in Note 6. In addition to this, fair value of the Eczacıbaşı Holding A.Ş., classified as financial investment in the financial statement of the EİS the Company's investment accounted for using equity method- amounts to TL 994,565,388 when calculated with the Group's ownership ratio on EİS (31 December 2018: TL 895,298,827).

Investments accounted for using equity accounting method

	31 December 2019	31 December 2018
EİS	1,268,924,522	1,186,031,630
İntema	11,266,232	-
Total	1,280,190,754	1,186,031,630

Dividend income

	1 January - 31 December 2019	1 January - 31 December 2018
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. (Note 6) (*)	60,988,376	40,339,396
Eczacıbaşı Holding A.Ş. (Note 14)	24,580,209	22,122,128
Eczacıbaşı Yapı Gereçleri A.Ş. (Note 14)	9,561,738	8,478,648
Total	95,130,323	70,940,172

(*) Related amounts are eliminated from the financial statements in accordance with the accounting policies applied for the investments accounted for in accordance with the Equity method explained in Note 2.1 and are not reflected in the Company's statement of profit or loss.

General administrative expenses

Services obtained and rental expenses

Transactions with related parties	1 January - 31 December 2019	1 January - 31 December 2018
Eczacıbaşı Holding A.Ş. (**)	4,549,413	4,161,255
Eczacıbaşı Spor Kulübü	170,000	145,000
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret Anonim Şirketi	12,771	13,064
Eczacıbaşı Bilişim Sanayi ve Ticaret A.Ş.	16,988	17,240
Total (Note 13)	4,749,172	4,336,559

(**) Contains Companys' legal, financial, corporate identity, budgeting, auditing and human resources services received from Eczacıbaşı Holding A.Ş., These expenses are billed back to Eczacıbaşı Holding A.Ş. accordingly to the time spent for the relevant service.

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3. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Benefits paid to management

There is no long-term benefit of key management for the year ended 31 December 2019 and 2018. Short-term benefit of key management for the year ended 31 December 2019 and 2018 are stated below;

	1 January - 31 December 2019	1 January - 31 December 2018
Salaries and other benefits (***)	-	412,998
	-	412,998

(***) The related amount includes the benefits provided to the executives of the Company's subsidiary in the period of 1 January- 31 March 2018.

Fixed asset purchases

	1 January - 31 December 2019	1 January - 31 December 2018
Eczacıbaşı Bilişim San. ve Tic. A.Ş.	-	9,600
	-	9,600

4, TRADE PAYABLES

a) Trade Payables:

Trade payables of the Group as at 31 December 2019 and 2018 are as follows;

Short-term trade payables	31 December 2019	31 December 2018
Liabilities due to related parties	616,991	428,355
Suppliers	301	953
Total	617,292	429,308

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5. OTHER RECEIVABLES

a) Other Receivables

Short-term other receivables

	31 December 2019	31 December 2018
Receivables from tax office	246,636	246,599
Total	246,636	246,599

6. INVESTMENTS ACCOUNTED FOR USING EQUITY ACCOUNTING METHOD

	31 December 2019	31 December 2018
Investments accounted for using equity method (Note 3)	1,280,190,754	1,186,031,630
Total	1,280,190,754	1,186,031,630

As of 31 December 2019 , Company's shares in its associates, EİS Eczacıbaşı İlaç, Sinai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş., and İntema İnşaat ve Tesis Malzemeleri A.Ş., are equal to 29.67% and 46.21% respectively (31 December 2018: 29.67% and 46.21% respectively). The carrying value of of EİS Eczacıbaşı İlaç, Sinai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş. and İntema İnşaat Yatırım ve Pazarlama A.Ş., determined in accordance with equity method, as of 31 December 2019 is TL 1,268,924,522 and TL 11,266,232 respectively (31 December 2018: TL 1,186,031,630 for EİS Eczacıbaşı İlaç, Sinai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş.).

Movements of investments in associates through the period are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Opening 1 January	1,186,031,630	1,026,394,526
Company's share in the associate's profit (Note 15)	48,142,289	61,594,713
Eliminated dividend payments of associates (-)	(60,988,376)	(40,339,396)
Effect of changes in fair value of available-for-sale financial assets that are recognized in other comprehensive income	95,249,194	127,497,714
Deduction of previous year's participation losses with capital increase (Note 15) (*)	(8,810,239)	-
Negative goodwill effect arising from additional share purchases	-	3,476,365
Cost of shares acquired through the period	-	7,407,708
Effect of capital increase (*)	20,210,256	-
Effect of other changes recognized in comprehensive income	356,000	-
Closing - 31 December	1,280,190,754	1,186,031,630

(*) Related amounts are due to capital increase to subsidiary of the Company, İntema İnşaat and Tesisat Malz. Yatırım ve Pazarlama A.Ş.

