AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD JANUARY 1 - JUNE 30, 2018 AND THE AUDITOR'S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

Deloitte.

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(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION ORIGINALLY ISSUED IN TURKISH)

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of AG Anadolu Grubu Holding A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of AG Anadolu Grubu Holding A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") as of 30 June 2018 and the related condensed consolidated statements of profit or loss, condensed consolidated statements of other comprehensive income, changes in equity and cash flows for the six-month period then ended. Group management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Burç Seven
Partner

İstanbul, 15 August 2018

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

Interim Condensed Consolidated Financial Statements as at June 30, 2018

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT JUNE 30, 2018 AND DECEMBER 31, 2017
(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

		Reviewed	Audited
ASSETS	**Notes**	**June 30, 2018**	December 31, 2017
Cash and Cash Equivalents	5	**6.513.900**	5.800.315
Financial Investments		**27.964**	107.946
Trade Receivables		**4.221.440**	2.309.203
- Due from Related Parties	*21.1*	***279.831***	*259.589*
- Trade Receivables, Third Parties		***3.941.609***	*2.049.614*
Other Receivables		**66.615**	107.954
- Other Receivables, Third Parties		***66.615***	*107.954*
Derivative Financial Assets		**100.477**	64.521
Inventories		**3.159.770**	2.122.397
Prepaid Expenses		**740.556**	461.248
Current Income Tax Assets	20.1	**115.936**	132.368
Other Current Assets	11.1	**1.270.574**	874.144
TOTAL CURRENT ASSETS		**16.217.232**	11.980.096
Financial Investments		**365**	342
Trade Receivables		**2.798**	5.851
- Trade Receivables, Third Parties		***2.798***	*5.851*
Other Receivables		**51.823**	25.682
- Other Receivables, Third Parties		***51.823***	*25.682*
Derivative Financial Assets		**155.831**	30.572
Investments Accounted Through Equity Method	7	**2.077.738**	2.333.170
Investment Property		**306.296**	307.941
Property, Plant and Equipment	8	**10.489.590**	8.356.588
Intangible Assets		**17.577.592**	12.339.782
- Goodwill	10	***6.002.169***	*1.834.897*
- Other Intangible Assets	9	***11.575.423***	*10.504.885*
Prepaid Expenses		**409.914**	354.888
Deferred Tax Assets	20.2	**1.195.322**	551.155
Other Non-Current Assets	11.2	**1.979.834**	1.781.316
TOTAL NON-CURRENT ASSETS		**34.247.103**	26.087.287
TOTAL ASSETS		**50.464.335**	38.067.383

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2018 AND DECEMBER 31, 2017**
(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

		Reviewed	Audited
LIABILITIES	**Notes**	**June 30, 2018**	December 31, 2017
Short-Term Borrowings	6	**3.474.054**	1.488.820
Current Portion of Long-Term Borrowings	6	**4.995.458**	4.189.616
Trade Payables		**4.610.712**	2.231.604
- Due to Related Parties	*21.2*	***28.477***	*726*
- Trade Payables, Third Parties		***4.582.235***	*2.230.878*
Employee Benefit Obligations	13.1	**116.086**	94.506
Other Payables		**1.486.557**	882.812
- Other Payables, Third Parties		***1.486.557***	*882.812*
Derivative Financial Liabilities		**78**	-
Deferred Income	12.1	**553.998**	481.042
Income Tax Payable	20.1	**67.039**	7.826
Short-Term Provisions		**229.520**	151.619
- Short-Term Provisions for the Employee Benefits	*13.2*	***192.140***	*127.731*
- Other Short-Term Provisions	*13.3*	***37.380***	*23.888*
Other Current Liabilities	11.3	**33.103**	24.217
TOTAL CURRENT LIABILITIES		**15.566.605**	9.552.062
Long-Term Borrowings	6	**9.034.829**	8.434.084
Trade Payables		**37.069**	35.180
- Trade Payables, Third Parties		***37.069***	*35.180*
Other Payables		**370.589**	349.032
- Other Payables, Third Parties		***370.589***	*349.032*
Deferred Income	12.2	**28.677**	21.508
Long-Term Provisions		**184.151**	167.865
- Long-Term Provisions for the Employee Benefits	*13.2*	***184.151***	*167.865*
Deferred Tax Liability	20.2	**2.095.405**	1.915.078
Other Non-Current Liabilities	11.4	**191.321**	165.512
TOTAL NON-CURRENT LIABILITIES		**11.942.041**	11.088.259
TOTAL LIABILITIES		**27.508.646**	20.640.321
EQUITY			
Equity Attributable to Equity Holders of the Parent		**6.141.562**	5.751.148
Paid-in Share Capital	15	**243.535**	243.535
Inflation Adjustments on Capital		**65.771**	65.771
Share Premium (Discounts)		**1.200.135**	1.319.349
Effects of Business Combinations Under Common Control		**(7.145)**	(7.145)
Put Option Revaluation Fund Related With Non-Controlling Interests		**9.499**	8.728
Other Comprehensive Income (Loss) Not To Be Reclassified to Profit or Loss		**264.287**	(16.875)
- Revaluation and Remeasurement Gain (Loss)		***264.287***	*(16.875)*
- Income (Loss) on Remeasurements of Defined Benefit Plans		***(18.294)***	*(16.875)*
- Other Revaluation and Remeasurement Gain (Loss)		***282.581***	-
Other Comprehensive Income (Loss) To Be Reclassified to Profit or Loss		**1.525.616**	1.113.973
- Currency Translation Differences		***1.727.328***	*1.101.588*
- Gains (Losses) on Hedge		***(201.712)***	*12.385*
Restricted Reserves Allocated From Net Profit	15	**909.511**	909.511
Retained Earnings	15	**2.563.575**	2.244.351
Net Profit or Loss		**(633.222)**	(130.050)
Non-Controlling Interests		**16.814.127**	11.675.914
TOTAL EQUITY		**22.955.689**	17.427.062
TOTAL LIABILITIES AND EQUITY		**50.464.335**	38.067.383

