

**AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1 - MARCH 31, 2018**

**(ORIGINALLY ISSUED IN TURKISH)**

# AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

## Interim Condensed Consolidated Financial Statements as at March 31, 2018

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**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
MARCH 31, 2018 AND DECEMBER 31, 2017**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

ASSETS	Notes	Unreviewed	Audited
		March 31, 2018	December 31, 2017
Cash and Cash Equivalents	5	5.911.658	5.800.315
Financial Investments		25.520	107.946
Trade Receivables		2.809.508	2.309.203
- Due from Related Parties	21.1	247.095	259.589
- Trade Receivables, Third Parties		2.562.413	2.049.614
Other Receivables		60.139	107.954
- Other Receivables, Third Parties		60.139	107.954
Derivative Financial Assets		81.191	64.521
Inventories		2.987.722	2.122.397
Prepaid Expenses		722.693	561.248
Current Income Tax Assets	20.1	138.133	132.368
Other Current Assets	11.1	792.270	874.144
<b>TOTAL CURRENT ASSETS</b>		<b>13.528.834</b>	<b>12.080.096</b>
Financial Investments		414	342
Trade Receivables		6.317	5.851
- Trade Receivables, Third Parties		6.317	5.851
Other Receivables		46.058	25.682
- Other Receivables, Third Parties		46.058	25.682
Derivative Financial Assets		57.586	30.572
Investments Accounted Through Equity Method	7	2.217.970	2.333.170
Investment Property		302.749	307.941
Property, Plant and Equipment	8	9.645.009	8.356.588
Intangible Assets		16.675.967	12.339.782
- Goodwill	10	5.806.059	1.834.897
- Other Intangible Assets	9	10.869.908	10.504.885
Prepaid Expenses		279.658	254.888
Deferred Tax Assets	20.2	1.010.164	551.155
Other Non-Current Assets	11.2	1.716.070	1.781.316
<b>TOTAL NON-CURRENT ASSETS</b>		<b>31.957.962</b>	<b>25.987.287</b>
<b>TOTAL ASSETS</b>		<b>45.486.796</b>	<b>38.067.383</b>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
MARCH 31, 2018 AND DECEMBER 31, 2017**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

LIABILITIES	Notes	Unreviewed	Audited
		March 31, 2018	December 31, 2017
Short-Term Borrowings	6	2.320.688	1.488.820
Current Portion of Long-Term Borrowings	6	4.728.201	4.189.616
Trade Payables		3.718.291	2.231.604
- Due to Related Parties	21.2	37.756	726
- Trade Payables, Third Parties		3.680.535	2.230.878
Employee Benefit Obligations	13.1	103.223	94.506
Other Payables		991.365	882.812
- Other Payables, Third Parties		991.365	882.812
Derivative Financial Liabilities		1.216	-
Deferred Income	12.1	544.196	481.042
Income Tax Payable	20.1	11.697	7.826
Short-Term Provisions		179.788	151.619
- Short-Term Provisions for the Employee Benefits	13.2	153.723	127.731
- Other Short-Term Provisions	13.3	26.065	23.888
Other Current Liabilities	11.3	37.272	24.217
<b>TOTAL CURRENT LIABILITIES</b>		<b>12.635.937</b>	<b>9.552.062</b>
Long-Term Borrowings	6	8.481.538	8.434.084
Trade Payables		37.260	35.180
- Trade Payables, Third Parties		37.260	35.180
Other Payables		350.182	349.032
- Other Payables, Third Parties		350.182	349.032
Deferred Income	12.2	30.483	21.508
Long-Term Provisions		170.566	167.865
- Long-Term Provisions for the Employee Benefits	13.2	170.566	167.865
Deferred Tax Liability	20.2	1.950.970	1.915.078
Other Non-Current Liabilities	11.4	163.428	165.512
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11.184.427</b>	<b>11.088.259</b>
<b>TOTAL LIABILITIES</b>		<b>23.820.364</b>	<b>20.640.321</b>
<b>EQUITY</b>			
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>5.915.386</b>	<b>5.751.148</b>
Paid-in Share Capital	15	243.535	243.535
Inflation Adjustments on Capital		65.771	65.771
Share Premium (Discounts)		1.319.349	1.319.349
Effects of Business Combinations Under Common Control		(7.145)	(7.145)
Put Option Revaluation Fund Related With Non-Controlling Interests		8.938	8.728
Other Comprehensive Income (Loss) Not To Be Reclassified to Profit or Loss		(17.394)	(16.875)
- Revaluation and Remeasurement Gain (Loss)		(17.394)	(16.875)
- Income (Loss) on Remeasurements of Defined Benefit Plans		(17.394)	(16.875)
Other Comprehensive Income (Loss) To Be Reclassified to Profit or Loss		1.283.185	1.113.973
- Currency Translation Differences		1.293.105	1.101.588
- Gains (Losses) on Hedge		(9.920)	12.385
Restricted Reserves Allocated From Net Profit	15	909.511	909.511
Other Reserves		253.574	(101.487)
Retained Earnings	15	2.215.788	2.345.838
Net Profit or Loss		(359.726)	(130.050)
<b>Non-Controlling Interests</b>		<b>15.751.046</b>	<b>11.675.914</b>
<b>TOTAL EQUITY</b>		<b>21.666.432</b>	<b>17.427.062</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>45.486.796</b>	<b>38.067.383</b>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE THREE MONTHS PERIOD ENDED ON MARCH 31, 2018 AND 2017**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

		<b>Unreviewed</b>	
			Restated (Note 2)
		<b>January 1 -</b>	<b>January 1 -</b>
	<b>Notes</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Revenue		<b>3.923.654</b>	3.241.394
Cost of Sales		<b>(2.686.822)</b>	(2.202.214)
<b>GROSS PROFIT (LOSS)</b>		<b>1.236.832</b>	1.039.180
General Administrative Expenses		<b>(337.823)</b>	(276.374)
Marketing Expenses		<b>(734.979)</b>	(653.225)
Research and Development Expenses		<b>(1.255)</b>	(965)
Other Operating Income	16.1	<b>76.719</b>	79.673
Other Operating Expenses	16.2	<b>(118.658)</b>	(62.668)
Gain (Loss) from Investments Accounted Through Equity Method	7	<b>(140.188)</b>	440.176
<b>OPERATING PROFIT (LOSS)</b>		<b>(19.352)</b>	565.797
Income from Investing Activities	17.1	<b>4.305</b>	23.597
Expenses from Investing Activities	17.2	<b>(8.904)</b>	(5.094)
<b>OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)</b>		<b>(23.951)</b>	584.300
Financial Income	18	<b>411.530</b>	461.137
Financial Expenses	19	<b>(872.576)</b>	(770.635)
<b>PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(484.997)</b>	274.802
Tax (Expense) Income from Continuing Operations		<b>30.713</b>	(6.302)
- Current Period Tax (Expense) Income	20.3	<b>(71.530)</b>	(56.087)
- Deferred Tax (Expense) Income	20.3	<b>102.243</b>	49.785
<b>NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(454.284)</b>	268.500
<b>Attributable to:</b>			
- Non-controlling Interests		<b>(94.558)</b>	(100.842)
- Equity Holders of the Parent		<b>(359.726)</b>	369.342
Earnings (Loss) per share (full TRL)		<b>(1,48)</b>	1,99
- Earnings (Loss) per share from continuing operations (full TRL)		<b>(1,48)</b>	1,99

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2018 AND 2017**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	<b>Unreviewed</b>	
	Restated (Note 2)	
	<b>January 1- March 31, 2018</b>	January 1- March 31, 2017
<b>NET PROFIT (LOSS)</b>	<b>(454.284)</b>	268.500
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items Not To Be Reclassified To Profit or Loss</b>	<b>(836)</b>	470
- Remeasurement Gain (Loss) from Defined Benefit Plans	<b>(1.045)</b>	587
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	<b>209</b>	(117)
- Deferred Tax (Expense) Income	<b>209</b>	(117)
<b>Items To Be Reclassified To Profit or Loss</b>	<b>550.203</b>	717.856
- Currency Translation Differences	<b>585.633</b>	712.987
- Other Comprehensive Income (Loss) on Cash Flow Hedge	<b>37.588</b>	819
- Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations (Note 22)	<b>(88.500)</b>	-
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified to Profit or Loss	<b>3.665</b>	4.214
- Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss	<b>11.817</b>	(164)
- Deferred Tax (Expense)/ Income	<b>11.817</b>	(164)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>549.367</b>	718.326
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>95.083</b>	986.826
<b>Attributable to:</b>		
- Non-controlling Interest	<b>286.116</b>	375.886
- Equity Holders of the Parent	<b>(191.033)</b>	610.940

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

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)  
**AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ**

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2018 AND 2017**  
(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

						Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss	Other Comprehensive Income or Expense To Be Reclassified To Profit or Loss				Retained Earnings				
	Paid-in Capital	Inflation Adjustments on Capital	Share Premium/ Discount	Effects of Business Combinations Under Common Control	Put Option Revaluation Fund Related With Non- Controlling Interests	Profit / Loss on Remeasurements of Defined Benefit Plans	Currency Translation Differences	Gain / Loss on Hedge	Restricted Reserves Allocated from Net Profit	Other Reserves	Retained Earnings	Net Profit/ Loss	Attributable to Equity Holders of the Parent	Non- Controlling Interests	Equity
Balances as of January 1, 2017	182.000	65.771	1.360.483	-	8.577	(12.766)	767.558	25.109	434.424	(101.487)	3.356.054	(376.046)	5.709.677	10.984.043	16.693.720
Transfers	-	-	-	-	-	-	-	-	449.971	-	(826.017)	376.046	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	457	241.028	113	-	-	-	369.342	610.940	375.886	986.826
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	369.342	369.342	(100.842)	268.500
Other Comprehensive Income (Expense)	-	-	-	-	-	457	241.028	113	-	-	-	-	241.598	476.728	718.326
Capital Increase	4.000	-	-	-	-	-	-	-	-	-	(4.000)	-	-	-	-
Transactions With Non- Controlling Interests	-	-	-	-	-	-	-	-	-	-	(513)	-	(513)	1.241	728
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	(385)	-	-	-	-	-	-	-	(385)	385	-
Balances as of March 31, 2017 (Restated (Note 2))	186.000	65.771	1.360.483	-	8.192	(12.309)	1.008.586	25.222	884.395	(101.487)	2.525.524	369.342	6.319.719	11.361.555	17.681.274
<b>Balances as of January 1, 2018</b>	<b>243.535</b>	<b>65.771</b>	<b>1.319.349</b>	<b>(7.145)</b>	<b>8.728</b>	<b>(16.875)</b>	<b>1.101.588</b>	<b>12.385</b>	<b>909.511</b>	<b>(101.487)</b>	<b>2.345.838</b>	<b>(130.050)</b>	<b>5.751.148</b>	<b>11.675.914</b>	<b>17.427.062</b>
Transfers	-	-	-	-	-	-	-	-	-	-	(130.050)	130.050	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(519)	191.517	(22.305)	-	-	-	(359.726)	(191.033)	286.116	95.083
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	(359.726)	(359.726)	(94.558)	(454.284)
Other Comprehensive Income (Expense)	-	-	-	-	-	(519)	191.517	(22.305)	-	-	-	-	168.693	380.674	549.367
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	233	233
Acquisition or Disposal of a subsidiary (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	4.144.054	4.144.054
Increase/decrease through changes in ownership interests in subsidiaries that do not result in loss of control (**)	-	-	-	-	-	-	-	-	-	355.061	-	-	355.061	(355.061)	-
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	210	-	-	-	-	-	-	-	210	(210)	-
<b>Balances as of March 31, 2018</b>	<b>243.535</b>	<b>65.771</b>	<b>1.319.349</b>	<b>(7.145)</b>	<b>8.938</b>	<b>(17.394)</b>	<b>1.293.105</b>	<b>(9.920)</b>	<b>909.511</b>	<b>253.574</b>	<b>2.215.788</b>	<b>(359.726)</b>	<b>5.915.386</b>	<b>15.751.046</b>	<b>21.666.432</b>

(\*) Balances in the increase (decrease) due to other changes line consists of the share of put option revaluation fund related with non-controlling interests of Anadolu Efes, a subsidiary of the Group.