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7. PREPAID EXPENSES

Short-term prepaid expenses

	31 December 2019	31 December 2018
Prepaid expenses fort the following months	29,518	24,510
Total	29,518	24,510

8. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

- The details of short-term provisions of the Company as of 31 December 2019 and 31 December 2018 is presented in Note 9.
- The company does not have any blocked accounts as of 31 December 2019. (31 December 2018: None).
- As of 31 December 2019, the group has letters of guarantee given amounting to TL 30,000 (31 December 2018: TL 30,000)
- As of 31 December 2019 the group has no lawsuits againts the group (31 December 2018: None).

9. EMPLOYEE BENEFITS

Payables for employee benefits:

As of 31 December 2019 and 31 December 2018, the Company does not have any payables to employees.

Provisions for employee benefits

As explained in Note 1 and Note 23, the Company has completed the transfer of subsidiary shares as of 9 April 2018. In this context, as the Company does not have any employees, there are no provisions for benefits provided to employees in the current period. The details of the provisions for the benefits provided to the employees that the Company has accounted for in the previous period are presented below.

In accordance with the provisions of the current Labor Code, employees are obliged to pay legal termination benefits to their employees who are entitled to termination benefits, Furthermore, in accordance with the Social Insurance Law No: 506 dated 6 March 1981, numbered 2422 and dated 25 August 1999, numbered 4447 and amended article 60 of the Social Insurance Law numbered 506, those who are entitled to termination benefits are obliged to pay their legal severance payments. Some transitional provisions related to pre-retirement service conditions was amended by law on 23 May 2002.

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9. EMPLOYEE BENEFITS (Continued)

The liability is not funded as there is no legal funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees,

TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans, Accordingly actuarial assumptions were used in the calculation of the total liability as these actuarial assumptions apply to each individual company's defined benefit plan and legal framework in which those companies operate:

Important estimations for calculation of employee termination benefits are discount rate and rate of retirement pay not paid due to voluntary leaves.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The liability is revised two times in a year and in the year end calculation, the effective amount as of 1 January 2019 of TL 6,730.15 (1 January 2018 - TL 6,017.60).

Movement of provision for employee benefits during the period are as follows:

	2019	2018
Opening - 1 January	-	28,842
Service cost	-	-
Interest Cost	-	-
Actuarial gain / loss	-	-
Disposal effect of subsidiary (-)	-	(28,842)
Closing - 31 December	-	-

10. OTHER ASSETS AND LIABILITIES

Other current assets

	31 Dember 2019	31 December 2018
Deferred VAT	7,885,315	6,908,849
Total	7,885,315	6,908,849

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10. OTHER ASSETS AND LIABILITIES (Continued)

Other short-term liabilities

	31 December 2019	31 December 2018
Taxes and funds payable	110,913	70,117
Total	110,913	70,117

11. SHARE CAPITAL, RESERVES VE OTHER EQUITY ITEMS

a) Paid in capital

The paid-in capital of the Company is TL 105,000,000 (31 December 2018: TL 105,000,000) divided by 105,000,000 shares each with a nominal value of TL 1 (31 December 2018: TL 1).

The Company has no preferred stock as of 31 December 2019 (31 December 2018: None).

The Company's registered share capital ceiling is TL 500,000,000 (31 December 2018: TL 500,000,000). The registered capital ceiling permission is effective until 2022.

The shareholders and their shareholding percentages as of 31 December 2019 and 31 December 2018 are as follows with the historical amounts:

	31 December 2019		31 December 2018	
	Total	Share (%)	Total	Share (%)
Eczacıbaşı Holding A.Ş.	85,653,274	81.57	85,653,274	81.57
Other (Listed)	19,346,726	18.43	19,346,726	18.43
Capital	105,000,000	100.00	105,000,000	100.00
Adjustment to share capital	105,173,533		105,173,533	
Adjusted capital	210,173,533		210,173,533	

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

The profits accumulated under legal books that do not qualify for the below clause, can be distributed.

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 Group's paid-in/authorized 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/authorized 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/authorized share capital.

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11. SHARE CAPITAL, RESERVES VE OTHER EQUITY ITEMS (Continued)

b) Restricted reserves

As of 31 December 2019 and 2018 restricted reserves appropriated from profit is as follows:

	31 December 2019	31 December 2018
Legal reserves	21,141,540	21,141,540
Gain on sale of real estate fund	13,593,750	13,593,750
Fund from sale of equity investment	887,495	887,495
Total	35,622,785	35,622,785

Dividend Distribution:

In accordance with the decision taken on 11 April 2019, it has been decided to pay dividends amounting to 78,750,000 with an equivalent of TL 0.75 per each share. (During the period ended at 31 December 2018, in accordance with the decision taken on 12 April 2018 it has been decided to pay dividend amounting to TL 78,750,000, with an equivalent of TL 0.75 per each share and dividends were paid out on 30 May 2018).