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE SIX AND THREE MONTHS PERIOD ENDED ON JUNE 30, 2018 AND 2017

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

		Reviewed		**Not Reviewed**	
			Restated (Note 2)		Restated (Note 2)
	Notes	**January 1- June 30, 2018**	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Revenue		**10.607.496**	8.007.503	**6.683.842**	4.766.109
Cost of Sales		**(6.928.273)**	(5.304.759)	**(4.241.451)**	(3.102.545)
GROSS PROFIT (LOSS)		**3.679.223**	2.702.744	**2.442.391**	1.663.564
General Administrative Expenses		**(810.945)**	(569.849)	**(473.122)**	(293.475)
Marketing Expenses		**(1.980.018)**	(1.505.744)	**(1.245.039)**	(852.519)
Research and Development Expenses		**(2.517)**	(2.056)	**(1.262)**	(1.091)
Other Operating Income	16.1	**210.905**	190.136	**134.186**	110.463
Other Operating Expenses	16.2	**(265.505)**	(171.059)	**(146.847)**	(108.391)
Gain (Loss) from Investments Accounted Through Equity Method	7	**(325.335)**	375.132	**(185.147)**	(65.044)
OPERATING INCOME (LOSS)		**505.808**	1.019.304	**525.160**	453.507
Income from Investing Activities	17.1	**18.906**	38.529	**14.601**	14.932
Expenses from Investing Activities	17.2	**(21.817)**	(11.701)	**(12.913)**	(6.607)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		**502.897**	1.046.132	**526.848**	461.832
Financial Income	18	**1.161.295**	620.104	**749.765**	158.967
Financial Expenses	19	**(2.200.633)**	(1.083.159)	**(1.328.057)**	(312.524)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**(536.441)**	583.077	**(51.444)**	308.275
Tax (Expense) Income from Continuing Operations		**(832)**	(73.407)	**(31.545)**	(67.105)
- Current Period Tax (Expense) Income	20.3	**(168.327)**	(107.187)	**(96.797)**	(51.100)
- Deferred Tax (Expense) Income	20.3	**167.495**	33.780	**65.252**	(16.005)
NET INCOME (LOSS)		**(537.273)**	509.670	**(82.989)**	241.170
Attributable to:					
- Non-Controlling Interests		**95.949**	170.560	**190.507**	271.402
- Equity Holders of the Parent		**(633.222)**	339.110	**(273.496)**	(30.232)
Earnings / (Loss) per share (full TRL)		**(2,60)**	1,82	**(1,12)**	(0,16)
- Earnings / (Loss) per share from continuing operations (full TRL)		**(2,60)**	1,82	**(1,12)**	(0,16)

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SIX AND THREE MONTHS PERIOD ENDED JUNE 30, 2018 AND 2017

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

	Reviewed		**Not Reviewed**	
		Restated (Note 2)		Restated (Note 2)
	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
NET PROFIT (LOSS)	**(537.273)**	509.670	**(82.989)**	241.170
OTHER COMPREHENSIVE INCOME				
Items Not To Be Reclassified To Profit or Loss	**281.059**	(6.414)	**281.895**	(6.884)
- Remeasurement Gain (Loss) from Defined Benefit Plans	**(1.903)**	(8.433)	**(858)**	(9.020)
- Share of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified to Profit or Loss	-	332	-	332
- Other Components of Other Comprehensive Income that will Not To Be Reclassified to Other Profit or Loss	**362.283**	-	**362.283**	-
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	**(79.321)**	1.687	**(79.530)**	1.804
- Deferred Tax (Expense) Income	**(79.321)**	1.687	**(79.530)**	1.804
Items To Be Reclassified To Profit or Loss	**1.929.137**	70.136	**1.378.934**	(647.720)
- Currency Translation Differences	**2.267.749**	97.790	**1.682.116**	(615.197)
- Other Comprehensive Income (Loss) on Cash Flow Hedge	**275.134**	(41.990)	**237.546**	(42.809)
- Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations (Note 22)	**(722.442)**	-	**(633.942)**	-
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified to Profit or Loss	**14.037**	5.938	**10.372**	1.724
- Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss	**94.659**	8.398	**82.842**	8.562
- Deferred Tax (Expense) Income	**94.659**	8.398	**82.842**	8.562
OTHER COMPREHENSIVE INCOME (LOSS)	**2.210.196**	63.722	**1.660.829**	(654.604)
TOTAL COMPREHENSIVE INCOME (LOSS)	**1.672.923**	573.392	**1.577.840**	(413.434)
Attributable to:				
- Non-controlling Interest	**1.613.340**	196.972	**1.327.224**	(178.914)
- Equity Holders of the Parent	**59.583**	376.420	**250.616**	(234.520)