(\*\*) The changes that occurred on the basis of the business combination as detailed in Note 3.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR  
THE THREE MONTHS PERIODS ENDED MARCH 31, 2018 AND 2017**  
(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

	Notes	Unreviewed	
		January 1- March 31, 2018	Restated (Note 2) January 1- March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>304.680</b>	<b>8.788</b>
Profit / (Loss)		(454.284)	268.500
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>1.020.816</b>	<b>187.199</b>
Adjustments for Depreciation and Amortisation Expense		279.973	268.363
Adjustments for Impairment Loss (Reversal of Impairment Loss)		10.453	5.339
- Adjustments for Impairment Loss (Reversal) of Receivables		1.796	1.985
- Adjustments for Impairment Loss (Reversal) of Inventories		1.831	1.509
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment		6.826	1.845
Adjustments for Provisions		28.859	27.730
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		26.682	21.392
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions		1.728	481
- Adjustments for (Reversal of) Warranty Provisions		(206)	3.109
- Adjustments for (Reversal of) Other Provisions		655	2.748
Adjustments for Interest (Income) and Expenses		148.203	88.744
Adjustments for Unrealised Foreign Exchange Differences		486.734	259.773
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	7	140.188	(440.176)
Adjustments for Tax (Income) Expense	20.3	(30.713)	6.302
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		(1.076)	2.263
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	17.1,17.2	(1.076)	2.263
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	17.1,17.2	-	(21.251)
Other Adjustments to Reconcile Profit (Loss)		(41.805)	(9.888)
<b>Adjustments for Working Capital</b>		<b>(207.721)</b>	<b>(392.996)</b>
Decrease (Increase) in Financial Investments		2.518	1.881
Adjustments for Decrease (Increase) in Trade Accounts Receivables		(242.348)	(556.881)
Adjustments for Decrease (Increase) in Other Operating Receivables		30.159	24.252
Adjustments for Decrease (Increase) in Inventories		(563.394)	(358.741)
Adjustments for Increase (Decrease) in Trade Accounts Payables		515.524	414.866
Adjustments for Increase (Decrease) in Other Operating Payables		(19.555)	133.227
Increase (Decrease) in Deferred Income		72.129	203.539
Other Adjustments for Increase (Decrease) in Working Capital		(2.754)	(255.139)
- Decrease (Increase) in Other Assets Related with Operations		24.890	(259.856)
- Increase (Decrease) in Other Liabilities Related with Operations		(27.644)	4.717
<b>Cash Flows from Operations</b>		<b>358.811</b>	<b>62.703</b>
Payments Related with Provisions for Employee Benefits		(12.472)	(10.161)
Payments Related with Other Provisions		(278)	(2.603)
Income Taxes Refund (Paid)		(41.381)	(41.151)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(241.392)</b>	<b>(170.004)</b>
Cash Inflows Caused by Share Sales or Capital Decrease of Associate and/or Joint Ventures		-	55.622
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(21.250)	(17.845)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		6.973	4.771
Purchase of Property, Plant, Equipment and Intangible Assets		(325.817)	(219.648)
Other Cash Inflows (Outflows)		98.702	7.096
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>10.304</b>	<b>171.837</b>
Proceeds from Issuing Shares or Other Equity Instruments		233	-
Proceeds from Borrowings		2.998.648	2.657.067
Repayments of Borrowings		(2.890.449)	(2.461.510)
Proceeds (Repayments) from Future Contracts, Forward Contracts, Option Contracts and Swap Contracts		17.339	359
Interest Paid		(188.936)	(62.179)
Interest Received		73.469	38.100
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>73.592</b>	<b>10.621</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		41.803	41.439
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>115.395</b>	<b>52.060</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	5	<b>5.789.520</b>	<b>3.285.070</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>5.904.915</b>	<b>3.337.130</b>

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



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP**

AG Anadolu Grubu Holding A.Ş. is a holding company, which is managed by the Özilhan Family and Süleyman Kamil Yazıcı Family in accordance with equal representation and equal management principle and manages companies of Anadolu Group. All of the assets and liabilities of Anadolu Endüstri Holding A.Ş. (AEH) and Özilhan Sınai Yatırım A.Ş. have been taken over by Yazıcılar Holding A.Ş. and Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. have merged under Yazıcılar Holding A.Ş. on December 27, 2017 and the corporate name of Yazıcılar Holding A.Ş. has been changed as AG Anadolu Grubu Holding A.Ş..

14,10% of shares of AG Anadolu Grubu Holding A.Ş. (“Company” or “AGHOL”) are traded in Borsa İstanbul A.Ş. (“BİST”).

The registered office address of the Company is Fatih Sultan Mehmet Mahallesi Balkan Caddesi No:58, Buyaka E Blok Ümraniye, İstanbul, Turkey.

The interim condensed consolidated financial statements as of March 31, 2018 are authorized for issue by the Board of Directors on May 8, 2018 and are approved by the Finance President Can Çaka and the Finance Coordinator Volkan Harmandar on behalf of Board of Directors. General Assembly has the right to change the financial statements after the consolidated financial statements are issued.

**Activities of the Group**

The Company and its subsidiaries will be referred as the “Group” for the purpose of the consolidated financial statements.

The Group is organized and primarily managed in four principal segments: Beverage (beer and soft drinks), automotive (including passenger vehicles, commercial vehicles, generator, spare and component parts, motor vehicle renting), retailing (stationery, chain restaurant management and tourism), and other (production and sale of electricity, information technology, trade and real estate).

The average number of personnel of the Group for the period ended at March 31, 2018 is 21.225 (December 31, 2017: 21.811).

**List of Shareholders**

As of March 31, 2018 and December 31, 2017 the shareholders and shareholding rates are as follows:

	March 31, 2018		December 31, 2017	
	Paid Capital	(%)	Paid Capital	(%)
AG Sınai Yatırım ve Yönetim A.Ş. (*)	118.474	48,65	59.237	24,32
AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. (*)	-	-	59.237	24,32
Other Yazıcı Family Members (*)	47.443	19,47	47.443	19,48
Özilhan Family (*)	24.293	9,98	24.293	9,98
Süleyman Kamil Yazıcı and his Family (*) (***)	18.988	7,80	18.988	7,80
Publicly traded (**)	34.332	14,10	34.332	14,10
Other	5	0,00	5	0,00
<b>Paid-in share capital - historical</b>	<b>243.535</b>	<b>100,00</b>	<b>243.535</b>	<b>100,00</b>
Inflation adjustment on capital	65.771		65.771	
<b>Total share capital</b>	<b>309.306</b>		<b>309.306</b>	

(\*) As of March 31, 2018, 28,64% of AG Sınai Yatırım ve Yönetim A.Ş. shares amounting TRL 69.766 and all of the shares of Other Yazıcı Family Members, Özilhan Family, Süleyman Kamil Yazıcı and his Family and other are publicly issued but not traded on the stock exchange. In accordance with the decisions of the board of directors dated March 7, 2018, AG Sınai Yatırım ve Yönetim A.Ş. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. merged on March 29, 2018.

(\*\*) The shares only consist of the shares traded on the stock exchange which do not belong to family members.

(\*\*\*) TRL 218 of TRL 18.988 belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş.. Anadolu Ecopack Üretim ve Pazarlama A.Ş.’s 100,00% shares belong to Süleyman Kamil Yazıcı and his Family.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (cont'd)**

**List of Subsidiaries**

The subsidiaries included in consolidation and their shareholding percentages at March 31, 2018 and December 31, 2017 are as follows:

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%)	
				March 31, 2018	December 31, 2017
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) (1)	Turkey	Production and sales of Isuzu branded commercial vehicles	Automotive	55,40	55,40
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) (1) (2)	Turkey	Production, bottling, distribution and sales of beer, carbonated and non-carbonated beverages	Beverage	43,05	43,05
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Kia motor vehicles and motor vehicle renting	Automotive	100,00	100,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	100,00	100,00
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Inactive	Automotive	100,00	100,00
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik)	Turkey	Inactive	Automotive	51,00	51,00
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (1)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	Retailing	56,89	56,89
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü)	Turkey	Distribution of the products of Adel and other imported stationery products	Retailing	73,17	73,17
Efestur Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of travelling and organization facilities	Retailing	100,00	100,00
Anadolu Bilişim Hizmetleri A.Ş. (ABH)	Turkey	IT, internet and e-commerce services	Other	99,38	99,38
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	Other	100,00	100,00
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management	Retailing	100,00	100,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger)	Turkey	Restaurant chain management	Retailing	100,00	100,00
Artı Anadolu Danışmanlık A.Ş. (Artı Anadolu)	Turkey	Inactive	Other	100,00	100,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Import, distribution and marketing of motor vehicles	Automotive	100,00	100,00
Anadolu Termik Santralleri Elektrik Üretim A.Ş. (Anadolu Termik)	Turkey	Production of electricity (Investment in progress)	Other	100,00	100,00
AES Elektrik Enerjisi Toptan Satış A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity	Other	100,00	100,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	100,00	100,00
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Other	89,19	89,19
Georgia Urban Enerji Ltd. (GUE)	Georgia	Production and sale of electricity	Other	80,27	80,27
AND Anadolu Gayrimenkul Yatırımları A.Ş. (AND Anadolu Gayrimenkul)	Turkey	Purchase, sale, rental and management of real estate	Other	100,00	100,00
AND Ankara Gayrimenkul Yatırımları A.Ş. (AND Ankara Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	100,00	100,00
AND Kartal Gayrimenkul Yatırımları A.Ş. (AND Kartal Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	100,00	100,00
Kheledula Enerji Ltd. (Kheledula)	Georgia	Production and sale of electricity (Investment in progress)	Other	89,19	89,19
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik)	Turkey	Retailing	Other	100,00	100,00

(1) Shares of Anadolu Isuzu, Anadolu Efes and Adel are quoted in BİST.

(2) The Company has control over Anadolu Efes although the Company holds less than 50 percent of its shares. In concluding to have control over Anadolu Efes, the Company management considers the number of Board members representing AGHOL in the Board of Directors of Anadolu Efes, the Company's participation in policy-making processes, including participation in decisions about dividends or other distributions, the transactions between AGHOL and Anadolu Efes. The managerial personnel of AGHOL provide internal audit services and high level finance, tax, legal and human resources support to Anadolu Efes.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)  
**AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (cont'd)**

**List of Subsidiaries (cont'd)**

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%)	
				March 31, 2018	December 31, 2017
Ant Sınai ve Tic. Ürünleri Paz. A.Ş. (4)	Turkey	Purchase and sale of spare parts	Automotive	<b>55,40</b>	55,40
Efes Breweries International N.V. (EBI) (5)	The Netherlands	Holding company that facilitates investments in breweries	Beverage-Beer	<b>43,05</b>	43,05
AB InBev Efes B.V. (5)	The Netherlands	Investment Company	Beverage-Beer	<b>21,53</b>	43,05
JSC Sun InBev (5) (6)	Russia	Production and marketing of beer	Beverage-Beer	<b>21,53</b>	-
LLC Inbev Trade (5)	Russia	Production of malt	Beverage-Beer	<b>21,53</b>	-
PJSC Sun InBev Ukraine (5) (6)	Ukraine	Production and marketing of beer	Beverage-Beer	<b>21,17</b>	-
Bevmar GmbH (5) (6)	Germany	Investment Company	Beverage-Beer	<b>21,53</b>	-
JSC Moscow-Efes Brewery (Efes Moscow) (5) (6)	Russia	Production and marketing beer	Beverage-Beer	<b>21,53</b>	43,05
LLC Vostok Solod (5)	Russia	Production of malt	Beverage-Beer	<b>21,53</b>	43,05
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) (5)	Kazakhstan	Production and marketing beer	Beverage-Beer	<b>43,05</b>	43,05
International Beers Trading LLP (IBT) (5)	Kazakhstan	Marketing of beer	Beverage-Beer	<b>43,05</b>	43,05
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) (5)	Moldova	Production of beer and low alcoholic drinks	Beverage-Beer	<b>41,69</b>	41,69
Euro-Asien Brauereien Holding GmbH (Euro-Asien) (5) (6)	Germany	Investment company	Beverage-Beer	<b>21,53</b>	43,05
JSC Lomisi (Efes Georgia) (5)	Georgia	Production and marketing and of beer and carbonated soft drinks	Beverage-Beer	<b>43,05</b>	43,05
PJSC Efes Ukraine (Efes Ukraine) (5)	Ukraine	Production and marketing of beer	Beverage-Beer	<b>43,02</b>	43,02
Efes Trade BY LLC (Efes Belarus) (5)	Belarus	Market development	Beverage-Beer	<b>43,05</b>	43,05
LLC Efes Solod (5)	Russia	Production of malt	Beverage-Beer	<b>21,53</b>	43,05
Efes Holland Technical Management Consultancy B.V. (EHTMC) (5)	The Netherlands	Leasing of intellectual property and similar products	Beverage-Beer	<b>43,05</b>	43,05
LLC Efes Ukraine (5)	Ukraine	Selling and distribution of beer	Beverage-Beer	<b>43,05</b>	43,05
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (5)	Turkey	Marketing and distribution company of Anadolu Efes	Beverage-Beer	<b>43,05</b>	43,05
Cypex Co. Ltd. (Cypex) (5)	Northern Cyprus	Marketing and distribution of beer	Beverage-Beer	<b>43,05</b>	43,05
Efes Deutschland GmbH (Efes Germany) (5)	Germany	Marketing and distribution of beer	Beverage-Beer	<b>43,05</b>	43,05
Coca-Cola İçecek A.Ş. (CCİ) (3) (5)	Turkey	Production of Coca-Cola products	Beverage-Soft Drink	<b>21,64</b>	21,64
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) (5)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Beverage-Soft Drink	<b>21,63</b>	21,63
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) (5)	Turkey	Filling and selling of natural spring water	Beverage-Soft Drink	<b>21,64</b>	21,64
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) (5)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Beverage-Soft Drink	<b>21,64</b>	21,64
Tonus Turkish-Kazakh Joint Venture LLP (Tonus) (5)	Kazakhstan	Investment company of CCİ	Beverage-Soft Drink	<b>21,64</b>	21,64
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) (5)	Azerbaijan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	<b>21,61</b>	21,61
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) (5)	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	<b>21,64</b>	21,64
CCI International Holland B.V. (CCI Holland) (5)	The Netherlands	Investment company of CCİ	Beverage-Soft Drink	<b>21,64</b>	21,64
CC for Beverage Industry Limited (CCBL) (5)	Iraq	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	<b>21,64</b>	21,64
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC) (5)	Jordan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	<b>19,47</b>	19,47
Coca-Cola Beverages Pakistan Ltd (CCBPL) (5)	Pakistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	<b>10,75</b>	10,75
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) (5)	Turkmenistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	<b>12,87</b>	12,87
Waha Beverages B.V. (5)	The Netherlands	Investment company of CCİ	Beverage-Soft Drink	<b>17,32</b>	17,32
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha) (5)	Iraq	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	<b>17,32</b>	17,32
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tajikistan) (5)	Tajikistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	<b>21,64</b>	21,64

(3) CCİ shares are quoted in BIST.