12. REVENUE AND COST OF SALES

	1 January - 31 December 2019	1 January - 31 December 2018
Sales income		
Income on private sector bonds sales	-	10,635,529
Income on common stock sales	-	1,882,061
Income on government bonds sales	-	-
Income on investment fund sales	-	7,935,174
Income on Eurobond	-	5,876,876
Total	-	26,329,640

	1 January - 31 December 2019	1 January - 31 December 2018
Cost of sales		
Private sector bonds sales (-)	-	(10,272,395)
Common stock sales (-)	-	(1,826,444)
Government bond sales (-)	-	-
Investment fund sales (-)	-	(7,975,197)
Eurobond sales (-)	-	(5,577,965)
Total	-	(25,652,001)

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12. REVENUE AND COST OF SALES (Continued)

	1 January - 31 December 2019	1 January - 31 December 2018
Other income/(expense) from sales activities, net		
Interest income	-	858,370
Unrealized gains on corporate bonds	-	149,009
Unrealized gains on investment funds	-	134,933
Unrealized gains on Eurobonds	-	5,698
Government bond sales income	-	87,692
Government bond rediscount income	-	-
Government bond reverse repo sales profits	-	-
Cancellation of past years securities value increase	-	4,327
Dividend Income	-	-
Shares unrealized increase / (decrease) of value	-	8,098
VIOP transaction profit / (loss), net	-	(583,526)
Previous years share value (increase) / decrease cancellation	-	-
Previous years rediscount (income) / cancellation of securities	-	-
Other	-	38,564
	-	703,165
Gross profit	-	1,380,804

(*) Sales income and other income/expense from sales are classified as "Revenue" on Income Statement.

13. GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
General administrative expense	5,540,758	5,478,463
Marketing expense	-	46,324
	5,540,758	5,524,787

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13. GENERAL ADMINISTRATIVE AND MARKETING EXPENSES (Continued)

a) General administrative expenses

	1 January - 31 December 2019	1 January - 31 December 2018
Services received from related parties (Note 3)	4,749,172	4,336,559
Outsourced service expenses	409,011	220,868
Bonus expenses (*)	-	187,967
Portfolio management expense	-	62,845
Rent expense	-	13,344
Other	382,575	656,880
	5,540,758	5,478,463

(*) The related amount includes the expenses of the employees who are employed in the subsidiary sold by the Company.

b) Marketing expenses details

	1 January - 31 December 2019	1 January - 31 December 2018
Advertising and marketing expenses	-	27,047
Custody and commission expenses	-	19,277
Commissions given to brokerage house	-	-
Other	-	-
	-	46,324

14. OTHER OPERATING INCOME AND EXPENSES

The detail of other operating income as of 31 December 2019 and 2018 is as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Other operating income		
Dividend income (Note 3)	34,141,947	30,600,776
Exchange difference income	9,994,215	72,635
Bank interest income	5,491,086	8,499,423
Securities trading profit and negative goodwill income	-	7,296,915
Other	-	47,536
	49,627,248	46,517,285

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14. OTHER OPERATING INCOME AND EXPENSES (Continued)

The details of other expenses from main operations for the years ended 31 December 2019 and 2018 are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Other operating expense (-)		
Foreign Exchange losses (-)	6,175,234	3,929
Other expenses (-)	291,800	506,745
Loss on sale of financial assets (-) (Note 23)	-	64,623
	6,467,034	575,297

15. INCOME AND EXPENSES FROM INVESTMENT OPERATIONS

The details of income and expenses from investment activities as of 31 December 2019 and 2018 are as follows:

	1 January - 31 December 2019	1 January - 31 December 2018
Shares on investments accounted for using the equity method (Note 6)	39,332,050	61,594,713
	39,332,050	61,594,713

16. FINANCE EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
Interest expenses from leasing payables	6,111	-
	6,111	-

17. TAXATION

The Company is subject to Turkish corporate taxes, Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods, Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return, Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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17. TAXATION (Continued)

Corporate Tax

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized,

The effective tax rate in 2019 is 22% (2018: 22%) for the Company.

The effective tax rate applied in 2019 is 22% (2018: 22%). In addition, with the Article 91 of the Law No, 7061 on the Amendment of Certain Tax Laws and Some Other Laws, published in the Official Gazette dated 5 December 2017 and numbered 30261, the corporate tax rate currently applied as 20% Has been revised to 22% to be applied to earnings generated in the 2018, 2019 and 2020 fiscal periods. A provisional tax declaration of 22% for the same years shall apply.

In Turkey, advance tax returns are filed on a quarterly basis, Advance corporate income tax rate applied in 2019 is 22% (2018: 22%), Losses can be carried forward for offset against future taxable income for up to 5 years, However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments, Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Withholding taxation

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies, Income withholding tax applied in between 24 April 2003 - 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Ministers' Resolution No: 2006/10731, Undistributed dividends incorporated in share capital are not subject to income withholding tax,

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003, Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance,

Corporate Tax Law numbered 5422 was altered by Law No.5520 on 13 June 2006 which is published at the Official Gazette numbered 26205 and dated 21 June 2006 and many of its articles have become effective retrospectively starting from 1 January 2006. Corporation tax rate in Turkey starting from 1 January 2006 is 20%. Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption and investment allowance, etc) and corporate income tax deductions (like research and development expenditures deduction).