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIODS ENDED JUNE 30, 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**	**Other Revaluation and Remeasurement Gain (Loss) (***)**	**Currency Translation Differences**	**Gain / Loss on Hedge**	**Restricted Reserves Allocated from Net Profit**	**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	3.254.567	(376.046)	5.709.677	10.984.043	16.693.720
Transfers	-	-	(3.739)	-	-	-	-	-	-	450.771	(823.078)	376.046	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(3.190)	-	48.636	(8.136)	-	-	339.110	376.420	196.972	573.392
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	339.110	339.110	170.560	509.670
Other Comprehensive Income (Expense)	-	-	-	-	-	(3.190)	-	48.636	(8.136)	-	-	-	37.310	26.412	63.722
Capital Increase	4.000	-	-	-	-	-	-	-	-	-	(4.000)	-	-	290	290
Effects of Business Combinations Under Common Control (Note 2)	-	-	-	-	-	-	-	-	-	-	(26.406)	-	(26.406)	-	(26.406)
Dividends	-	-	(37.395)	-	-	-	-	-	-	-	(77.605)	-	(115.000)	(114.878)	(229.878)
Transactions With Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	(513)	-	(513)	1.512	999
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	(549)	-	-	-	-	-	-	-	(549)	549	-
Balances as of June 30, 2017 (Restated (Note 2))	186.000	65.771	1.319.349	-	8.028	(15.956)	-	816.194	16.973	885.195	2.322.965	339.110	5.943.629	11.068.488	17.012.117
Balances as of January 1, 2018	**243.535**	**65.771**	**1.319.349**	**(7.145)**	**8.728**	**(16.875)**	**-**	**1.101.588**	**12.385**	**909.511**	**2.244.351**	**(130.050)**	**5.751.148**	**11.675.914**	**17.427.062**
Transfers	-	-	(10.767)	-	-	-	-	-	-	-	(119.283)	130.050	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(1.419)	282.581	625.740	(214.097)	-	-	(633.222)	59.583	1.613.340	1.672.923
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	(633.222)	(633.222)	95.949	(537.273)
Other Comprehensive Income (Expense)	-	-	-	-	-	(1.419)	282.581	625.740	(214.097)	-	-	-	692.805	1.517.391	2.210.196
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	1.985	1.985
Dividends	-	-	(108.447)	-	-	-	-	-	-	-	83.447	-	(25.000)	(264.348)	(289.348)
Acquisition or Disposal of a Subsidiary (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	4.143.067	4.143.067
Increase/decrease through changes in ownership interests in subsidiaries that do not result in loss of control (**)	-	-	-	-	-	-	-	-	-	-	355.060	-	355.060	(355.060)	-
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	771	-	-	-	-	-	-	-	771	(771)	-
Balances as of June 30, 2018	**243.535**	**65.771**	**1.200.135**	**(7.145)**	**9.499**	**(18.294)**	**282.581**	**1.727.328**	**(201.712)**	**909.511**	**2.563.575**	**(633.222)**	**6.141.562**	**16.814.127**	**22.955.689**

(*) 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 balance consists of the increase due to revaluation of the assets used in renting activities.

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX MONTHS PERIODS ENDED JUNE 30, 2018 AND 2017