(4) Subsidiary of Anadolu Isuzu.

(5) Subsidiary of Anadolu Efes.

(6) Companies which AB Inbev Efes B.V. directly participates in connection with the business combination explained in Note 3.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (cont'd)**

**Joint Ventures**

The joint ventures included in consolidation by equity method and its shareholding percentages at March 31, 2018 and December 31, 2017 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			March 31, 2018	December 31, 2017
Migros Ticaret A.Ş. (Migros) (*)	Turkey	Sales of food and beverage and durable goods	50,00	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Turkey	Tractor production	50,00	50,00
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	33,33	33,33
LLC Faber-Castell Anadolu	Russia	Trading of all kinds of stationery	28,44	28,44
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap)	Turkey	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	14,35	14,35
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	10,82	10,82

(\*) Shares of Migros are currently quoted in BİST.

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

**Basis of Preparation of Financial Statements**

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations (“TAS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

The financial statements and disclosures have been prepared in accordance with the resolution of CMB dated 7 June 2013 relating to financial statements presentations.

The Group companies, which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries and joint ventures keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

The interim condensed consolidated financial statements are based on the statutory financial statements of the Group’s subsidiaries and joint ventures and presented in TRL in accordance with the principles CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting of deferred taxes, accounting of employment termination benefits on an actuarial basis and accruals for various expenses. These consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In the scope of the CMB’s “Communiqué on Financial Reporting in Capital Market” Numbered II-14.1 (Communiqué), the Group has prepared interim condensed consolidated financial statements as at March 31, 2018 in accordance with TAS 34, “Interim Financial Reporting”. The interim condensed consolidated financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**Basis of Preparation of Financial Statements (cont'd)**

The merger within AGHOL that is detailed in Note 1, is a merger covering entities under common control and therefore it is not subject to “TFRS 3 Business Combinations”. The Group, in the absence of specific guidance under TFRS, applied the guidance in paragraph 10-12 of TAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The below accounting principles which are in accordance with the decree dated on July 21, 2013, published by POA in order to eliminate the differences which may occur in the implementation of the accounting policies, are applied;

- (i) Combination of entities under common control should be recognized using pooling of interest method, therefore goodwill should not be included in the financial statements.
- (ii) While using the pooling of interest method, the financial statements has been prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and be presented comparatively from the beginning of the reporting period in which the common control occurred.
- (iii) Since it would be appropriate to consider from equity holders of the parent’s perspective to present the effects of business combinations under common control in the financial statements, the financial statements have been restated per TAS as of and after the date when the Company, which has control over the Group, took control of the entities under common control.

To eliminate the possible inconsistency between assets and liabilities due to the merger of entities under common control, “Effects of Business Combinations Under Common Control” account under equity is used.

**Financial Reporting in Hyperinflationary Economies**

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005 No:29 “ Financial reporting in Hyperinflationary Economies” (“TAS 29”) was not applied.

**Functional and Presentation Currency**

- (a) Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss, except when recognized in statement of other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within ‘finance income and expenses’. All other foreign exchange gains and losses are presented in the statement of profit or loss within ‘Other operating income and expense’.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**Basis of Preparation of Financial Statements (cont'd)**

**Functional and Presentation Currency (cont'd)**

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities presented in the statement of financial position are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses presented in the statements of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in the statement of other comprehensive income.

Functional currency of significant subsidiaries located in foreign countries are as follows:

		<b>March 31, 2018</b>	<b>December 31, 2017</b>
	<b>Local Currency</b>	<b>Functional Currency</b>	<b>Functional Currency</b>
Oyex	European Currency (EUR)	<b>EUR</b>	EUR
GUE	Georgian Lari (GEL)	<b>GEL</b>	GEL
Kheledula	Georgian Lari (GEL)	<b>GEL</b>	GEL
EBI	European Currency (EUR)	<b>USD</b>	USD
Efes Moscow	Russian Ruble (RUR)	<b>RUR</b>	RUR
JSC Sun Inbev	Russian Ruble (RUR)	<b>RUR</b>	-
PJSC Sun Inbev Ukraine	Ukraine Hryvnya (UAH)	<b>UAH</b>	-
Efes Kazakhstan	Kazakh Tenge (KZT)	<b>KZT</b>	KZT
Efes Moldova	Moldovan Leu (MDL)	<b>MDL</b>	MDL
Efes Georgia	Georgian Lari (GEL)	<b>GEL</b>	GEL
Efes Ukraine	Ukraine Hryvnya (UAH)	<b>UAH</b>	UAH
EHTMC	European Currency (EUR)	<b>USD</b>	EUR
Efes Germany	European Currency (EUR)	<b>EUR</b>	EUR
Almaty CC	Kazakh Tenge (KZT)	<b>KZT</b>	KZT
Tonus	Kazakh Tenge (KZT)	<b>KZT</b>	KZT
Azerbaijan CC	Azerbaijani Manat (AZN)	<b>AZN</b>	AZN
Turkmenistan CC	Turkmenistan Manat (TMT)	<b>TMT</b>	TMT
Bishkek CC	Kyrgyz Som (KGS)	<b>KGS</b>	KGS
TCCBCJ	Jordan Dinar (JOD)	<b>JOD</b>	JOD
CCBIL	Iraqi Dinar (IQD)	<b>IQD</b>	IQD
CCBPL	Pakistan Rupee (PKR)	<b>PKR</b>	PKR
CCI Holland	European Currency (EUR)	<b>USD</b>	USD
Waha B.V.	European Currency (EUR)	<b>USD</b>	USD
Al Waha	Iraqi Dinar (IQD)	<b>IQD</b>	IQD
Tajikistan CC	Tajikistani Somoni (TJS)	<b>TJS</b>	TJS

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**Basis of Preparation of Financial Statements (cont'd)**

**Functional and Presentation Currency (cont'd)**

In the interim condensed consolidated financial statements, foreign currency translation differences arises from Migros, a joint venture of the Group, as a result of their operations abroad.

**Comparative Information and Restatement of Prior Period Financial Statements**

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and significant changes are explained.

As explained in Note 1, all of the assets and liabilities of Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. are taken over by Yazıcılar Holding A.Ş. as a whole and Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. have merged under Yazıcılar Holding A.Ş. on December 27, 2017. The merger transaction has been evaluated as "Business Combination under Common Control" and accounted through "Pooling of Interest" method. While pooling of interest method is applied, the financial statements have been adjusted as if the merger occurred at the beginning of the reporting period and comparative presentation has been made since the beginning of the reporting period in which the business combination of entities under common control occurred.

Therefore, the interim condensed consolidated statement of profit or loss for the period ended March 31, 2017 has been restated. Anadolu Isuzu and Anadolu Efes, which were accounted through equity method in formerly Yazıcılar Holding A.Ş., with its corporate name AGHOL, have been started to be consolidated according to the full consolidation method after the merger.

The reconciliation of the net profit for the period ended March 31, 2017 is as follows;

	January 1 - March 31, 2017
Consolidated net profit of Yazıcılar (1)	399.432
Net loss of the companies included in the merger (2)	(46.285)
Changes in share of gain/loss from investments accounted through the equity method (3)	(84.390)
Other	(257)
<b>AGHOL restated net profit for the period</b>	<b>268.500</b>

- (1) Represents the consolidated financial statements prepared by Yazıcılar as of March 31, 2017 and published on Public Disclosure Platform ("PDP") on May 10, 2017.
- (2) The balance consists of net losses of Anadolu Efes amounting TRL 147.204, Anadolu Isuzu amounting TRL 14.548 and net profit of Özilhan amounting TRL 115.467 for the period ended March 31, 2017.
- (3) Refers to the sum of shares of profits/losses of entities that are fully consolidated in AGHOL but have been previously accounted through the equity method in Yazıcılar and Özilhan.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**Seasonality of Operations**

Due to higher consumption of beverage during the summer season, the interim condensed consolidated financial statements of Anadolu Efes, a subsidiary of the Group, may include the effects of the seasonal variations. Therefore, the results of Beverage group for the first three months up to March 31, 2018 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

Adel, a subsidiary of the Group, starts sales campaigns for specific products at the beginning of each year and then carries out "dealer fairs" for the sales of the brands produced and imported in February. At these sales campaigns and dealer fairs, cheques are received in the amount of orders from the customers and the received orders are met in the first half of the year. In 2018, Adel has planned a more extensive shipment for the next months to increase the efficiency of shipment. Based on this shipment plan, increase in net sales of Adel for the interim financial statement for January 1 – March 31, 2018 period has occurred as 7,3% compared to January 1 – March 31, 2017 period which is relatively small based on the previous years. However, considering the orders received from the dealers as of the end of March 2018, growth parallel to previous years' performances is predicted to be realized in 2018.

**New standards and interpretations**

**Standards, amendments and interpretations applicable as at 31 March 2018:**

- IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after January 1, 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15, 'Revenue from contracts with customers'; effective from annual periods beginning on or after January 1, 2018. IFRS 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.
- IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after January 1, 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments'; effective from annual periods beginning on or after January 1, 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**New standards and interpretations (cont'd)**

**Standards, amendments and interpretations applicable as at 31 March 2018: (cont'd)**

- IAS 40, 'Investment property' relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after January 1, 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

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

- IFRS 1, 'First time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
- IAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.
- IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after January 1, 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

**Standards, amendments and interpretations that are issued but not effective as at 31 March 2018:**

- IFRS 9, 'Financial instruments'; effective from annual periods beginning on or after January 1, 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.
- IAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after January 1, 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**New standards and interpretations (cont'd)**

**Standards, amendments and interpretations that are issued but not effective as at 31 March 2018: (cont'd)**

- IFRS 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 far-reaching 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.
- IFRIC 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after January 1, 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 IFRS 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.
- IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after January 1, 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

- IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**New standards and interpretations (cont'd)**

**Standards, amendments and interpretations applicable as at 31 March 2018: (cont'd)**

- IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after January 1, 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.

Impact of these amendments on the Group's financial status and performance are being evaluated.

**Changes in Accounting Policies, Accounting Estimates and Errors**

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the comparative period are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively. The Group has not identified any significant accounting error or estimated changes in accounting policies in the current year.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT  
MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 3 - BUSINESS COMBINATIONS**

**Transactions for the period of March 31, 2018**

**Business combination**

On March 29, 2018 after the required approvals from the legal authorities related with the alliance with Anheuser Busch InBev SA / NV (AB InBev), EBI's all beer operations in Russia, whose 100% shares are owned by Anadolu Efes, the subsidiary of the Group and AB InBev's all beer operations in Russia and Ukraine, has been merged under AB InBev Efes BV (AB InBev Efes) as %50-%50 ownership of Anadolu Efes and AB InBev. After this business combination, Anadolu Efes's Russian business and AB InBev's Russian and Ukrainian businesses started to operate together.

In August 2017, AB InBev Efes B.V. established in Netherlands by EBI with 100% ownership in order to facilitate the business combination. Thereafter, AB InBev has made an in kind capital contribution to AB InBev Efes with JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmarm GmbH entities' 100,00%, 98,34% and 100,00% shares respectively on March 29, 2018. At the same time, EBI has made an in kind capital contribution to AB InBev Efes with 100% shares of Efes Moscow and Euro-Asien on March 29, 2018. Moreover, AB InBev and EBI have made cash capital increase in AB InBev Efes with a total amount of Thousand USD 500. After the cash and in kind capital contributions made by AB InBev and EBI, their ownership in AB InBev Efes become 50%-50%.

As a result of this merger, ABI InBev Efes's direct effective shareholding and voting rights have been 100,00%, 98,34% and 100,00% on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmarm GmbH respectively (Anadolu Efes' share 50,00%, 49,17% and 50,00%). In accordance with the clauses of the shareholders agreement between EBI and AB InBev, EBI has acquired the control on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmarm GmbH. Accordingly; JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmarm GmbH have been consolidated in consolidated financial statements of the Group for the period ended March 31, 2018.

Additionally, as a result of this merger ABI InBev Efes's direct effective shareholding and voting rights have been 100% in Efes Moscow and Euro-Asien. Accordingly, Anadolu Efes' share in these subsidiaries have been changed to 50,00% with retained control (Before this merger, the effective shareholding and voting rights were 100% for these two companies). In accordance with TFRS 10, as a result of the change in effective shareholding rates in Efes Moscow and Euro-Asien with retained control, TRL 824.763 amount has been booked as "Other Reserves" under equity attributable to equity holders of the parent in consolidated interim financial statements of Anadolu Efes.

Based upon the valuation report, the value of the assets that AB InBev has contributed in kind in AB InBev Efes as capital has been booked as Thousand USD 1.049.170 in the financial statements of AB InBev Efes (equivalent of TRL 4.143.067). Additionally, AB InBev has made a cash capital contribution to AB InBev Efes amounting to Thousand USD 250 as mentioned above (equivalent of TRL 987).

Based upon the valuation report, the value of the assets that EBI has contributed in kind in AB InBev Efes as capital has been booked as Thousand USD 1.049.990 in the financial statements of AB InBev Efes (equivalent of TRL 4.146.305). Additionally, EBI has made a cash capital contribution to AB InBev Efes amounting to Thousand USD 250 as mentioned above (equivalent of TRL 987).

After this merger, 50% of JSC Sun InBev's shareholder loan amounting to TRL 595.553 is taken over by the EBI. 50% of Efes Russia's the shareholder loan amounting to TRL 327.097 is taken over by Brandbev S.A.R.L which is an ABI InBev Group company.