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17 TAXATION (Continued)

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20% in Turkey. However, the corporate income tax rate will be applied as 22% for the years 2018, 2019 and 2020 regarding to the "Law on Amendment of Certain Tax Laws and Some Other Laws" numbered 7061 and published in the Official Gazette on 5 December 2017.

The taxes distribution on the consolidated statement of financial position for the periods 1 January - 31 December 2019 and 2018 are summarized below:

	31 December 2019	31 December 2018
Current period corporate tax liability (-)	(4,317,422)	(2,062,088)
Prepaid taxes	3,680,554	1,942,405
Current period income tax asset/(liability)	(636,868)	(119,683)
	1 January - 31 December 2019	1 January - 31 December 2018
Current period corporate tax (-)	(4,317,422)	(2,062,088)
Deferred income tax (change) / benefit	577	-
Total tax expense	(4,316,845)	(2,062,088)
	1 January - 31 December 2019	1 January - 31 December 2018
Profit before tax	76,945,395	103,392,718
Theoretical tax expense with rate of 22% (-)	(16,927,987)	(22,746,398)
Shares of associates accounted for using equity accounting method	10,284,337	13,550,837
Tax-exempt dividend income	7,511,228	6,732,184
Tax-exempt gain on subsidiary	(3,929,014)	-
Other	(1,255,409)	401,289
Total tax income/(expense)	(4,316,845)	(2,062,088)

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17 TAXATION (Continued)

Deferred taxation

The Company recognises deferred tax assets and liabilities based upon temporary differences arising between the financial statements prepared in accordance with TAS / TFRS and the tax financial statements, Such temporary differences generally arise due to revenues and expenses being recognised in different fiscal periods in accordance with tax regulations and TAS / TFRS, The tax rate used for deferred tax assets and liabilities is 22% (31 December 2018 : 20%), In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, " Law on the Amendment of Some Tax Acts and Some Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%, Therefore, deferred tax assets and liabilities as of 31 December 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards, however since the effect of change in tax rate on financial statements is immaterial, calculated amount is not accounted in financial statements as of 31 December 2019 .

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

	Total temporary differences		Deferred tax liabilities	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Temporary differences related to fair value through other comprehensive income assets (-) (*)	(867,504,780)	(798,901,066)	(43,375,244)	(39,945,053)
Deferred tax liabilities (-)			(43,375,244)	(39,945,053)

(*) The Corporate Taxation Law numbered 5520 ("KVK"), which was implemented as at 1 January 2006, has amended the old KVK application numbered 5422 on "Tax Exemption of Immovable and Subsidiary Sales Revenues", Only 75% of the profits arising from the sale of immovable properties (real estates) and participation shares, founding shares, usufruct shares and preferential rights in the assets of the institutions for at least two full years are taxable exceptions, As the Group management expects to hold the profit that would be earned from related financial investments under equity at least for 2 years, beginning from 1 January 2006, the taxation rate used in deferred tax rate is determined as 5% in the deferred tax calculation, As the related temporary differences are accounted under equity, related deferred tax liability is also net-off from financial assets fair value fund under the equity,

The movement of deferred income tax liabilities as at 31 December 2019 and 2018 is as follows:

	2019	2018
Opening - 1 January	(39,945,053)	(33,119,192)
Recognized under statement of comprehensive income	(3,430,191)	(6,825,861)
Recognized under statement of other comprehensive income	577	-
Closing - 31 December	(43,374,667)	(39,945,053)

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18. EARNINGS PER SHARE

Earnings per share	1 January - 31 December 2019	1 January - 31 December 2018
Average number of shares for period	105,000,000	105,000,000
Net profit from continuing operations attributable to parent Company's shareholders	72,628,550	103,392,718
Earning per share from continuing operations	0.69	0.97
Other comprehensive income of parent company shareholders'	296,843,988	358,190,079
Earnings per share from continuing operating activities -thousand ordinary shares (TL)	2.83	3.41

19. FINANCIAL INVESTMENTS

Financial investments

Long-term financial investments	31 December 2019	31 December 2018
Fair value through profit or loss financial assets <i>Equity settled financial assets</i>	980,475,892	914,290,504
	980,475,892	914,290,504

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19. FINANCIAL INVESTMENTS (Continued)

Equity settled financial assets

	Share (%)	31 December 2019	Share (%)	31 December 2018
Eczacıbaşı Holding A.Ş. (*)	11.54	826,040,560	11.54	743,594,063
Eczacıbaşı Yapı Gereçleri A.Ş.	10.29	154,435,332	10.29	140,111,745
Kaynak Tekniği San, ve Tic, A.Ş.	-	-	15.86	30,584,696
		980,475,892		914,290,504

(*) In fair value determination of Eczacıbaşı Holding A.Ş., the methods shown below are used;

- Rent income; discounted cash flows (Level 3).
- Real estates; current transaction cost, arm's length price and expertise values (Level 2 and 3).
- Net asset values of remaining assets and liabilities in cash (Level 3).
- The multiplication of ownership interest rates of Eczacıbaşı Holding with the fair values of all subsidiaries, joint ventures and associates.