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

		Reviewed	
			Restated (Note 2)
	Notes	**January 1- June 30, 2018**	January 1- June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		**744.580**	(316.200)
Profit / (Loss)		**(537.273)**	509.670
Adjustments to Reconcile Profit (Loss)		**2.158.303**	686.428
Adjustments for Depreciation and Amortisation Expense		**643.763**	539.224
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**27.476**	18.378
- Adjustments for Impairment Loss (Reversal) of Receivables		***8.376***	*6.490*
- Adjustments for Impairment Loss (Reversal) of Inventories		***3.826***	*5.934*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment		***15.274***	*5.954*
Adjustments for Provisions		**67.185**	34.936
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		***53.693***	*39.683*
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions		***896***	*(8.824)*
- Adjustments for (Reversal of) Warranty Provisions		***682***	*1.914*
- Adjustments for (Reversal of) Other Provisions		***11.914***	*2.163*
Adjustments for Interest (Income) and Expenses		**346.789**	204.973
Adjustments for Unrealised Foreign Exchange Differences		**833.194**	234.874
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	7	**325.335**	(375.132)
Adjustments for Tax (Income) Expense	20.3	**832**	73.407
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		**(9.903)**	(8.447)
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	17.1,17.2	***(9.903)***	*(8.447)*
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	17.1,17.2	**-**	(21.240)
Other Adjustments to Reconcile Profit (Loss)		**(76.368)**	(14.545)
Adjustments for Working Capital		**(844.786)**	(1.471.936)
Decrease (Increase) in Financial Investments		**1.764**	(2.383)
Adjustments for Decrease (Increase) in Trade Accounts Receivables		**(1.657.341)**	(1.102.061)
Adjustments for Decrease (Increase) in Other Operating Receivables		**17.921**	6.148
Adjustments for Decrease (Increase) in Inventories		**(734.610)**	(528.660)
Adjustments for Increase (Decrease) in Trade Accounts Payables		**1.407.830**	596.038
Adjustments for Increase (Decrease) in Other Operating Payables		**528.665**	362.887
Increase (Decrease) in Deferred Income		**80.125**	189.261
Other Adjustments for Increase (Decrease) in Working Capital		**(489.140)**	(993.166)
- Decrease (Increase) in Other Assets Related with Operations		***(490.813)***	*(467.132)*
- Increase (Decrease) in Other Liabilities Related with Operations		***1.673***	*(526.034)*
Cash Flows from Operations		**776.244**	(275.838)
Payments Related with Provisions for Employee Benefits		**(18.715)**	(20.784)
Payments Related with Other Provisions		**-**	(3.184)
Income Taxes Refund (Paid)		**(12.949)**	(16.394)
CASH FLOWS FROM INVESTING ACTIVITIES		**(539.933)**	(408.339)
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		**(55.806)**	(17.845)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		**30.548**	47.155
Purchase of Property, Plant, Equipment and Intangible Assets		**(786.508)**	(500.682)
Other Cash Inflows (Outflows)		**271.833**	7.411
CASH FLOWS FROM FINANCING ACTIVITIES		**(158.050)**	608.047
Proceeds from Issuing Shares or Other Equity Instruments		**1.985**	290
Proceeds from Borrowings		**7.618.557**	5.127.012
Repayments of Borrowings		**(7.195.593)**	(4.058.923)
Proceeds (Repayments) from Future Contracts, Forward Contracts, Option Contracts and Swap Contracts		**16.178**	(43.095)
Dividends Paid		**(289.348)**	(229.878)
Interest Paid		**(454.313)**	(253.415)
Interest Received		**144.484**	66.056
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**46.597**	(116.492)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**669.878**	(8.992)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**716.475**	(125.484)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**5.789.520**	3.285.070
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**6.505.995**	3.159.586

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

(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..

14,09% 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 June 30, 2018 are authorized for issue by the Board of Directors on August 15, 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 June 30, 2018 is 25.113 (December 31, 2017: 21.811).

List of Shareholders

As of June 30, 2018 and December 31, 2017 the shareholders and shareholding rates are as follows:

	June 30, 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**	**19,48**	47.443	19,48
Özilhan Family (*)	**24.293**	**9,98**	24.293	9,98
Süleyman Kamil Yazıcı and his Family (*) (***)	**19.000**	**7,80**	18.988	7,80
Publicly traded (**)	**34.320**	**14,09**	34.332	14,10
Other	**5**	**0,00**	5	0,00
Paid-in share capital - historical	**243.535**	**100,00**	243.535	100,00
Inflation adjustment on capital	**65.771**		65.771	
Total share capital	**309.306**		309.306	

(*) As of June 30, 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 Yönetim 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 19.000 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.

(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 June 30, 2018 and December 31, 2017 are as follows:

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) June 30, 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) (3)	Turkey	Restaurant chain management	Retailing	**-**	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.
(3) Hamburger Restoran İşletmeleri A.Ş. has been taken over by Anadolu Restoran İşletmeleri Ltd. Şti. as a whole and merged with this company on June, 29 2018, with all its assets and liabilities.