Since fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies is in progress, the Group has accounted the acquisition based on the carrying values of identifiable assets, liabilities and contingent liabilities on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmarm GmbH's financial statements at the acquisition date in accordance with IFRS 3 "Business Combinations". The difference between the total consideration of business combination and Anadolu Efes' share in the carrying value of acquiree's identifiable assets, liabilities and contingent liabilities amounting to TRL 3.921.530 is temporarily recorded as goodwill in the condensed consolidated interim financial statements as of 31 March 2018.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018**

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

**NOTE 3 - BUSINESS COMBINATIONS (cont'd)**

**Transactions for the period of March 31, 2018 (cont'd)**

**Business combination (cont'd)**

The carrying value of the net assets of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH derived from the financial statements as of the acquisition date are as follows:

	<b>JSC Sun InBev</b>	<b>PJSC Sun InBev Ukraine</b>	<b>Bevmar GmbH</b>
Cash and Cash Equivalents	11.773	6.034	-
Trade and Other Receivables	203.884	27.449	-
Due from Related Parties	24.183	4.703	277.237
Inventories	232.342	54.154	-
Other Current Assets	25.439	19.173	-
Tangible Assets	646.548	273.199	-
Intangible Assets	66.200	2.180	-
Other Non - Current Assets	252	29	-
Deferred Tax Assets	284.642	50.777	-
Financial Liabilities	(873.201)	(119.938)	(355)
Trade payables	(560.950)	(187.759)	-
Due to Related Parties	(129.307)	(67.230)	(244)
Other Liabilities	(123.949)	(59.908)	-
<b>Carrying Value of Net Assets Acquired</b>	<b>(192.144)</b>	<b>2.863</b>	<b>276.638</b>
<b>Ownership Ratio of AB Inbev Efes as a result of Business Combination</b>			
	<b>%100,00</b>	<b>%98,34</b>	<b>%100,00</b>
Total consideration	3.611.356	194.167	337.544
Shareholder loans transferred, net	(134.228)	-	-
Share in Net Assets	(192.144)	2.816	276.638
<b>Provisional goodwill arising from acquisition (Note 10)</b>	<b>3.669.272</b>	<b>191.352</b>	<b>60.906</b>
Total consideration	3.611.356	194.167	337.544
Cash in the subsidiary acquired (-)	(11.773)	(6.034)	-
<b>Net consideration related with acquisition</b>	<b>3.599.583</b>	<b>188.133</b>	<b>337.544</b>

**Transactions for the year of 2017**

Migros, in line with its long-term growth strategy, signed a share sale and purchase agreement with Tesco Overseas Investments Limited (the "Seller") on June 10, 2016 to purchase approximately 95,5% of the shares of Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. ("Kipa") owned by the Seller. According to the share sale and purchase agreement and the latest financial statements of Kipa released on February 29, 2016, the purchase price of the said shares was TRL 302.287 as of the date of the agreement (June 10, 2016). To obtain the necessary legal permit, Migros applied to the Competition Authority on June 21, 2016 and the application was approved on February 9, 2017. According to the annual closing statement of financial position of Kipa dated on February 28, 2017, the purchase price of the shares was TRL 199.012. As of March 1, 2017 Migros has taken over the management of Kipa.

**NOTE 4 - SEGMENT REPORTING**

The Group is organized and primarily managed in four principal segments: Beverage (beer and soft-drinks), automotive (including passenger vehicles, commercial vehicles, generator, spare and component parts, motor vehicle renting); retailing (stationery, chain restaurant management and tourism); other (production and sale of electricity, information technologies, trade and real estate).

Since segment reporting and information used in the Group management reporting is consistent with consolidated balance sheet and consolidated statement of profit or loss the Group does not need to perform reconciliation between the consolidated statement of profit or loss, consolidated balance sheet and the segment reporting disclosure.

(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

## AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

#### NOTE 4- SEGMENT REPORTING (cont'd)

March 31, 2018	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	902.823	1.865.704	818.149	302.717	38.720	(4.459)	3.923.654	3.940.136	7.752.828
Inter-segment sales	(4.291)	(57)	10.410	6.252	30.206	(42.520)	-	-	-
<b>Total Sales</b>	<b>898.532</b>	<b>1.865.647</b>	<b>828.559</b>	<b>308.969</b>	<b>68.926</b>	<b>(46.979)</b>	<b>3.923.654</b>	<b>3.940.136</b>	<b>7.752.828</b>
<b>GROSS PROFIT(LOSS)</b>	<b>390.586</b>	<b>614.033</b>	<b>156.332</b>	<b>66.605</b>	<b>43.513</b>	<b>(34.237)</b>	<b>1.236.832</b>	<b>1.077.084</b>	<b>2.302.958</b>
Operating expenses	(479.319)	(476.005)	(73.461)	(40.845)	(37.562)	33.135	(1.074.057)	(962.543)	(2.031.359)
Other operating income (expenses), net	8.543	10.243	(32.996)	(10.621)	(14.538)	(2.570)	(41.939)	(59.662)	(101.714)
Gain (loss) from the investments accounted through equity method (*)	(8.964)	(73)	(1.171)	(296)	(129.684)	-	(140.188)	-	(18.294)
<b>OPERATING INCOME (LOSS)</b>	<b>(89.154)</b>	<b>148.198</b>	<b>48.704</b>	<b>14.843</b>	<b>(138.271)</b>	<b>(3.672)</b>	<b>(19.352)</b>	<b>54.879</b>	<b>151.591</b>
Income (expense) from investing activities, net	(2.387)	(2.779)	157	(846)	1.261	(5)	(4.599)	(3.319)	(7.908)
Financial income (expense), net	(21.868)	(176.438)	(155.159)	(8.753)	(98.831)	3	(461.046)	(283.020)	(744.067)
<b>INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(113.409)</b>	<b>(31.019)</b>	<b>(106.298)</b>	<b>5.244</b>	<b>(235.841)</b>	<b>(3.674)</b>	<b>(484.997)</b>	<b>(231.460)</b>	<b>(600.384)</b>
Tax (expense) income from continuing operations, net	31.449	(32.225)	12.397	(3.880)	22.369	603	30.713	(9.183)	21.998
<b>NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>(81.960)</b>	<b>(63.244)</b>	<b>(93.901)</b>	<b>1.364</b>	<b>(213.472)</b>	<b>(3.071)</b>	<b>(454.284)</b>	<b>(240.643)</b>	<b>(578.386)</b>
<b>Attributable to:</b>									
- Non-controlling interest	(114)	(17.253)	6	-	3.241	(80.438)	(94.558)	(2.219)	(218.660)
- Equity holders of the parent	(81.846)	(45.991)	(93.907)	1.364	(216.713)	77.367	(359.726)	(238.424)	(359.726)
<b>Total Assets</b>	<b>15.759.199</b>	<b>14.549.942</b>	<b>4.210.484</b>	<b>710.293</b>	<b>5.243.709</b>	<b>5.013.169</b>	<b>45.486.796</b>	<b>9.791.287</b>	<b>53.083.177</b>
<b>Total Liabilities</b>	<b>6.492.662</b>	<b>8.957.720</b>	<b>3.903.655</b>	<b>469.702</b>	<b>2.850.165</b>	<b>1.146.460</b>	<b>23.820.364</b>	<b>8.502.766</b>	<b>32.048.524</b>
<b>Net debt</b>	<b>1.781.984</b>	<b>2.279.641</b>	<b>3.061.847</b>	<b>268.465</b>	<b>2.201.312</b>	<b>-</b>	<b>9.593.249</b>	<b>2.738.198</b>	<b>12.331.448</b>
Purchases of tangible & intangible assets, assets used in renting activities and investment property (***)	123.543	175.761	133.946	10.371	955	(927)	443.649	77.409	521.058
<b>EBITDA</b>	<b>32.851</b>	<b>282.070</b>	<b>79.301</b>	<b>29.628</b>	<b>(634)</b>	<b>(661)</b>	<b>422.555</b>	<b>211.029</b>	<b>627.754</b>
- Depreciation and amortization (***)	106.094	128.950	27.163	7.758	7.000	3.008	279.973	69.585	349.558
- Provision for employee termination benefits	1.449	3.728	1.607	1.340	303	63	8.490	18.730	27.220
- Provision for vacation pay liability	6.119	3.254	502	5.391	650	7	15.923	8.173	24.096
- Other	(621)	(2.133)	154	-	-	(67)	(2.667)	59.662	56.995

(\*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 8.964 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 73 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 1.171 is recorded under 'automotive' segment; loss recognized from Aslancık amounting TRL 7.790 and loss recognized from Migros amounting TRL 121.894 are recorded under 'other' segment; loss recognized from LLC Faber -Castell Anadolu amounting TRL 296 is recorded under 'retailing' segment.

(\*\*) "Business Partnership Agreement" executed between the Group and Moonlight Capital S.A, the other shareholder of Migros" in connection with the management of Migros is expected to be expired at latest April 30, 2019 starting from which it is expected to have control over Migros and fully consolidation shall be possible in financial statements. "Pro forma Consolidated with Migros" that is presented for indicative purposes shows fully consolidated financial results of Migros as of March 31, 2018.

(\*\*\*) TRL 10 of the tangible and intangible assets purchase and TRL 2.159 of the depreciation and amortization belong to investment properties.

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2018

(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

#### NOTE 4 - SEGMENT REPORTING (cont'd)

March 31, 2017	Beer	Soft-Drinks	Automobile	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	873.909	1.555.936	533.485	262.316	19.918	(4.170)	3.241.394	3.113.635	6.246.163
Inter-segment sales	(3.858)	(268)	9.019	3.929	36.775	(45.597)	-	-	-
Total Sales	870.051	1.555.668	542.504	266.245	56.693	(49.767)	3.241.394	3.113.635	6.246.163
GROSS PROFIT(LOSS)	390.521	481.416	107.338	65.788	28.021	(33.904)	1.039.180	817.329	1.825.653
Operating Expenses	(406.025)	(424.790)	(61.986)	(34.206)	(36.742)	33.185	(930.564)	(742.082)	(1.657.412)
Other operating income (expenses), net	9.667	12.671	(1.748)	(6.823)	6.247	(3.009)	17.005	(44.082)	(27.077)
Gain (loss) from the investments accounted through equity method (*)	(1.665)	(29)	-	(66)	441.936	-	440.176	-	(5.988)
OPERATING INCOME (LOSS)	(7.502)	69.268	43.604	24.693	439.462	(3.728)	565.797	31.165	135.176
Income (expense) from investing activities, net	172	(3.578)	72	(154)	22.445	(454)	18.503	1.067.997	1.086.500
Financial income (expense), net	(38.750)	(123.937)	(121.624)	(6.552)	(18.634)	(1)	(309.498)	(185.268)	(494.761)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(46.080)	(58.247)	(77.948)	17.987	443.273	(4.183)	274.802	913.894	726.915
Tax (expense) income from continuing operations, net	5.989	(45.518)	21.124	(5.683)	16.951	835	(6.302)	(7.861)	(13.234)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(40.091)	(103.765)	(56.824)	12.304	460.224	(3.348)	268.500	906.033	713.681
Attributable to:									
- Non-controlling interest	(107)	(17.732)	(28)	-	3.589	(86.564)	(100.842)	(982)	344.339
- Equity holders of the parent	(39.984)	(86.033)	(56.796)	12.304	456.635	83.216	369.342	907.015	369.342
Total Assets	9.489.545	11.116.200	3.718.864	718.834	5.681.573	4.722.202	35.447.218	8.560.783	42.471.326
Total Liabilities	4.552.966	5.997.035	3.214.320	457.763	2.432.498	1.111.361	17.765.943	7.394.804	25.030.737
Net debt	1.227.621	2.514.085	2.479.341	207.428	1.107.537	(2)	7.536.010	2.451.294	9.987.304
Purchases of tangible & intangible assets, purchases of assets used in renting activities, investment property (***)	90.663	113.295	233.933	2.543	606	(52)	440.988	62.226	503.214
EBITDA	100.899	193.649	67.464	32.600	5.942	64	400.618	155.796	540.792
- Depreciation and amortization (***)	102.788	124.492	22.613	7.298	7.379	3.793	268.363	58.673	327.036
- Provision for employee termination benefits	2.029	3.453	453	22	254	(3)	6.208	13.065	19.273
- Provision for vacation pay liability	5.225	3.162	159	521	783	-	9.850	8.811	18.661
- Other	(3.306)	(6.755)	635	-	-	2	(9.424)	44.082	34.658

(\*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 1.665 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 29 is recorded under 'soft-drinks' segment; loss recognized from Aslancık amounting TRL 4.228 and income recognized from Migros amounting TRL 446.164 are recorded under 'other' segment; loss recognized from LLC Faber-Castel Anadolu amounting TRL 66 is recorded under 'retailing' segment.

(\*\*) "Business Partnership Agreement" executed between the Group and Moonlight Capital S.A, the other shareholder of Migros" in connection with the management of Migros is expected to be expired at latest 30 April 2019 starting from which it is expected to have control over Migros and fully consolidation shall be possible in financial statements. "Pro forma Consolidated with Migros" that is presented for indicative purposes shows fully consolidated financial results of Migros as of March 31, 2017.

(\*\*\*) TRL 75 of the tangible and intangible assets purchases and TRL 1.649 of the depreciation and amortization belong to investment properties.

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**NOTE 5 - CASH AND CASH EQUIVALENTS**

The details of cash and cash equivalents are as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Cash	<b>10.694</b>	9.434
Banks	<b>5.748.095</b>	5.633.926
Other cash and cash equivalents (*)	<b>146.126</b>	146.160
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<b>5.904.915</b>	5.789.520
Interest income accruals	<b>6.743</b>	10.795
	<b>5.911.658</b>	5.800.315

(\*) Other liquid assets consist of credit card receivables with less than 3 months maturity, checks in collection and direct billing system (DBS) balances.