The methods used in fair value measurement of Eczacıbaşı Holding A.Ş. are as follows:

Fair Value Measurement Methods	Code
Market price	(II)
Discounted cash flows	(III)
Current transaction price	(IV)
Net asset value	(V)
Net book value	(VI)

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19. FINANCIAL INVESTMENTS (Continued)

Entity Name	Proportion of power held by Eczacıbaşı Holding (%) ^(*)		Fair value measurement method ^(**)		2019	2018
	2019	2018	2019	2018		
Eczacıbaşı Holding A.Ş.	100	100	(I)	(I)	(I)	(I)
EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar San. ve Tic. A.Ş.	74.82	74.82	(I)	(I)	(I)	(I)
İntema İnşaat ve Tesisat Malz. Yatırım ve Pazarlama A.Ş.	77.38	77.38	(II)	(II)		Level 1
Eczacıbaşı Yapı Gereçleri San. ve Tic. A.Ş.	98.10	98.10	(III)	(III)		Level 3
Esan Eczacıbaşı Endüstriyel Hammaddeler San. ve Tic. A.Ş.	99.69	99.69	(III)	(III)		Level 3
Vitra Karo San. ve Tic. A.Ş.	92.79	92.79	(III)	(III)		Level 3
Eczacıbaşı Tüketim Ürünleri Sanayi ve Ticaret A.Ş.	100	100	(III)	(III)		Level 3
EİP Eczacıbaşı İlaç Pazarlama A.Ş.	74.82	74.82	(III)	(III)		Level 3
Kaynak Tekniği San. ve Tic. A.Ş. ^(**)	-	46.62	(III)	(III)		Level 3
E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş.	44.23	44.23	(III)	(III)		Level 3
Eczacıbaşı Shire Sağlık Ürünleri Sanayi ve Ticaret A.Ş. ^(***)	-	37.41	(IV)	(IV)		Level 3
ESİ Eczacıbaşı Sigorta Acenteliği A.Ş.	4.92	4.92	(V)	(V)		Level 3
Eczacıbaşı Havacılık A.Ş. ^(****)	100	91.33	(V)	(V)		Level 3
Eczacıbaşı Sağlık Hizmetleri A.Ş.	88.48	88.48	(V)	(V)		Level 3
Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım A.Ş.	74.92	74.92	(V)	(V)		Level 3
Eczacıbaşı İlaç Ticaret A.Ş.	74.83	74.83	(V)	(V)		Level 3
Eczacıbaşı Yatırım Holding Ortaklığı A.Ş.	81.57	81.57	(V)	(V)		Level 2
Kanyon Yönetim İşletim ve Pazarlama A.Ş.	50.00	50.00	(V)	(V)		Level 3
Toplu Konut Holding A.Ş.	27.00	27.00	(V)	(V)		Level 3
Ekom Eczacıbaşı Dış Ticaret A.Ş.	89.73	89.73	(V)	(V)		Level 3
Eczacıbaşı-Monrol Nükleer Ürünler San. ve Tic. A.Ş.	62.85	62.85	(V)	(V)		Level 3
Villeroy & Boch Fliesen GmbH	90.66	90.66	(V)	(V)		Level 3
Tasfiye Halinde Eczacıbaşı-Baxter Hastane Ürünleri San. ve Tic. A.Ş.	37.41	37.41	(V)	(V)		Level 3
Eczacıbaşı Bilişim San. ve Tic. A.Ş.	96.62	96.59	(V)	(V)		Level 3
Vitra Plitka	92.79	92.79	(V)	(V)		Level 3

(*) Proportion of ownership interest represents the effective shareholding of Eczacıbaşı Holding directly through the shares held in subsidiaries, joint ventures and associates and indirectly by these companies.

(**) The company has been sold at 1 July 2019.

(***) The company has been sold at 29 March 2019.

(****) The name of the company, whose former commercial name was Eczacıbaşı Havacılık A.Ş. has been changed to Eczacıbaşı Momentum Teknoloji Yatırımları A.Ş. ("Momentum") at 15 October 2019.

(I) In the fair value measurement of Eczacıbaşı Holding, for the stand-alone fair value of EİS Eczacıbaşı İlaç, Sınai ve Finansal Yatırımlar Sanayi ve Ticaret A.Ş., the effect of the mutual subsidiary with Eczacıbaşı Holding has been taken into consideration, In the related stand-alone fair value determination;

- Kanyon Shopping Mall and Office Building; discounted cash flows of rent incomes (Level 3),
- Financial assets; current transaction cost (Level 2) and current market prices (Level 1),
- Real estates; current transaction cost, arm's length price and expertise values (Level 2 and 3),
- Net asset value of remaining assets in cash (Level 2) and liabilities in cash (Level 3),

(II) The securities measured at market values are valued by the strike price as of 31 December 2019 in Borsa Istanbul ("BIST"), As of year-end, there are no financial instruments listed in a stock exchange other than BIST.