(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 (%) June 30, 2018	December 31, 2017
Ant Sınai ve Tic. Ürünleri Paz. A.Ş. (5)	Turkey	Purchase and sale of spare parts	Automotive	**55,40**	55,40
Efes Breweries International N.V. (EBI) (6)	The Netherlands	Holding company that facilitates Anadolu Efes' foreign investments in breweries	Beverage-Beer	**43,05**	43,05
AB InBev Efes B.V. (6) (8)	The Netherlands	Investment Company	Beverage-Beer	**21,53**	43,05
JSC Sun InBev (6) (7)	Russia	Production and marketing of beer	Beverage-Beer	**21,53**	-
LLC Inbev Trade (6)	Russia	Production of malt	Beverage-Beer	**21,53**	-
PJSC Sun InBev Ukraine (6) (7)	Ukraine	Production and marketing of beer	Beverage-Beer	**21,17**	-
Bevmar GmbH (6) (7)	Germany	Investment Company	Beverage-Beer	**21,53**	-
JSC Moscow-Efes Brewery (Efes Moscow) (6) (7)	Russia	Production and marketing beer	Beverage-Beer	**21,53**	43,05
LLC Vostok Solod (6)	Russia	Production of malt	Beverage-Beer	**21,53**	43,05
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) (6)	Kazakhstan	Production and marketing beer	Beverage-Beer	**43,05**	43,05
International Beers Trading LLP (IBT) (6)	Kazakhstan	Marketing of beer	Beverage-Beer	**43,05**	43,05
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) (6)	Moldova	Production of beer and low alcoholic drinks	Beverage-Beer	**41,69**	41,69
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (6) (7)	Germany	Investment company	Beverage-Beer	**21,53**	43,05
JSC Lomisi (Efes Georgia) (6)	Georgia	Production and marketing and of beer and carbonated soft drinks	Beverage-Beer	**43,05**	43,05
PJSC Efes Ukraine (Efes Ukraine) (6)	Ukraine	Production and marketing of beer	Beverage-Beer	**43,02**	43,02
Efes Trade BY FLLC (Efes Belarus) (6)	Belarus	Market development	Beverage-Beer	**43,05**	43,05
LLC Efes Solod (6)	Russia	Production of malt	Beverage-Beer	**21,53**	43,05
Efes Holland Technical Management Consultancy B.V. (EHTMC) (6)	The Netherlands	Leasing of intellectual property and similar products	Beverage-Beer	**43,05**	43,05
LLC Efes Ukraine (6)	Ukraine	Selling and distribution of beer	Beverage-Beer	**43,05**	43,05
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (6)	Turkey	Marketing and distribution company of Anadolu Efes	Beverage-Beer	**43,05**	43,05
Cypex Co. Ltd. (Cypex) (6)	Northern Cyprus	Marketing and distribution of beer	Beverage-Beer	**43,05**	43,05
Efes Deutschland GmbH (Efes Germany) (6)	Germany	Marketing and distribution of beer	Beverage-Beer	**43,05**	43,05
Coca-Cola İçecek A.Ş. (CCİ) (4) (6)	Turkey	Production of Coca-Cola products	Beverage-Soft Drink	**21,64**	21,64
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) (6)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Beverage-Soft Drink	**21,63**	21,63
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) (6)	Turkey	Filling and selling of natural spring water	Beverage-Soft Drink	**21,64**	21,64
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) (6)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Beverage-Soft Drink	**21,64**	21,64
Tonus Turkish-Kazakh Joint Venture LLP (Tonus) (6)	Kazakhstan	Investment company of CCİ	Beverage-Soft Drink	**21,64**	21,64
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) (6)	Azerbaijan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**21,61**	21,61
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) (6)	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**21,64**	21,64
CCI International Holland B.V. (CCI Holland) (6)	The Netherlands	Investment company of CCİ	Beverage-Soft Drink	**21,64**	21,64
CC for Beverage Industry Limited (CCBL) (6)	Iraq	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**21,64**	21,64
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC) (6)	Jordan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**19,47**	19,47
Coca-Cola Beverages Pakistan Ltd (CCBPL) (6)	Pakistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**10,75**	10,75
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) (6)	Turkmenistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**12,87**	12,87
Waha Beverages B.V. (6)	The Netherlands	Investment company of CCİ	Beverage-Soft Drink	**17,32**	17,32
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha) (6)	Iraq	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**17,32**	17,32
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tajikistan) (6)	Tajikistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**21,64**	21,64

(4) CCI shares are quoted in BIST.
(5) Subsidiary of Anadolu Isuzu.
(6) Subsidiary of Anadolu Efes.
(7) Companies which AB Inbev Efes B.V. directly participates in connection with the business combination explained in Note 3.
(8) Details given in Note 3, on March 29, 2018 EBI's all beer operations in Russia, whose 100% shares are owned by Anadolu Efes 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. As a result of this process, the Group's share in AB Inbev Efes B.V. has been 21,53%.

(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 June 30, 2018 and December 31, 2017 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			June 30, 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	**15,53**	14,35
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	**10,82**	10,82
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (***)	Turkey	Development, production and trade of all kinds of electrical motor vehicles	**19,00**	-

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

(**) Anadolu Efes and Burlingtown LLP, among the shareholders, participated in capital increase of Anadolu Etap that has been carried out in June. Özgörkey Holding didn't participate in capital increase. As a result of the capital increase, the share of Anadolu Efes has been increased from 33,33% to 36,08%, hence, the final share of the company has been increased to 15,53%.

(***) The Company participated in 19% shares of Türkiye'nin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş., which was established on 25 June 2018 in order to manufacture mainly electric automobiles and carry out the commercial activities. In this context, the Shareholders' Agreement and the Articles of Association were signed on May 31, 2018. Thus, the registration of the company was completed on June 28, 2018.

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 June 30, 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.

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

Basis of Preparation of Financial Statements (cont'd)

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.

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 occured.
- (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.