As of March 31, 2018, cash deposits amounting to TRL 4.050 are pledged as collateral for the Value Added Tax payments by the Group (December 31, 2017: None).

As of March 31, 2018, the Group has designated its bank deposits amounting to TRL 762.353, equivalent of thousand USD 186.411 and thousand EUR 5.390 for the future raw material purchases, fixed asset purchases and operational and interest expense related payments (December 31, 2017: TRL 884.724, equivalent of thousand USD 215.230 and thousand EUR 15.855).

As of March 31, 2018, cash and cash equivalents of AGHOL amount to TRL 58.905. (December 31, 2017: TRL 74.251)



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**NOTE 6 - BORROWINGS**

	<b>March 31, 2018</b>	December 31, 2017
Bank borrowings	<b>2.320.688</b>	1.488.820
Current portion of long term borrowings	<b>4.650.966</b>	4.141.615
Financial leasing payables	<b>77.235</b>	48.001
<b>Short term borrowings</b>	<b>7.048.889</b>	5.678.436
Bank borrowings	<b>8.292.728</b>	8.206.059
Financial leasing payables	<b>188.810</b>	228.025
<b>Long term borrowings</b>	<b>8.481.538</b>	8.434.084
<b>Total borrowings</b>	<b>15.530.427</b>	14.112.520

As of March 31, 2018 AGHOL's total borrowings amount to TRL 1.243.002 (December 31, 2017: TRL 1.142.891).

**Lessee - Finance Lease**

The properties acquired by the Group through financial leasing consist of land, buildings, machinery and equipment, motor vehicles and furniture and fixtures. The terms of the lease agreements generally range from 3 to 25 years, and there are options to renew the agreements in various markets.

As of March 31, 2018, net book value of property, plant and equipment obtained by financial leasing of the Group is TRL 49.948 (December 31, 2017: TRL 50.345). Sale and leaseback process have been applied for the property, plant and equipment amounting TRL 48.885 (December 31, 2017: TRL 49.239) acquired by financial leasing. The Group has continued to record these tangible assets based on previous net book values assuming no leaseback transactions.

The movement of borrowings as of March 31, 2018 and 2017 is as follows:

	<b>March 31, 2018</b>	March 31, 2017
<b>Opening balance</b>	<b>14.112.520</b>	10.234.194
Interest expense	<b>217.654</b>	124.980
Interest paid	<b>(188.936)</b>	(62.179)
Addition through business combination (Note 3)	<b>418.275</b>	-
Shareholder loans transferred as a result of business combination	<b>163.549</b>	-
Proceeds from borrowings	<b>2.998.648</b>	2.657.067
Repayments of borrowings	<b>(2.890.449)</b>	(2.461.510)
Foreign exchange gain (loss), net	<b>599.187</b>	284.106
Currency Translation Differences	<b>83.243</b>	111.197
Capitalised interest	<b>16.736</b>	770
<b>Closing balance</b>	<b>15.530.427</b>	10.888.625

As of March 31, 2018, net interest on cross currency swap contracts is TRL 22.368 (March 31, 2017: None).

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**NOTE 6 - BORROWINGS (cont'd)**

March 31, 2018				December 31, 2017		
Short term	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	1.698.194	12,6% - 17,3%	-	1.263.531	12,6% - 16,8%	TRLibor +2,50%
Borrowing in foreign currency (EUR)	1.879.769	1,8% - 3,8%	Euribor + (0,8%-4,4%)	1.863.506	1,8% - 4,4%	Euribor + (0,8%-5,1%)
Borrowing in foreign currency (USD)	2.847.113	3,4% - 5,0%	Libor + (1,0% - 5,0%)	2.438.077	3,4% - 6,6%	Libor + (1,0% - 5,0%)
Borrowing in foreign currency (Other)	546.577	6,0%- 17,0%	Kibor + (0,05%-0,5%)	65.322	6,0%	Kibor + (0,2%-0,5%)
Financial leasing payables in Turkish Lira	53.134	13,0% - 14,1%	-	23.706	13,0% - 14,1%	-
Financial leasing payables in foreign currency (EUR)	22.901	3,7%	-	22.702	3,7%	-
Financial leasing payables in foreign currency (Other)	1.201	-	-	1.592	-	-
	7.048.889			5.678.436		
Long term	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	269.571	14,5% - 17,3%	-	371.602	13,3% - 17,0%	-
Borrowing in foreign currency (EUR)	2.582.226	1,1% - 3,8%	Euribor + (1,5%-5,1%)	2.571.675	1,1% - 3,8%	Euribor + (1,5%-5,1%)
Borrowing in foreign currency (USD)	5.426.889	3,4% - 4,4%	Libor + (3,5% - 5,0%)	5.243.379	3,4% - 4,5%	Libor + (3,9% - 5,0%)
Borrowing in foreign currency (Other)	14.042	6,0%	-	19.403	6,0%	-
Financial leasing payables in Turkish Lira	93.531	13,0% - 14,1%	-	134.003	13,0% - 14,1%	-
Financial leasing payables in foreign currency (EUR)	91.544	3,7%	-	90.298	3,7%	-
Financial leasing payables in foreign currency (Other)	3.735	-	-	3.724	-	-
	8.481.538			8.434.084		
	15.530.427			14.112.520		

Repayments schedules of long-term borrowings are as follows:

	March 31, 2018	December 31, 2017
1-2 years	1.956.538	2.166.793
2-3 years	776.212	795.515
3-4 years	634.289	613.950
4-5 years	2.135.661	2.071.645
5 years and more	2.978.838	2.786.181
	8.481.538	8.434.084

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**NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD**

**Joint Ventures**

			March 31, 2018		December 31, 2017	
			Carrying value	Effective shareholding and voting rights (%)	Carrying value	Effective shareholding and voting rights (%)
Entity	Principle activities	Country				
Migros (*)	Sales of food and drinks along with durable goods	Turkey	2.179.627	50,00	2.297.857	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Tractor production	Turkey	21.682	50,00	1.603	50,00
Aslancık	Production of electricity	Turkey	(21.056)	33,33	(13.266)	33,33
LLC Faber-Castell Anadolu	Trading of all kinds of stationery	Russia	372	28,44	667	28,44
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap)	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	Turkey	37.345	14,35	46.309	14,35
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Distribution and sales of Coca-Cola products	Syria	-	10,82	-	10,82
			2.217.970		2.333.170	
			January 1 - March 31, 2018		January 1 - March 31, 2017	
Entity			Group's interest in net income/ (loss)			
Migros (*)			(121.894)		446.164	
Anadolu Landini			(1.171)		-	
Aslancık			(7.790)		(4.228)	
LLC Faber-Castell Anadolu			(296)		(66)	
Anadolu Etap			(8.964)		(1.665)	
SSDSD			(73)		(29)	
			(140.188)		440.176	

(\*) Shares of Migros are currently quoted in BİST.

Summary financial information of the Group's investment in joint venture Anadolu Landini is as follows:

	March 31, 2018	December 31, 2017
<b>Anadolu Landini</b>		
Total Assets	126.722	77.942
Total Liabilities	83.358	74.737
Net Assets	43.364	3.205
<b>Group's share in net assets</b>	21.682	1.603
	<b>March 31, 2018</b>	
Revenue	28.388	
Net loss	(2.341)	
<b>Group's share in net loss</b>	(1.171)	

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**NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)**

**Joint Ventures (cont'd)**

Summary financial information of the Group's investment in joint venture Migros is as follows:

	March 31, 2018	December 31, 2017
<b>Migros</b>		
Current Assets	3.251.675	3.776.275
Non-Current Assets	6.539.612	6.526.400
<b>Total Assets</b>	<b>9.791.287</b>	<b>10.302.675</b>
Short-Term Borrowings	810.619	1.038.037
Other Current Liabilities	4.177.978	4.478.059
Long-Term Borrowings	3.124.754	2.874.437
Other Non-Current Liabilities	389.415	384.994
<b>Total Liabilities</b>	<b>8.502.766</b>	<b>8.775.527</b>
<b>Net Assets</b>	<b>1.288.521</b>	<b>1.527.148</b>
<b>Attributable to:</b>		
Non-controlling interests	54.442	56.654
<b>Net assets of the equity holders of the parent</b>	<b>1.234.079</b>	<b>1.470.494</b>
<b>Group's share in net assets</b>	<b>2.179.627</b>	<b>2.297.857</b>
	March 31, 2018	March 31, 2017
Revenue	3.940.136	3.113.635
Net (loss) / income	(240.643)	906.033
Non-controlling interests	(2.219)	(982)
<b>Equity holders of the parent</b>	<b>(238.424)</b>	<b>907.015</b>
Acquisition accounting and fair value adjustments	(5.364)	(14.687)
<b>Net (loss) / profit per consolidation</b>	<b>(243.788)</b>	<b>892.328</b>
<b>Group's share in net (loss) / income</b>	<b>(121.894)</b>	<b>446.164</b>

The movement of carrying value of the joint venture Migros in the consolidated financial statements as of March 31, 2018 and 2017 is as follows:

	March 31, 2018	March 31, 2017
Balance at the beginning of the period	2.297.857	2.104.941
Group's share in net (loss)/income (*)	(121.894)	446.164
Group's share in currency translation differences	3.664	4.093
<b>Balance at the end of the period</b>	<b>2.179.627</b>	<b>2.555.198</b>

(\*) Bargain purchase gain amounting to TRL 1.069.574 has been calculated in respect of Migros, a joint venture of the Group acquiring shares of Kipa in accordance with TFRS 3 "Business Combinations" as a result of accounting within the scope of acquisition accounting. The Group's share of the calculated bargain purchase gain amounts to TRL 534.787 which has been reflected in the consolidated financial statements as of March 31, 2017.

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**NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)**

**Joint Ventures (cont'd)**

Summary financial information of the Group's investment in joint venture Aslancık is as follows:

	March 31, 2018	December 31, 2017
<b>Aslancık</b>		
Total Assets	<b>442.494</b>	454.386
Total Liabilities	<b>502.059</b>	490.579
Net Assets	<b>(59.565)</b>	(36.193)
Fair value adjustment	<b>(3.609)</b>	(3.523)
Net assets included in consolidation	<b>(63.174)</b>	(39.716)

<b>Group's share in net assets</b>	<b>(21.056)</b>	(13.266)
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	March 31, 2018	March 31, 2017
Revenue	<b>18.378</b>	20.379
Net loss	<b>(23.373)</b>	(12.686)
<b>Group's share in net loss of the joint venture</b>	<b>(7.790)</b>	(4.228)

Summary financial information of the Group's investment in joint venture LLC Faber-Castell Anadolu is as follows:

	March 31, 2018	December 31, 2017
<b>LLC Faber-Castell Anadolu</b>		
Total Assets	<b>12.512</b>	10.782
Total Liabilities	<b>11.769</b>	9.448
Net Assets	<b>743</b>	1.334
<b>Group's share in net assets</b>	<b>372</b>	667

	March 31, 2018	March 31, 2017
Revenue	<b>4.259</b>	4.000
Net loss	<b>(593)</b>	(132)
<b>Group's share in net loss of the joint venture</b>	<b>(296)</b>	(66)

Summary financial information of the Group's investment in joint venture Anadolu Etap is as follows:

	March 31, 2018	December 31, 2017
<b>Anadolu Etap</b>		
Total Assets	<b>1.198.671</b>	1.212.852
Total Liabilities	<b>1.086.636</b>	1.073.925
Net Assets	<b>112.035</b>	138.927
<b>Group's share in net assets</b>	<b>37.345</b>	46.309

	March 31, 2018	March 31, 2017
Net loss	<b>(26.892)</b>	(4.995)
<b>Group's share in net loss of the joint venture</b>	<b>(8.964)</b>	(1.665)

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**NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (PP&E)**

Movements of property, plant and equipment for the period ended on March 31, 2018 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
<b>Cost</b>									
January 1, 2018	716.373	3.119.270	7.260.781	204.012	1.371.923	2.005.359	174.083	178.397	15.030.198
Additions	65	766	28.280	4.478	64.387	99.041	1.138	115.488	313.643
Addition through business combination	1.435	234.872	358.533	-	14.648	214.256	379	95.624	919.747
Disposals (-)	(288)	(133)	(28.308)	(2.345)	(3.647)	(36.452)	(1.235)	-	(72.408)
Currency translation differences	18.139	149.323	294.398	11.423	3.903	73.278	80	11.118	561.662
Transfers (*)	105	2.501	18.027	1.411	1.136	23.518	-	(47.201)	(503)
<b>March 31, 2018</b>	<b>735.829</b>	<b>3.506.599</b>	<b>7.931.711</b>	<b>218.979</b>	<b>1.452.350</b>	<b>2.379.000</b>	<b>174.445</b>	<b>353.426</b>	<b>16.752.339</b>
<b>Accumulated depreciation</b>									
January 1, 2018	105.376	726.389	3.625.166	105.658	964.496	1.050.731	93.073	2.721	6.673.610
Depreciation charge for the period	2.787	23.404	102.400	6.618	39.501	71.801	4.034	-	250.545
Disposals (-)	-	(55)	(26.644)	(1.932)	(3.253)	(34.481)	(309)	-	(66.674)
Currency translation differences	3.452	27.847	155.311	7.177	2.388	46.769	79	-	243.023
Impairment / (impairment reversal), net	-	-	1.335	-	-	968	-	4.523	6.826
<b>March 31, 2018</b>	<b>111.615</b>	<b>777.585</b>	<b>3.857.568</b>	<b>117.521</b>	<b>1.003.132</b>	<b>1.135.788</b>	<b>96.877</b>	<b>7.244</b>	<b>7.107.330</b>
<b>Net carrying amount</b>	<b>624.214</b>	<b>2.729.014</b>	<b>4.074.143</b>	<b>101.458</b>	<b>449.218</b>	<b>1.243.212</b>	<b>77.568</b>	<b>346.182</b>	<b>9.645.009</b>

(\*) TRL 503 of PP&E is transferred to other intangible assets under intangible assets.