(III) The discount rates used in discounted cash-flow method are determined for each entity separately taking into consideration the following factors:

- The countries in which each entity is located and the risk premiums of these countries,
- The market risk premiums for each entity and
- The industry risk premiums for the sectors in which each entity operates,

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19. FINANCIAL INVESTMENTS (Continued)

Comparable risk premiums (in line with observable market data) are used in the determination of discount rates.

For the calculation of discount rates used for companies valued with discounted cash flow method cost of equity and cost of capital have been evaluated considering to risk free return rate and risk premiums, Accordingly weighted average cost of capital ("WACC") rates are calculated with regards to sustainable debt to equity ratios of each industry of related company, As of 31 December 2019, if WACC would be 100 base point higher/lower, fair value of asset held for sale would be thousand TL 68,193,952 lower / thousand TL 85,999,762 higher.

In this context, the discount rates used for companies with functional currency TL are changed between 15% - 18% (31 December 2018: 20% - 26%) while the discount rate used for companies with functional currency USD is 9.5% (31 December 2018: 7.2%), EUR is 6.9% (31 December 2018: 6%), and GBP is 7.2% (31 December 2018: 7.4%).

(IV) Current transaction price consists of the financial instruments of which fair values are measured by comparable costs of current transactions as of the statement of financial position date.

(V, VI) The fair values of these companies are determined by net asset values and net book values, the net asset value is calculated by deducting liabilities from monetary assets, whereas net book values are calculated by their cost values.

(VII) In the discounted cash flow method used within the scope of the valuation, the long-term growth rate for the Turkish Lira was used as 5%. If this rate was 50 basis points higher / lower, the amounts were TL 65,291,828 and TL 60,264,781 (31 December 2018: TL 124,702,561 and TL 109,239,209) respectively.

The fair value of Eczacıbaşı Holding A.Ş., has been calculated by multiplying the proportion of ownership interest of Eczacıbaşı Holding A.Ş., with the fair values calculated, using the methods explained above, for each company, The calculation summary of the amount shown in the consolidated financial statements is as follows:

	31 December 2019	31 December 2018
Total fair value of Eczacıbaşı Holding A.Ş. (*)	8,105,277,900	7,296,299,060
Total share of the Group within the total fair value Of Eczacıbaşı Holding A.Ş. (**)	935,349,412	841,992,912
The effect of mutual subsidiary	97,201,288	87,499,668
Fair value before liquidity discount	1,032,550,700	929,492,579
Minority discount (-)	(206,510,140)	(185,898,516)
Fair value of the Group in consolidated financials	826,040,560	743,594,063

(*) Reflects the amount multiplied with the total proportion of ownership interests,

(**) As of 31 December 2019, and as of 31 December 2018 the direct capital share of Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. within Eczacıbaşı Holding A.Ş. is 11.54%.

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19. FINANCIAL INVESTMENTS (Continued)

As presented in the table above, TL 8,105,277,900 (31 December 2018: TL 7,296,299,060) of fair value before minority discount is calculated by using the fair value of Eczacıbaşı Holding A.Ş., which amounts to TL 935,349,412 (31 December: TL 841,992,912) which is multiplied by 11.54% (31 December 2018: 11.54%), the share participation of Yatırım Holding Ortaklığı A.Ş. in Eczacıbaşı Holding A.Ş., and the result equals to TL 97,201,288 (31 December 2018: TL 87,499,668) is added to TL 1,032,550,700 (31 December 2018: TL 929,492,579), which is calculated as the effect of reciprocal shares between Eczacıbaşı Yatırım Holding Ortaklığı A.Ş., and Eczacıbaşı Holding A.Ş. is discounted from the total amount and fair value of (31 December 2018: TL 743,594,063) is reflected in the consolidated financial statements. By deducting 20% minority discount from this amount, the fair value of TL 826,040,560 in the financial statements has been obtained.

As of 31 December 2019, the effect of a change of 100 basis points in the minority discount applied for financial investments whose fair value is determined by the discounted cash flow method is TL 10.325.502 (31 December 2018: TL 9,294,927).

Financial liabilities

As of 31 December 2019, the Group has no bank loans (31 December 2018: None).

20. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

(a) Credit risk

Credit risk is the risk of financial loss of the creditor in the case that the lender fails to meet its financial obligations to the creditor.

Most of the the Company's credit risk arises from the trade receivables, marketable securities and time deposits in the banks. The bank deposits got off less than three months, Marketable securities comprise the government bonds those are issued by the Turkish Republic Prime Ministry Undersecretariat for the Treasury.

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20. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

31 December 2019	Receivables				Financial instruments (*)	Cash and cash rquivalent
	Trade Receivables		Other Receivables			
	Related party	Other	Related party	Other		
Maximum credit risk exposure as of reporting date (A+B+C+D)	-	-	-	246,636	980,475,892	105,678,582
- Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
A, Neither past due nor impaired net book value	-	-	-	246,636	980,475,892	105,678,582
B, Past due but not impaired net book value	-	-	-	-	-	-
C, Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
D, Off balance sheet items with credit risk						

(*) As of 31 December 2019, TL 980,475,892 of the related amount is composed of financial instruments of related parties.