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 consolidated statement of profit or loss for the period ended June 30, 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.

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

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

Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

The reconciliation of the net profit for the period ended June 30, 2017 is as follows;

	January 1 - June 30, 2017
Consolidated net profit of Yazıcılar (1)	357.712
Net profit of the companies included in the merger (2)	280.626
Changes in share of gain/loss from investments accounted through the equity method (3)	(130.002)
Other	1.334
AGHOL restated net profit for the period	509.670

(1) Represents the interim condensed consolidated financial statements prepared by Yazıcılar as of June 30, 2017 and published on Public Disclosure Platform ("PDP") on August 11, 2017.
(2) The balance consists of net profit of Anadolu Efes amounting TRL 190.535, net loss of Anadolu Isuzu amounting TRL 19.038 and net profit of Özilhan amounting TRL 109.129 for the period ended June 30, 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.

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 six months up to June 30, 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.

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

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

New standards and interpretations

a) Amendments and interpretations applicable as of year 2018

TFRS 9	Financial Instruments
TFRS 15	Revenue from Contracts with Customers
Amendments to TFRS 10 and TAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to TFRS 2	Classification and Measurement of Share-Based Payment Transactions
TFRS Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to TAS 40	Transfers of Investment Property
Annual Improvements to TFRS Standards 2014–2016 Cycle	TFRS 1 , TAS 28

TFRS 9 Financial Instruments

TFRS 9 introduced new requirements for the classification and measurement of financial assets / liabilities and for derecognition and for general hedge accounting.

Key requirements of TFRS 9:

• All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

• With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

• In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

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

New standards and interpretations (cont'd)

TFRS 9 *Financial Instruments (cont'd)*

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in TAS 39. Under TFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The amendments of TFRS 9 have no material impact on the Group's consolidated financial statements.

TFRS 15 *Revenue from Contracts with Customers*

TFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. TFRS 15 will supersede the current revenue recognition guidance including TAS 18 Revenue, TAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of TFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in TFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by TFRS 15.

Later on Clarifications to TFRS 15 in relation to the identification of performance obligations, principal versus agent considerations were issued, as well as licensing application guidance.

The amendments of TFRS 15 have no material impact on the Group's consolidated financial statements.

(Amendments to) TFRS 10 and TAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

This amendment clarifies the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

Amendments to TFRS 10 and TAS 28 have no impact on Group's consolidated financial statements.

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

New standards and interpretations (cont'd)

(Amendments to) TFRS 2 *Classification and Measurement of Share-Based Payment Transactions*

The amendments clarify the standard in respect of the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

Amendments to TFRS 2 have no impact on the Group's consolidated financial statements.

TFRS Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

The Interpretations Committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

TFRS Interpretation 22 has no impact on the Group's consolidated financial statements.

(Amendments to) TAS 40 *Transfers of Investment Property*

The amendments to TAS 40:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of examples of evidence in paragraph 57(a)–(d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Amendments to TAS 40 have no impact on the Group's consolidated financial statements.

Annual Improvements to TFRS Standards 2014–2016 Cycle

- **TFRS 1:** Deletes the short-term exemptions in paragraphs E3-E7 of TFRS 1, because they have now served their intended purpose.

- **TAS 28:** Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Annual improvements to TFRS Standards 2014-2016 cycle have no impact on the Group's consolidated financial statements.

(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)

b) New and revised TFRSs in issue but not yet effective

The Group has not applied the following new and revised TFRSs that have been issued but are not yet effective:

TFRS 16	Leases[1]
(Amendments to) TAS 28	Long-term Interests in Associates and Joint Ventures[1]
TFRS Interpretation 23	Uncertainty over Income Tax Treatments[1]

[1] Effective for annual periods beginning on or after 1 January 2019.

TFRS 16 Leases

TFRS 16 specifies how a TAS reporter will recognise, measure, present and disclose leases and supersedes TAS 17 "Leases". The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with TFRS 16's approach to lessor accounting substantially unchanged from its predecessor, TAS 17.

(Amendments to) TAS 28 *Long-term Interests in Associates and Joint Ventures*

This amendment clarifies that an entity applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

TFRS Interpretation 23 *Uncertainty over Income Tax Treatments*

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under TAS 12.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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's changes in accounting policies in the current year are as follows:

Transition to TFRS 9 Financial instruments

The Group adopted the TFRS 9 "Financial instruments" standard which replaced TAS 39 on January 1, 2018 as of the first application date of the standard. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Group has carried out valuation studies to determine the cumulative effect of the first transition and concluded that there is no material change to the consolidated financial statements.