As at March 31, 2018, there are mortgages on PP&E amounting TRL 105.662 (December 31, 2017: TRL 104.763) for the loans that CCI and GUE, the Group's subsidiaries borrowed. As at March 31, 2018, TRL 417.028 of the PP&E is pledged (December 31, 2017: TRL 398.335) for the loans that GUE, the Group's subsidiary borrowed. The GPM position table of the "Commitments" note includes this amount (Note 14).

Çelik Motor and Adel, subsidiaries of the Group, have signed a sales and lease back agreement for property, plant and equipment amounting TRL 48.885 and continued to record these PP&Es by previous net book values assuming no leaseback transactions (March 31, 2017: TRL 37.834 Adel – Çelik Motor: None).

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**NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (PP&E) (cont'd)**

Movements of property, plant and equipment for the period ended on March 31, 2017 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2017	679.040	2.862.336	6.686.200	209.633	1.227.321	1.826.547	154.837	240.508	13.886.422
Additions	107	2.087	34.350	2.679	41.366	29.585	869	92.564	203.607
Disposals (-)	(261)	-	(24.418)	(7.422)	(3.321)	(25.935)	-	(9)	(61.366)
Currency translation differences	20.980	167.813	386.347	13.219	3.813	85.526	6.097	11.896	695.691
Transfers (*)	595	3.549	29.928	(1)	1.749	29.396	20	(71.337)	(6.101)
March 31, 2017	700.461	3.035.785	7.112.407	218.108	1.270.928	1.945.119	161.823	273.622	14.718.253
Accumulated depreciation									
January 1, 2017	91.558	576.400	3.157.158	101.252	852.182	874.445	78.500	-	5.731.495
Depreciation charge for the period	2.615	23.316	99.930	7.489	34.762	70.867	3.447	-	242.426
Disposals (-)	(261)	-	(21.229)	(6.614)	(3.109)	(23.509)	-	-	(54.722)
Currency translation differences	4.885	28.737	193.498	7.709	1.586	54.801	1.710	-	292.926
Impairment / (impairment reversal), net	-	-	3	5	-	1.843	-	-	1.851
March 31, 2017	98.797	628.453	3.429.360	109.841	885.421	978.447	83.657	-	6.213.976
Net carrying amount	601.664	2.407.332	3.683.047	108.267	385.507	966.672	78.166	273.622	8.504.277

(\*) TRL 6.101 of PP&E is transferred to other intangible assets under intangible assets.

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**NOTE 9 - INTANGIBLE ASSETS**

Movements of intangible assets for the period ended on March 31, 2018 are as follows:

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
<b>Cost</b>					
January 1, 2018	8.378.797	1.352.039	587.423	432.923	10.751.182
Additions	-	-	-	11.315	11.315
Addition through business combination	-	-	-	68.380	68.380
Disposals (-)	-	-	-	(223)	(223)
Currency translation differences	188.388	71.880	34.071	7.726	302.065
Transfers (*)	-	-	-	503	503
<b>March 31, 2018</b>	<b>8.567.185</b>	<b>1.423.919</b>	<b>621.494</b>	<b>520.624</b>	<b>11.133.222</b>
<b>Accumulated amortization</b>					
January 1, 2018	-	19.224	-	227.073	246.297
Amortization charge for the period	-	6	-	12.527	12.533
Disposals (-)	-	-	-	(224)	(224)
Currency translation differences	-	7	-	4.701	4.708
<b>March 31, 2018</b>	<b>-</b>	<b>19.237</b>	<b>-</b>	<b>244.077</b>	<b>263.314</b>
<b>Net carrying amount</b>	<b>8.567.185</b>	<b>1.404.682</b>	<b>621.494</b>	<b>276.547</b>	<b>10.869.908</b>

(\*) TRL 503 of PP&E is transferred to other intangible assets.

Movements of intangible assets for the period ended on March 31, 2017 are as follows:

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
<b>Cost</b>					
January 1, 2017	8.127.529	1.199.378	537.669	353.633	10.218.209
Additions	-	-	-	16.009	16.009
Disposals (-)	-	-	-	(475)	(475)
Currency translation differences	118.723	133.516	36.626	11.366	300.231
Transfers (*)	-	-	-	6.101	6.101
<b>March 31, 2017</b>	<b>8.246.252</b>	<b>1.332.894</b>	<b>574.295</b>	<b>386.634</b>	<b>10.540.075</b>
<b>Accumulated amortization</b>					
January 1, 2017	-	27	-	176.126	176.153
Amortization charge for the period	-	5	-	11.285	11.290
Disposals (-)	-	-	-	(82)	(82)
Currency translation differences	-	3	-	6.146	6.149
<b>March 31, 2017</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>193.475</b>	<b>193.510</b>
<b>Net carrying amount</b>	<b>8.246.252</b>	<b>1.332.859</b>	<b>574.295</b>	<b>193.159</b>	<b>10.346.565</b>

(\*) TRL 6.101 of property, plant and equipment is transferred to other intangible assets.



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**NOTE 10 - GOODWILL**

Movements of the goodwill for the periods ended March 31, 2018 and 2017 are as follows:

	<b>March 31, 2018</b>	March 31, 2017
At January 1	<b>1.834.897</b>	1.669.307
Addition through business combination (Note 3)	<b>3.921.530</b>	-
Currency translation differences	<b>49.632</b>	127.401
<b>Balance at the end of the period</b>	<b>5.806.059</b>	1.796.708

**NOTE 11 - OTHER ASSETS AND LIABILITIES**

**11.1 Other Current Assets**

	<b>March 31, 2018</b>	December 31, 2017
Assets used in renting activities	<b>353.113</b>	414.094
VAT receivable	<b>372.165</b>	438.261
Other current assets from related parties (Anadolu Efes Spor Kulübü)	<b>37.500</b>	-
Other current assets	<b>29.492</b>	21.789
	<b>792.270</b>	874.144

Movements of current assets used in renting activities for periods ended March 31, 2018 and 2017 are as follows:

**Current Assets Used in Renting Activities**

	<b>March 31, 2018</b>	March 31, 2017
<b>Cost</b>		
Balance at January 1	<b>420.586</b>	374.985
Additions	<b>42.612</b>	93.641
Disposals	<b>(233.777)</b>	(140.951)
Transfers	<b>127.106</b>	86.872
<b>Balance at the end of the period</b>	<b>356.527</b>	414.547
<b>Accumulated depreciation</b>		
Balance at January 1	<b>6.492</b>	5.386
Depreciation charge for the period	<b>24</b>	24
Disposals	<b>(15.288)</b>	(10.995)
Transfers	<b>12.186</b>	8.233
<b>Balance at the end of the period</b>	<b>3.414</b>	2.648
<b>Net carrying amount</b>	<b>353.113</b>	411.899

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**NOTE 11 - OTHER ASSETS AND LIABILITIES (cont'd)**

**11.2 Other Non-Current Assets**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Assets used in renting activities	<b>1.658.802</b>	1.715.251
VAT receivable and other taxes	<b>57.006</b>	66.038
Other non-current assets	<b>262</b>	27
	<b>1.716.070</b>	1.781.316

Movements of non-current assets used in renting activities for periods ended March 31, 2018 and 2017 are as follows:

**Non-Current Assets Used in Renting Activities**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Cost</b>		
Balance at January 1	<b>1.795.616</b>	1.532.948
Additions	<b>76.069</b>	127.656
Transfers (Note 11.1)	<b>(127.106)</b>	(86.872)
<b>Balance at the end of the period</b>	<b>1.744.579</b>	1.573.732
<b>Accumulated depreciation</b>		
Balance at January 1	<b>80.365</b>	71.094
Depreciation charge for the period	<b>17.598</b>	14.566
Transfers (Note 11.1)	<b>(12.186)</b>	(8.233)
<b>Balance at the end of the period</b>	<b>85.777</b>	77.427
<b>Net carrying amount</b>	<b>1.658.802</b>	1.496.305

**11.3 Other Current Liabilities**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Other payables	<b>27.953</b>	15.315
Put option liability (Note 14)	<b>9.319</b>	8.902
	<b>37.272</b>	24.217

**11.4 Other Non-Current Liabilities**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Put option liability (Note 14)	<b>123.089</b>	117.572
Deferred VAT and other taxes	<b>40.339</b>	47.940
	<b>163.428</b>	165.512

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**NOTE 12 - DEFERRED INCOME**

**12.1 Short-term Deferred Income**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Advances taken (*)	<b>504.069</b>	432.937
Other deferred income	<b>40.127</b>	48.105
	<b>544.196</b>	481.042

(\*) TRL 393.521 of the advances taken is the balance received due to pre-sale related to the ongoing housing project that AND Kartal Gayrimenkul, a subsidiary of the Group which operates in real estate, located in Kartal province in İstanbul. TRL 348.855 of the advances taken is received in cash, and TRL 44.666 of the balance consists of notes. (December 31, 2017: TRL 307.011 cash, TRL 43.786 notes).

**12.2 Long-term Deferred Income**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Other deferred income	<b>30.483</b>	21.508
	<b>30.483</b>	21.508

**NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**13.1 Employee Benefits Obligations**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Social security and withholding tax liabilities	<b>53.487</b>	64.692
Payables to personnel	<b>49.736</b>	29.814
	<b>103.223</b>	94.506

**13.2 Short Term Provision for Employee Benefits**

The provisions for employee benefits as of March 31, 2018 and December 31, 2017 are as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>Short-term</b>	<b>153.723</b>	127.731
Provision for bonus	<b>44.253</b>	58.784
Provision for vacation pay liability	<b>75.198</b>	28.408
Other short-term employee benefits	<b>34.133</b>	38.087
Other	<b>139</b>	2.452
<b>Long-term</b>	<b>170.566</b>	167.865
Provision for employee termination benefits	<b>158.853</b>	157.904
Provision for incentive plan	<b>11.713</b>	9.961
	<b>324.289</b>	295.596

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**NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)**

**13.3 Other Provisions**

The provisions as of March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018	December 31, 2017
Warranty provisions (*)	13.223	13.429
Provision for litigations	11.180	9.452
Other provisions	1.662	1.007
	<b>26.065</b>	<b>23.888</b>

(\*) Warranty provisions are resulting from sales of Anadolu Motor and Anadolu Isuzu which are subsidiaries of the Company. Çelik Motor a subsidiary of the Company has the right of recourse the compensation payments of imported vehicles under warranty to the manufacturer company, therefore no warranty provision is recorded.

**NOTE 14 - COMMITMENTS**

As of March 31, 2018 and December 31, 2017 letter of guarantees, pledges and mortgages (GPMs) are as follows:

March 31, 2018	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	TRL Equivalent of Other Currency
Letter of guarantees, pledge and mortgages provided by the Company								
A. Total amount of GPMs given on behalf of the Company's legal personality	1.434.522	384.507	189.172	39.418	3.155	37.621	2.667.000	13.905
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	733.055	-	58.676	91.485	-	-	857.093	26.686
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Total amount of other GPM's	131.565	14.559	29.630	-	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	131.565	14.559	29.630	-	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	<b>2.299.142</b>	<b>399.066</b>	<b>277.478</b>	<b>130.903</b>	<b>3.155</b>	<b>37.621</b>	<b>3.524.093</b>	<b>40.591</b>
December 31, 2017	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	TRL Equivalent of Other Currency
Letter of guarantees, pledge and mortgages provided by the Company								
A. Total amount of GPMs given on behalf of the Company's legal personality	1.427.757	410.566	189.170	42.857	3.275	40.952	2.667.000	13.281
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	701.877	-	59.498	96.165	-	-	468.836	27.202
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Total amount of other GPM's	124.370	12.609	29.630	-	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	124.370	12.609	29.630	-	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	<b>2.254.004</b>	<b>423.175</b>	<b>278.298</b>	<b>139.022</b>	<b>3.275</b>	<b>40.952</b>	<b>3.135.836</b>	<b>40.483</b>

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**NOTE 14 – COMMITMENTS (cont'd)**

As of March 31, 2018, the ratio of other GPMs over the Group's equity is 0,6%. (December 31, 2017: 0,7%).

CCBPL has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited (Banks). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of March 31, 2018, CCBPL has USD 46,9 million sugar purchase commitment from the Banks until the end of March 2019.

ABH has service agreement liabilities for 1 to 5 years with its customers.

The tax authority and other authorities (Social Security Institution) can inspect tax returns and the related accounting records for a retrospective maximum period of five years. Group has not provided any tax provision regarding prior years.

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve as a result of the transformation from command to market oriented economy managed by the government. The various legislation and regulations are not always clearly written and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, Central Banks and Ministries of Finance. Tax declarations, together with other legal compliance areas (i.e., customs and currency control) are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts may create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

The Company, has undertaken the obligation of preserving the corporate presence of McDonald's within the period of its license contract and the obligation of supporting to fulfill the financial and fiscal liabilities.

GUE, which is a subsidiary of the Group, has a guarantor for the long term loan for construction of a hydroelectric power plant with a capacity of 87 MW in Georgia for the period until start of electricity production following the fulfillment of specified conditions. As of March 31, 2018, the remaining amount of the related loan is thousand USD 98.651.