In determining the above amounts, factors that increase credit reliability, such as collateral received, are not considered. The Group's financial assets exposed to credit risk do not have any impaired assets. In addition, the Group does not have assets that involve risks other than those of the non-statement of financial position and have not been impaired.

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20. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2018	Receivables				Financial instruments (*)	Cash and cash rquivalent
	Trade Receivables		Other Receivables			
	Related party	Other	Related party	Other		
Maximum credit risk exposure as of reporting date (A+B+C+D)	-	-	-	246,599	914,290,504	44,729,543
- Collateralized or secured with guarantees part of maximum credit risk	-	-	-	-	-	-
A, Neither past due nor impaired net book value	-	-	-	246,599	914,290,504	44,729,543
B, Past due but not impaired net book value	-	-	-	-	-	-
C, Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
D, Off balance sheet items with credit risk	-	-	-	-	-	-

(*) As of 31 December 2018, TL 914,290,504 of the related amount consists of financial instruments of related parties.

In determining the above amounts, factors that increase credit reliability, such as collateral received, are not considered, The Group's financial assets exposed to credit risk do not have any impaired assets, In addition, the Group does not have assets that involve risks other than those of the non-statement of financial position and have not been impaired.

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**20. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

(a) Credit risk (Continued)

The Company's management has tried to manage the credit risk of receivables according to customer-specific credit risk analysis through such methods as advances obtained from customer or work with letter of credit. The Company protects itself from any dispute by analysing the reliability of their customers, putting required sales terms to sales contracts. Furthermore, the Company management follows the delays in collections from its customers by analysing aging analyses and takes precautions to such kind of delays.

Trade receivables are spread out to various sectors and geographical clients, The Company reviews customers' collection risk and ensure the receivable if needed.

b) Liquidity risk management

Liquidity risk is the inability of the Group to match the net funding requirements with sufficient liquidity, A decrease in funding sources mainly due to market instability or a decrease in credit risk results in liquidity risk, The Group manages the liquidity risk by maintaining sufficient cash and other liquid assets in order to fund the current and prospective debt requirements.

The distribution of expiration of the financial liabilities as of 31 December 2019 and 31 December 2018 according to their contract dates is as follows:

31 December 2019

Maturities of contractual terms	Book Value	Contractual cash flow Total (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
Trade payables	617,292	617,292	617,292	-	-	-
Trade liabilities	617,292	617,292	617,292			

31 December 2018

Maturities of contractual terms	Book Value	Contractual Cash Flow Total (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 months (III)	More than 5 years (IV)
Trade payables	429,308	429,308	429,308	-	-	-
Trade liabilities	429,308	429,308	429,308	-	-	-

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**20. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

c) Market Risk

In the case of owning of foreign currency assets, liabilities and non-balance sheet liabilities, the risk that is exposed to resulting from the currency movements is defined as the foreign exchange risk. As of 31 December 2019, and 31 December 2018 the monetary assets and liabilities of foreign currency are as follows:

31 December 2019	Functional Currency (TL)	USD	Euro	GBP
Cash and banks	93,063,853	15,666,788	-	-
Total Assets	93,063,853	15,666,788	-	-
Total Liabilities	-	-		
Net foreign currency position	93,063,853	15,666,788		

	31 December 2019			
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD against TL				
1 – USD net asset / liability	9,306,385	(9,306,385)	9,306,385	(9,306,385)
2- Hedge Positions (-)				
3- USD Dollar net effect (1 + 2)	9,306,385	(9,306,385)	9,306,385	(9,306,385)
TOTAL (3)				

As of 31 December 2019 there are no assets or liabilities in foreign currency. Therefore, exchange rates of 31 December 2019 are not presented. (TL equivalents of assets and liabilities held by the Company denominated in foreign currency at 31 December 2018 in consideration of foreign exchange rates are as follows).

31 December 2019

USD

5.9402

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**20. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS
(Continued)**

(d) Interest risk

The Company management chose the short term-investment tools to make use of its assets that generate interest income, to be able to balance the maturity of assets and liabilities those are sensitive to interest rate by the method of natural precautions,

As of 31 December, there are no financial assets exposed to interest rate risk other than time deposits in the financial statement of the Company. In addition to this, the Company is exposed to interest rate risk due to change in weighted average cost of capital included in free cash flow models used in valuation of equity based financial investments at Eczacıbaşı Holding A.Ş. classified as financial assets measured at fair value through other comprehensive income. The Company presents the possible expected effects of the changes in interest rates or in components of interest in Note 19. In addition to these, as the Company does not have a financial assets or liabilities with variable interest rate and the effect of the possible repricing would have not material effect on carrying value of the time deposits, the Company has not presented sensitivity analyze on time deposits. (31 December 2018: According to the analyses of the Company where, all other variables are kept as constant, the effects of a 10% base point increase/decrease in interest rates, net income for the period and equity would be TL 127,120 increase/decrease).

The interest rate applied to the financial assets as of the 31 December 2019 and 31 December 2018 is as follows:

	31 December 2019	31 December 2018
	TL (%)	TL (%)
Assets		
Time deposits	10.25	24.00

	31 December 2019	31 December 2018
	USD (%)	USD (%)
Time deposits	2.25	-

Interest rate types of the Company's financial instruments as of 31 December 2019 and 31 Decemeber 2018 are presented below.