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

Changes in Accounting Policies, Accounting Estimates and Errors (cont'd)

TFRS 9 Financial Instruments Standard: Classification and Measurement

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

"Financial assets measured at amortised cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortised cost comprise "cash and cash equivalents" and "trade receivables". Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the consolidated statement of income.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income. Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

Financial assets	**Classification under TAS 39**	**Classification under TFRS 9**
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Due from related parties	Loans and receivables	Amortised cost
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss

Financial liabilities	**Classification under TAS 39**	**Classification under TFRS 9**
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

Impairment

"Expected credit loss model" defined in TFRS 9 "Financial Instruments" superseded the "incurred credit loss model" in TAS 39 "Financial Instruments: Recognition and Measurement" which was effective prior to 1 January 2018. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

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

Changes in Accounting Policies, Accounting Estimates and Errors (cont'd)

Transition to IFRS 15 Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers; effective from annual periods beginning on or after 1 January 2018 and this standard replaces the guidance in IAS 18. There isn't any material impact expected on the financial position or performance of the Group related to this standard.

Revenue recognition

Group recognizes revenue when the goods or services are transferred to the customer and when the performance obligation is fulfilled. An asset is transferred when the customer obtains control of that asset.

The Group recognizes revenue in accordance with the new revenue standard which is effective from 1 January 2018, based five-step model set out below:

- Identifying contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

The Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. The Group considers the terms of the contract and its customary business practices to determine the transaction price.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

A customer receives a discount for purchasing a bundle of goods or services if the sum of the stand-alone selling prices of those promised goods or services in the contract exceeds the promised consideration in a contract. Except when the Group has observable evidence that the entire discount relates to only one or more, but not all, performance obligations in a contract, the Group allocates a discount proportionately to all performance obligations in the contract.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. When (or as) a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. An asset is transferred when (or as) the customer obtains control of that asset.

The Group considers indicators of the transfer of control, which include, the following:

- The Group has a present right to payment for the asset
- The customer has legal title to the asset
- The Group has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

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

Changes in Accounting Policies, Accounting Estimates and Errors (cont'd)

Determination of the fair value of the assets used in renting activities

As of June 30, 2018, Çelik Motor, a subsidiary of the Group, has changed its accounting policy in the context of TAS 16, a revaluation model and has begun to recognize the assets used in renting activities at fair value on a prospective basis. The fair value of assets is determined based on the average sales prices in the market and sales prices of the vehicles sold through İkinciyeni.com in previous periods, the estimates made by Çelik Motor Management using independent data and valuation studies conducted by Türkiye Sınai ve Kalkınma Bankası A.Ş.. In this context, revaluations are made every three months utilizing reliable and independent data sources. As of June 30, 2018, valuation was also calculated under this policy and revaluation increase of TRL 282.581 after deferred tax was recognized under Revaluation and Remeasurement Gain (Loss). As of June 30, 2018, the net book value of the assets used in operational leasing before valuation amounts to TRL 2.229.469.

Assets that are carried at revalued amount and used for operational leasing are valued at a rate that will ensure that the assets do not differ from their fair value. Revaluation increases are recognized in the revaluation fund in the comprehensive income statement.

Accumulated depreciation on the revaluation date is netted at gross value of the assets used in operational leasing and the net amount equals the revalued amount of the asset used in the operational leasing.

If assets used for operational leasing are to be derecognized, gone out of use or disposed, the revaluation increase in the equity account group related to this asset item is affiliated with the retained earnings.

In case of the disposal of the asset carried at fair value, the profit or loss (the difference between the net cash flow from the sale and the carrying amount of the asset) is transferred primarily to the revaluation fund related to that asset in the valuation fund and to the retained earnings. The balance is added to the profit or loss statement of the year during which the asset is disposed.

NOTE 3 - BUSINESS COMBINATIONS

Transactions for the period of June 30, 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 Bevmar 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 Bevmar 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 Bevmar GmbH. Accordingly; JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH have been consolidated in consolidated financial statements of the Group for the period ended June 30, 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 "Retained Earnings" under equity attributable to equity holders of the parent in consolidated interim financial statements of Anadolu Efes (Group's share amounts to TRL 355.060).

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.

In June 2018, AB Inbev made a cash payment of USD 39.436 to EBI regarding to the commitments determined within the scope of this business combination (equivalent TRL 179.856).

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to IFRS 3 "Business Combinations" is in progress. IFRS 3 "Business Combinations" permits fair value appraisal works to be completed in one year period. 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 Bevmar 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's share in the carrying value of acquiree's identifiable assets, liabilities and contingent liabilities amounting to TRL 3.750.873. Provisional goodwill arising from acquisition is temporarily recorded as goodwill in the condensed consolidated interim financial statements as of June 30, 2018.