The Company, has acted as a guarantor in the proportion of its capital (33,33%), to its joint venture Aslancık's long term project finance loan which was taken in 2011 amounting to USD 160.000.000 in relation to its 120 MW hydro power plant under construction in Giresun. As of March 31, 2018, the balance of the loan is thousand USD 88.889 and the warranty per the Group is thousand USD 29.630 (December 31, 2017: thousand USD 88.889).

The obligation of TRL 9.319 resulting from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd. (Day), with a consideration of thousand USD 2.360 amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the share purchase (December 31, 2017: TRL 8.902).

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable until 2021, ER has an option to sell (and CCİ will have an obligation to buy) its remaining 19,97% (December 31, 2017: 19,97%) participatory shares in Waha B.V.. This obligation is recorded as put option liability in the Company's consolidated financial statements. Fair value of put option liability amounting TRL 123.089 based on the terms of the contract, has been calculated based on interest and pre-tax profit estimates based on the financial budget covering the next period in accordance with the conditions set out in the contract (December 31, 2017: TRL 117.572).

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**NOTE 15 - EQUITY**

**Shared Capital / Adjustments to Share Capital and Equity Instruments**

As of March 31, 2018 and December 31, 2017, the Company's shareholders and their respective shareholding percentages are stated in Note 1 - Organization and Nature of Activities of the Group.

Movements of paid capital for the period ended March 31, 2018 and December 31, 2017 are as follows (the amounts are historical):

	March 31, 2018		December 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the period	243.534.518	243.535	182.000.000	182.000
-Capital Increase	-	-	61.534.518	61.535
<b>Balance at the end of the period</b>	<b>243.534.518</b>	<b>243.535</b>	<b>243.534.518</b>	<b>243.535</b>

AGHOL's common shares are divided into two classes as A and B with each class of shares having equal voting rights on all matters except for the privilege to nominate 6 of the 12 members of the Board of Directors recognized for Class B. Class B consists of registered shares and are owned by AG Sinai Yatırım ve Yönetim A.Ş.. Class A shares are all bearer type shares; belonging to AG Sinai Yatırım ve Yönetim A.Ş. and also Yazıcılar Families, Özilhan Families and publicly traded shares are included in Class A.

AG Sinai Yatırım ve Yönetim A.Ş. (Management Company) which is an associate of İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. and Kamil Yazıcı Yönetim ve Danışma A.Ş. by 50% share each is a management company established to manage AGHOL and the subsidiaries of AGHOL. AG Sinai Yatırım ve Yönetim A.Ş. is indirectly managed by S. Kamil Yazıcı Family and İzzet Özilhan Family through equal shareholding and equal representation principle.

Class	Number of shares	Percentage of capital (%)	Number of members on Board
A (Bearer)	194.827.614	80,00	-
B (Registered)	48.706.904	20,00	6
	<b>243.534.518</b>	<b>100,00</b>	

**Restricted Reserves Allocated from Net Profit, Revaluation and Reclassification Loss / Gain**

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory net income (inflation-restated income in accordance with CMB at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital (inflation restated issued capital in accordance with the communiqués and announcements of CMB). The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital (inflation restated capital in accordance with CMB). The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves cannot be used.

Quoted companies are subject to dividend requirements regulated by the Capital Markets Board of Turkey. Based on the CMB Decree 1/6, dated January 9, 2009, companies that take their consolidated financial statements as basis for their distributable profit, shall consider the profits of their subsidiaries, joint ventures and associates to the extent that such profits do not exceed the amount recorded in the statutory financial statements of these companies and without considering whether a profit distribution resolution is taken at their annual general meetings. Such profits as reported in the financial statement as per Communiqué shall be subject to distributable dividend computations.

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**NOTE 15 – EQUITY (cont'd)**

**Restricted Reserves Allocated from Net Profit, Revaluation and Reclassification Loss / Gain (cont'd)**

Companies distribute dividend within the framework of profit distribution policies determined by the general assemblies and in accordance with the related legislation by the decision of the general assembly. Companies pay dividends specified in their articles of incorporation or profit distribution policies.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. Inflation adjustment to shareholders' equity, in the case of cash used for profit distribution will be subject to corporate income tax.

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Restricted reserves allocated from net profit	<b>909.511</b>	909.511
- Legal reserves	<b>89.844</b>	89.844
- Gain on sales of real estate and associates (*)	<b>819.667</b>	819.667

(\*) The Group's gain from sale of real estate and associates amounting TRL 819.667 is followed in a special fund in legal records in order to benefit from gain from sale of an associate and real estate exemption. In order to benefit from this exemption, this amount has to be stay in this special fund for 5 years.

**Retained Earnings**

As of March 31, 2018 and December 31, 2017 the summary of equity reserves, extraordinary reserves, other profit reserves and retained earnings are as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Equity reserves	<b>2.422</b>	2.422
Extraordinary reserves	<b>1.625.425</b>	1.625.425
Other profit reserves	<b>5.119</b>	5.119
Retained earnings	<b>582.822</b>	712.872
	<b>2.215.788</b>	2.345.838

**Non-Controlling Interest**

Non-controlling interests are separately classified in the consolidated financial statements.

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**NOTE 16 - OTHER OPERATING INCOME/EXPENSES**

**16.1 Other Operating Income**

	<b>March 31, 2018</b>	March 31, 2017
Foreign exchange gains arising from trading activities	<b>28.529</b>	27.244
Rediscount gain from trading activities	<b>10.646</b>	4.774
Income from scrap and other materials	<b>8.062</b>	6.174
Rent income	<b>3.819</b>	3.761
Insurance compensation income	<b>300</b>	699
VAT adjustment income	<b>-</b>	10.574
Other	<b>25.363</b>	26.447
	<b>76.719</b>	79.673

**16.2 Other Operating Expenses**

	<b>March 31, 2018</b>	March 31, 2017
Foreign exchange losses arising from trading activities	<b>44.645</b>	23.554
Donations	<b>39.931</b>	826
Rediscount loss from trading activities	<b>15.025</b>	12.505
Provision for doubtful receivables	<b>2.658</b>	3.068
Depreciation and amortization expense on tangible and intangible assets	<b>1.131</b>	5.229
Other	<b>15.268</b>	17.486
	<b>118.658</b>	62.668

**NOTE 17 - INCOME/EXPENSES FROM INVESTING ACTIVITIES**

**17.1 Income from Investing Activities**

	<b>March 31, 2018</b>	March 31, 2017
Gain on sale of property, plant and equipment	<b>3.154</b>	957
Rent income	<b>1.151</b>	1.360
Gain on sale of joint ventures (*)	<b>-</b>	21.280
	<b>4.305</b>	23.597

(\*) The sale of Group's 55,25% shares in Ana Gıda to Koninklijke Bunge B.V. has been completed on February 21, 2017 and the share sale proceeds of TRL 55.622 was received in cash. Currently, Group does not hold any shares in Ana Gıda .



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**NOTE 17 - INCOME/EXPENSES FROM INVESTING ACTIVITIES (cont'd)**

**17.2 Expenses from Investing Activities**

	<b>March 31, 2018</b>	March 31, 2017
Provision for impairment on tangible assets (Note 8)	<b>6.826</b>	1.845
Loss on sale of tangible & intangible assets	<b>2.078</b>	3.220
Other	-	29
	<b>8.904</b>	5.094

**NOTE 18 - FINANCIAL INCOME**

	<b>March 31, 2018</b>	March 31, 2017
Foreign exchange gain	<b>340.312</b>	424.221
Interest income	<b>70.658</b>	36.661
Derivative transactions income	<b>560</b>	255
	<b>411.530</b>	461.137

**NOTE 19 - FINANCIAL EXPENSES**

	<b>March 31, 2018</b>	March 31, 2017
Foreign exchange loss	<b>643.992</b>	627.154
Interest expense	<b>217.654</b>	124.980
Loss on derivative transactions	<b>560</b>	2.012
Revaluation expense of put option liability	-	3.580
Other expense	<b>10.370</b>	12.909
	<b>872.576</b>	770.635

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**NOTE 20 - TAX ASSETS AND LIABILITIES**

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in the countries in which the Group companies operate.

The corporate tax rate for the fiscal year is 22% in Turkey (2017: 20%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 22% (2017: 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, “Amendment of Certain Taxes and Laws and Other Acts”, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of March 31, 2018 and December 31, 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

**20.1 Current Income Tax Assets and Tax Provision**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Current income tax assets	<b>138.133</b>	132.368
Income tax payable (-)	<b>(11.697)</b>	(7.826)
<b>Net tax (liability) / asset</b>	<b>126.436</b>	124.542

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**NOTE 20 - TAX ASSETS AND LIABILITIES (cont'd)**

**20.2 Deferred Tax Assets and Liabilities**

The distribution of deferred tax assets and liabilities is as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Deferred tax asset	<b>1.010.164</b>	551.155
Deferred tax liability (-)	<b>(1.950.970)</b>	(1.915.078)
<b>Total deferred tax asset/(liability), net</b>	<b>(940.806)</b>	(1.363.923)

Movement of net deferred tax liabilities as of the period ended on March 31, 2018 is as follows:

	<b>Balance December 31, 2017</b>	<b>Recorded to profit or loss</b>	<b>Balance March 31, 2018</b>
Property, plant and equipment, intangibles, investment property, assets used in renting activities	<b>(2.180.213)</b>	<b>1.473</b>	<b>(2.178.740)</b>
Tax losses carried forward	<b>646.038</b>	<b>360.580</b>	<b>1.006.618</b>
Employee termination benefit and other employee benefits	<b>36.566</b>	<b>10.539</b>	<b>47.105</b>
Inventories	<b>73.861</b>	<b>(2.037)</b>	<b>71.824</b>
Investment incentive	<b>51.827</b>	<b>1.641</b>	<b>53.468</b>
Other provisions and accruals	<b>28.873</b>	<b>61.383</b>	<b>90.256</b>
Derivative financial instruments	<b>(28.448)</b>	<b>(11.051)</b>	<b>(39.499)</b>
Other	<b>7.573</b>	<b>589</b>	<b>8.162</b>
<b>Net deferred tax liability</b>	<b>(1.363.923)</b>	<b>423.117</b>	<b>(940.806)</b>
Addition through business combination	-	<b>(335.419)</b>	-
Currency translation difference	-	<b>26.571</b>	-
Recognised in other comprehensive income	-	<b>(12.026)</b>	-
	<b>(1.363.923)</b>	<b>102.243</b>	<b>(940.806)</b>

The movement of net deferred tax liabilities as of the period ended on March 31, 2017 is as follows:

	<b>Balance December 31, 2016</b>	<b>Recorded to profit or loss</b>	<b>Balance March 31, 2017</b>
Property, plant and equipment, intangibles, investment property, assets used in renting activities	<b>(2.163.627)</b>	<b>(80.933)</b>	<b>(2.244.560)</b>
Tax losses carried forward	<b>506.843</b>	<b>84.600</b>	<b>591.443</b>
Employee termination benefit and other employee benefits	<b>15.808</b>	<b>17.719</b>	<b>33.527</b>
Inventories	<b>87.552</b>	<b>394</b>	<b>87.946</b>
Investment incentive	<b>32.426</b>	<b>1.066</b>	<b>33.492</b>
Other provisions and accruals	<b>77.191</b>	<b>(10.957)</b>	<b>66.234</b>
Derivative financial instruments	<b>(31.322)</b>	<b>221</b>	<b>(31.101)</b>
Other	<b>18.270</b>	<b>7.316</b>	<b>25.586</b>
<b>Net deferred tax liability</b>	<b>(1.456.859)</b>	<b>19.426</b>	<b>(1.437.433)</b>
Currency translation difference	-	<b>30.078</b>	-
Recognised in other comprehensive income	-	<b>281</b>	-
	<b>(1.456.859)</b>	<b>49.785</b>	<b>(1.437.433)</b>

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**NOTE 20 - TAX ASSETS AND LIABILITIES (cont'd)**

**20.3 Tax Expense**

	<b>March 31, 2018</b>	March 31, 2017
Current period tax expense (-)	<b>(71.530)</b>	(56.087)
Deferred tax income	<b>102.243</b>	49.785
	<b>30.713</b>	(6.302)

**NOTE 21 - RELATED PARTY BALANCES AND TRANSACTIONS**

Since Migros, a joint venture of the Company, has participated in Kipa Ticaret A.Ş. (“Kipa”) as of March 1, 2017, Kipa is defined as a related party (Note 3). Transactions made between March 1 – March 31, 2017 period with Kipa are shown under “sales of goods and services” note and “purchases of goods, property, plant & equipment and other charges” note under “related party balances and transactions” title.

**21.1 Trade Receivables from Related Parties**

	<b>March 31, 2018</b>	December 31, 2017
Migros (1)	<b>136.958</b>	150.426
Anadolu Landini (1)	<b>77.634</b>	74.613
Kipa (2)	<b>19.450</b>	26.067
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (1)	<b>3.933</b>	1.466
Syrian Soft Drink Sales & Dist. LLC (1)	<b>3.732</b>	3.505
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	<b>2.243</b>	1.207
LLC Faber-Castell Anadolu (Russia) (1)	<b>1.423</b>	1.250
Other	<b>1.722</b>	1.055
	<b>247.095</b>	259.589

As of March 31, 2018 there is no amount in long term portion of trade receivables from related parties (December 31, 2017: None).

- (1) A joint venture  
(2) A Company controlled by a joint venture  
(3) Shareholder of the Company  
(4) Other

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**NOTE 21 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)**

**21.2 Trade Payables to Related Parties**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Anadolu Efes Spor Kulübü (4)	<b>37.500</b>	45
Migros (1)	<b>85</b>	657
Other	<b>171</b>	24
	<b>37.756</b>	726

As of March 31, 2018 there is no long term trade payables due to related parties (December 31, 2017: None).