	31 December 2019	31 December 2018
Financial instruments with fixed interest		
Time deposits	101,800,250	44,624,928

e) Price risk

The Company is not subject to price risk as there is no equity investment that are classified under financial assets measured on fair value through profit and loss (31 December 2018: None).

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**21. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS
ON HEDGE ACCOUNTING)**

Fair value of financial instruments

The classification of financial assets at fair value is shown as follows:

- 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),

Level classifications of financial assets and liabilities given at their fair values:

Certain financial assets and financial liabilities of the Group are reflected to the financial statements at their fair values at each balance sheet date, The following table provides information on how to determine the fair value of the financial assets and liabilities:

31 December 2019	Level 1	Level 2	Level 3
Fair value through other comprehensive income assets			
Equity instruments (*) (**)	14,196,107	332,086,372	634,193,413
	14,196,107	332,086,372	634,193,413
31 December 2018	Level 1	Level 2	Level 3
Fair value through other comprehensive income assets			
Equity instruments (*) (**)	7,140,494	295,661,961	611,488,049
	7,140,494	295,661,961	611,488,049

(*) The detailed information required for Levels 2 and 3 is given in Note 19.

(**) The detailed information on methods used in the determination of fair value is given in Note 19.

Fair value of the Company's investments that are accounted for using the equity accounting method is equals to TL 980,475,892 as of 31 December 2019 (31 Aralık 2018: TL 914.290.504).

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**21. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS
ON HEDGE ACCOUNTING) (Continued)**

Reconciliation of assets and liabilities that are measured at Level 3 fair value are presented as follow:

	2019	2018
Opening - 1 January		
	611,488,049	765,944,957
Total income recognized under other comprehensive income	35,142,213	117,915,148
Classification changes within the period (-)	(12,436,849)	(272,383,291)
Effect of changes in share in associate	-	11,235
Closing 31 December	634,193,413	611,488,049

Derivative transactions

The Company has no derivative agreements as of 31 December 2019 (31 December 2018: None).

22. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	31 December 2019	31 December 2018
Cash	-	3,142
Cash in banks	105,678,582	44,726,401
<i>Demand deposits (*)</i>	<i>101,800,250</i>	<i>101,473</i>
<i>Time deposits</i>	<i>3,878,332</i>	<i>44,624,928</i>
Total	105,678,582	44,729,543

(*) As of 31 December 2019, the average maturity for time deposits is less than 1 month and the average interest rates is 24% for TL and 2.25% for USD (As of 31 December 2018: None).

As of 31 December 2019, and 2018 cash and cash equivalents included in the consolidated statements of cash flows are presented below:

	31 December 2019	31 December 2018
Cash and cash equivalents	105,678,582	44,729,543
Rediscount (-)	(117,250)	(24,928)
Total	105,561,332	44,704,615

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
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ECZACIBAŞI YATIRIM HOLDİNG ORTAKLIĞI A.Ş. AND ITS SUBSIDIARY

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23. EXPLANATIONS ON DISPOSAL OF THE SUBSIDIARY

As given in Note 1, details regarding to the impact of the disposal of the subsidiary on the financial statements are disclosed below:

	2018
Sale amount	15,594,404
Contingent payments	-
Net sale amount	15,594,404

Sale amount does not contain any other cost than explained above. Fair value of the assets and liabilities as of purchase date are as follows:

2018

Cash and cash equivalents	6,219,720
Financial investments	41,090,205
Trade receivables	998,200
Other receivables	39,279
Intangible assets	29,012
Trade payables (-)	(90,096)
Other payables (-)	(252,491)
Net disposed assets	48,033,829
Attributable to equity holders of the parent	15,659,027
Net cash inflow due to the disposal	15,594,404
Net profit/(loss) (*)	(64,623)

(*) The Company accounted all the loss amount which is equal to TL 64,623 in the statement of profit or loss as of 31 December 2018.

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23. EXPLANATIONS ON DISPOSAL OF THE SUBSIDIARY (Continued)

Sale of shares have been completed at BİST's "Total sale purchase transactions" on 9 April 2018 with the permission of CMB regarding to the transfer of all of the shares owned by Eczacıbaşı Yatırım Holding Ortaklığı A.Ş. ve Eczacıbaşı Tüketim Ürünleri Sanayi ve Ticaret A.Ş. to the Metro Yatırım Menkul Değerler A.Ş. Subsequent to transfer of shares, the capital structure of the Company has been changed as following:

	Share in capital	Share (%)
Metro Yatırım Menkul Değerler A.Ş. (*)	9,996,413	48
Other	11,003,587	52
Total	21,000,000	100

(*) TL 1,050,000 and TL 8,946,413 portions of the shares transferred to Metro Yatırım Menkul Değerler A.Ş. consist of A Group and B Group shares, respectively.

24. SUBSEQUENT EVENTS

i) None.

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