**21.3 Related Party Transactions**

**Terms and conditions of transactions with related parties**

Outstanding balances at the end of the period are unsecured, interest free and will be settled in cash. There has been no guarantees given or received for any related party receivables or payables. For the period ended March 31, 2018, the Group has not provided for any doubtful receivables, relating to amounts due from related parties (December 31, 2017: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

Significant transactions with related parties during the period ended as of March 31, 2018 and 2017 are as follows:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Sales of goods and services, net</b>		
Migros (1)	<b>97.397</b>	94.055
Kipa (2)	<b>11.343</b>	5.725
Anadolu Landini (1)	<b>8.806</b>	-
Ramstore Kazakhstan LLC (Kazakhstan) (2)	<b>1.779</b>	1.460
AEP Anadolu Etap Penkon Gıda ve Tarım Ürün. San. Ve Tic. A.Ş. (1)	<b>1.441</b>	785
Anadolu Efes Spor Kulübü (4)	<b>831</b>	1.011
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	<b>57</b>	582
Other	<b>535</b>	439
	<b>122.189</b>	104.057

(1) A joint venture

(2) A Company controlled by a joint venture

(3) Shareholder of the Company

(4) Other

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**NOTE 21 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)**

**21.3 Related Party Transactions (cont'd)**

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Purchases of goods, property, plant &amp; equipment and other charges</b>		
Anadolu Eğitim ve Sosyal Yardım Vakfı (4)	<b>39.863</b>	850
Anadolu Efes Spor Kulübü (4)	<b>13.009</b>	12.757
Migros (1)	<b>380</b>	484
Kipa (2)	<b>170</b>	45
Other	<b>480</b>	54
	<b>53.902</b>	14.190

  

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Various sales included in other income (includes dividends received)</b>		
Anadolu Landini (1)	<b>1.250</b>	-
Migros (1)	<b>103</b>	-
Other	<b>26</b>	20
	<b>1.379</b>	20

- (1) A joint venture  
(2) A Company controlled by a joint venture  
(3) Shareholder of the Company  
(4) Other

*Compensation of Key Management Personnel of the Group*

Group has defined the key management personnel as follows; the managers directly reporting to the general manager and board of directors, and the board of directors and general managers in the rest of the subsidiaries. Benefits provided to senior managers include benefits such as wages, seniority, notice and leave.

The details of benefits provided to the key management personnel for the periods ended on March 31, 2018 and 2017 are as follows:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Short term benefits provided to key management personnel	<b>14.794</b>	12.942
Post-employment benefits	<b>303</b>	886
<b>Total gain</b>	<b>15.097</b>	13.828
<b>Social Security employer share</b>	<b>301</b>	413

*Other*

The Company and its subsidiaries other than McDonald's and Hamburger donate 1% - 5% of their profit before corporate tax and such fiscal obligations to Anadolu Eğitim ve Sosyal Yardım Vakfı as stated in the entities' foundation agreements as long as these donations are exempt from tax. As of March 31, 2018, donations amount to TRL 39.863 (December 31, 2017: TRL 5.831).

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**NOTE 22 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

**Financial Risk Management Objectives and Policies**

**General**

The Group's principal financial instruments comprise bank borrowings, finance leases, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Group manages these risks as stated below. The Group also monitors the market price risk arising from all financial instruments.

**Fair Value Hedge Accounting**

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques including direct or indirect observable inputs

Level 3: Valuation techniques not containing observable market inputs

	March 31, 2018	Level 1	Level 2	Level 3
Derivative financial assets	138.777	-	138.777	-
Derivative financial liabilities	1.216	-	1.216	-
Put option liability	123.089	-	123.089	-

  

	December 31, 2017	Level 1	Level 2	Level 3
Derivative financial assets	95.093	-	95.093	-
Derivative financial liabilities	-	-	-	-
Put option liability	117.572	-	117.572	-

**Foreign currency risk**

The following table summarizes the exchange rate of Turkish Lira to 1 USD and 1 EUR:

		Exchange buying rate at December 31, 2017	Average exchange buying rate in the period	Exchange buying rate at March 31, 2018
USD/TRL	Turkey	3,7719	3,8094	3,9489
EUR/TRL	Turkey	4,5155	4,6821	4,8673

Foreign currency risk arises from the EUR and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's functional currency. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities. Anadolu Efes, a subsidiary of the Group, as mentioned in Note 5, reserves a certain portion of its bank deposits for future purchases of raw materials, operating expenses and interest payments. Çelik Motor, a subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument).

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**NOTE 22 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**Foreign Currency Risk (cont'd)**

<b>March 31, 2018</b>	<b>TRL Equivalent (Functional currency)</b>	<b>Thousand USD</b>	<b>Thousand EUR</b>	<b>Other TRL</b>
1. Trade receivables	155.188	11.919	17.850	21.244
2a. Monetary financial assets (cash and cash equivalents included)	3.744.123	924.788	15.007	19.186
2b. Non - monetary financial assets	-	-	-	-
3. Other	24.936	3.219	2.491	98
<b>4. Current assets (1+2+3)</b>	<b>3.924.247</b>	<b>939.926</b>	<b>35.348</b>	<b>40.528</b>
5. Trade receivables	1.335	338	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	6.153	195	1.106	-
<b>8. Non - current assets (5+6+7)</b>	<b>7.488</b>	<b>533</b>	<b>1.106</b>	<b>-</b>
<b>9. Total assets (4+8)</b>	<b>3.931.735</b>	<b>940.459</b>	<b>36.454</b>	<b>40.528</b>
10. Trade payables	923.678	99.931	80.849	135.547
11. Short - term borrowings and current portion of long - term borrowings	4.736.617	720.485	388.612	-
12a. Monetary other liabilities	43.026	566	4.873	17.071
12b. Non - monetary other liabilities	12.238	3.035	52	-
<b>13. Current liabilities (10+11+12)</b>	<b>5.715.559</b>	<b>824.017</b>	<b>474.386</b>	<b>152.618</b>
14. Trade payables	-	-	-	-
15. Long - term borrowings	7.930.852	1.331.278	549.333	-
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	123.091	31.171	-	-
<b>17. Non - current liabilities (14+15+16)</b>	<b>8.053.943</b>	<b>1.362.449</b>	<b>549.333</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>13.769.502</b>	<b>2.186.466</b>	<b>1.023.719</b>	<b>152.618</b>
<b>19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)</b>	<b>1.231.959</b>	<b>158.000</b>	<b>124.922</b>	<b>-</b>
19a. Total hedged assets	1.231.959	158.000	124.922	-
19b. Total hedged liabilities	-	-	-	-
<b>20. Net foreign currency asset / (liability) position (9-18+19)</b>	<b>(8.605.808)</b>	<b>(1.088.007)</b>	<b>(862.343)</b>	<b>(112.090)</b>
<b>21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(9.733.527)</b>	<b>(1.215.215)</b>	<b>(990.810)</b>	<b>(112.188)</b>
22. Total fair value of financial instruments used to manage the foreign currency position	21.577	5.464	-	-



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**NOTE 22 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**Foreign Currency Risk (cont'd)**

December 31, 2017	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1. Trade receivables	147.197	16.704	17.638	4.546
2a. Monetary financial assets (cash and cash equivalents included)	3.790.344	961.386	33.370	13.409
2b. Non - monetary financial assets	-	-	-	-
3. Other	44.691	1.378	8.070	3.053
4. Current assets (1+2+3)	3.982.232	979.468	59.078	21.008
5. Trade receivables	1.328	352	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	6.149	494	949	-
8. Non - current assets (5+6+7)	7.477	846	949	-
9. Total assets (4+8)	3.989.709	980.314	60.027	21.008
10. Trade payables	498.100	38.551	59.634	83.412
11. Short - term borrowings and current portion of long - term borrowings	4.313.879	646.269	415.507	-
12a. Monetary other liabilities	865	-	192	-
12b. Non - monetary other liabilities	29.138	3.754	3.317	-
13. Current liabilities (10+11+12)	4.841.982	688.574	478.650	83.412
14. Trade payables	-	-	-	-
15. Long - term borrowings	7.743.162	1.347.116	589.519	-
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	117.574	31.171	-	-
17. Non - current liabilities (14+15+16)	7.860.736	1.378.287	589.519	-
18. Total liabilities (13+17)	12.702.718	2.066.861	1.068.169	83.412
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	618.327	709	136.342	-
19a. Total hedged assets	618.327	709	136.342	-
19b. Total hedged liabilities	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(8.094.682)	(1.085.838)	(871.800)	(62.404)
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(8.617.137)	(1.053.494)	(1.013.844)	(65.457)
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-

Information related to export and import as of March 31, 2018 and 2017 are as follows:

	March 31, 2018	March 31, 2017
Total Export Amount	236.655	108.205
Total Import Amount	977.497	755.914

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**NOTE 22 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**

**Financial Risk Management Objectives and Policies (cont'd)**

**Foreign Currency Risk (cont'd)**

Foreign currency position sensitivity analysis		
March 31, 2018 (*)		
	Income / (loss)	Income / (loss)
	Increase of the foreign currency	Decrease of the foreign currency
<b>Change in the USD against TRL by 10% +/-:</b>		
1- USD denominated net asset / liability	(492.036)	492.036
2- USD denominated hedging instruments(-)	62.393	(62.393)
<b>3- Net effect in USD (1+2)</b>	<b>(429.643)</b>	<b>429.643</b>
<b>Change in the EUR against TRL by 10% +/-:</b>		
4- Euro denominated net asset / liability	(480.532)	480.532
5- Euro denominated hedging instruments(-)	60.802	(60.802)
<b>6- Net effect in Euro (4+5)</b>	<b>(419.730)</b>	<b>419.730</b>
<b>Change in the other foreign currencies against TRL by 10% +/-:</b>		
7- Other foreign currency denominated net asset / liability	(11.208)	11.208
8- Other foreign currency hedging instruments(-)	-	-
<b>9- Net effect in other foreign currency (7+8)</b>	<b>(11.208)</b>	<b>11.208</b>
<b>TOTAL (3+6+9)</b>	<b>(860.581)</b>	<b>860.581</b>

Foreign currency position sensitivity analysis		
March 31, 2017 (*)		
	Income / (loss)	Income / (loss)
	Increase of the foreign currency	Decrease of the foreign currency
<b>Change in the USD against TRL by 10% +/-:</b>		
1- USD denominated net asset / liability	(403.581)	403.581
2- USD denominated hedging instruments(-)	358	(358)
<b>3- Net effect in USD (1+2)</b>	<b>(403.223)</b>	<b>403.223</b>
<b>Change in the EUR against TRL by 10% +/-:</b>		
4- Euro denominated net asset / liability	(366.124)	366.124
5- Euro denominated hedging instruments(-)	44.812	(44.812)
<b>6- Net effect in Euro (4+5)</b>	<b>(321.312)</b>	<b>321.312</b>
<b>Change in the other foreign currencies against TRL by 10% +/-:</b>		
7- Other foreign currency denominated net asset / liability	(10.734)	10.734
8- Other foreign currency hedging instruments(-)	-	-
<b>9- Net effect in other foreign currency (7+8)</b>	<b>(10.734)</b>	<b>10.734</b>
<b>TOTAL (3+6+9)</b>	<b>(735.269)</b>	<b>735.269</b>

(\*) Monetary assets and liabilities eliminated during the consolidation are not included.

**Foreign Currency Hedge of Net Investments in Foreign Operations**

As of January 1, 2018, Anadolu Efes, subsidiary of the Group, designated USD denominated bond issued amounting to USD 500 Million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, EBI (whose main activity is facilitating foreign investments in breweries). The gains and losses on the hedging instrument arising from change in foreign currency valuation relating to the effective portion of the hedge are accounted under Equity in “Gains (Losses) on Hedge” and under “Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations” in Other Comprehensive Income Statement (December 31, 2017: None).

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**NOTE 23 - EVENTS AFTER THE REPORTING PERIOD**

- 1) Capital of Anadolu Kafkasya, a subsidiary of the Group has been increased by TRL 33.500 on April 9, 2018. All shareholders participated in the capital increase in proportion to their shares. The portion of the increase amounting to TRL 8.375 has been paid in cash and the remaining amount is targeted to be paid within 24 months.
- 2) The capital of Anadolu Termik, a subsidiary of the Group, has been increased by TRL 150 on April 9, 2018. The portion of the increase amounting to TRL 37 is paid in cash and the remaining amount is targeted to be paid within 24 months.
- 3) SAHA Rating has verified the credit rating of Çelik Motor, the subsidiary of the Group, as short-term (TR) "A1" and long-term (TR) "A +" within the investment worthy category and updated the outlook to "Negative". Before, the short-term credit rating of the company was "A1" (stable) and the long-term rating was "A +" (stable).
- 4) At the Ordinary General Assembly meeting held on April 16, 2018, Anadolu Efes decided to pay the dividend amounting to TRL 250.105 for the period January-December 2017 from the share premium related to the shares and to pay the dividends starting as of May 29, 2018 in cash.
- 5) In accordance with the CCI General Assembly Meeting held at April 13, 2018, it has been decided to distribute dividend amounting to TRL 200.190 (TRL170.000 from 2017 profit, TRL 30.190 from extraordinary reserves) to shareholders starting from May 25, 2018.
- 6) EBI, a subsidiary of the Group, executed a cross currency swap transaction in order to hedge its foreign currency risk arising from the shareholder loan receivable amounting to 4,25 million Russian Ruble as of April 12, 2018.

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