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

NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the period of June 30, 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:

	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	JSC Sun InBev	PJSC Sun InBev Ukraine	Bevmar GmbH
Cash and Cash Equivalents	**13.759**	11.774	1.985	-
Trade and Other Receivables	**231.333**	203.884	27.449	-
Due from Related Parties	**26.259**	24.183	4.703	277.237
Inventories	**286.496**	232.342	54.154	-
Other Current Assets	**48.660**	25.439	23.222	-
Tangible Assets	**908.270**	635.092	273.178	-
Intangible Assets	**68.380**	66.200	2.180	-
Other Non - Current Assets	**281**	252	29	-
Deferred Tax Assets	**338.416**	286.932	51.484	-
Financial Liabilities to Related Parties	**(596.047)**	(873.201)	-	-
Financial Liabilities to Third Parties	**(120.293)**	-	(119.938)	(355)
Trade payables	**(748.718)**	(560.950)	(187.768)	-
Due to Related Parties	**(194.070)**	(129.307)	(67.230)	(244)
Other Liabilities	**(184.570)**	(123.948)	(60.622)	-
Carrying Value of Net Assets Acquired	**78.157**	**(201.308)**	**2.827**	**276.638**

Total consideration	**4.143.067**
Shareholder loans transferred, net	**(134.228)**
Cash inflows due to commitments determined within the scope of the business combination	**(179.856)**
Group's share in Net Assets	**78.110**
Provisional goodwill arising from acquisition (Note 10)	**3.750.873**

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 relevant 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) and 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.

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

NOTE 4- SEGMENT REPORTING (cont'd)

January 1 - June 30, 2018	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	3.201.398	5.023.821	1.683.143	610.372	100.428	(11.666)	10.607.496	8.463.382	18.808.969
Inter-segment sales	(11.292)	(115)	21.449	11.996	39.318	(61.356)	-	-	-
Total Sales	**3.190.106**	**5.023.706**	**1.704.592**	**622.368**	**139.746**	**(73.022)**	**10.607.496**	**8.463.382**	**18.808.969**
GROSS PROFIT(LOSS)	**1.431.333**	**1.771.005**	**326.359**	**140.485**	**78.333**	**(68.292)**	**3.679.223**	**2.338.009**	**5.995.711**
Operating expenses	(1.396.591)	(1.148.060)	(155.268)	(85.140)	(73.035)	64.614	(2.793.480)	(2.054.739)	(4.834.027)
Other operating income (expenses), net	(6.723)	38.180	(53.610)	(17.151)	(12.274)	(3.022)	(54.600)	(154.289)	(209.105)
Gain (loss) from the investments accounted through equity method (*)	(27.450)	(176)	(5.586)	(425)	(291.698)	-	(325.335)	-	(57.901)
OPERATING INCOME (LOSS)	**569**	**660.949**	**111.895**	**37.769**	**(298.674)**	**(6.700)**	**505.808**	**128.981**	**894.678**
Income (expense) from investing activities, net	103.470	(10.173)	1.790	451	2.380	(100.829)	(2.911)	200	(2.711)
Financial income (expense), net	(99.101)	(393.383)	(353.847)	(23.873)	(169.133)	(1)	(1.039.338)	(631.588)	(1.670.925)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**4.938**	**257.393**	**(240.162)**	**14.347**	**(465.427)**	**(107.530)**	**(536.441)**	**(502.407)**	**(778.958)**
Tax (expense) income from continuing operations, net	6.577	(76.517)	40.723	(7.431)	34.535	1.281	(832)	(29.085)	(29.041)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**11.515**	**180.876**	**(199.439)**	**6.916**	**(430.892)**	**(106.249)**	**(537.273)**	**(531.492)**	**(807.999)**
Attributable to:									
- Non-controlling interest	(5.438)	39.579	(143)	-	2.166	59.785	95.949	(3.293)	(174.777)
- Equity holders of the parent	16.953	141.297	(199.296)	6.916	(433.058)	(166.034)	(633.222)	(528.199)	(633.222)
Total Assets	**18.028.272**	**15.992.674**	**4.838.488**	**827.002**	**5.423.999**	**5.353.900**	**50.464.335**	**10.307.750**	**58.662.581**
Total Liabilities	**8.432.807**	**9.781.371**	**4.355.192**	**608.070**	**3.203.826**	**1.127.380**	**27.508.646**	**9.291.002**	**36.474.750**
Net debt	**1.753.586**	**2.982.480**	**3.396.133**	**388.703**	**2.441.578**	**(3)**	**10.962.477**	**2.718.681**	**13.681.158**
Purchases of tangible & intangible assets, assets used in renting activities and investment property (***)	278.821	439.328	498.753	25.727	1.781	11.027	1.255.437	271.117	1.526.554
EBITDA	**336.436**	**924.350**	**177.453**	**62.605**	**9.071**	**(507)**	**1.509.408**	**486.269**	**1.988.132**
- Depreciation and amortization (***)	281.441	271.883	53.884	15.645	14.713	6.197	643.763	141.837	785.600
- Provision for employee termination benefits	6.816	7.456	3.673	2.437	664	58	21.104	41.206	62.310
- Provision for vacation pay liability	9.397	5.205	1.171	5.951	670	2	22.396	19.956	42.352
- Other	10.763	(21.319)	1.244	378	-	(64)	(8.998)	154.289	145.291

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 27.450 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 176 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 5.586 is recorded under 'automotive' segment; loss recognized from Aslancık amounting TRL 24.264 and loss recognized from Migros amounting TRL 267.434 are recorded under 'other' segment; loss recognized from LLC Faber -Castell Anadolu amounting TRL 425 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 June 30, 2018.

(***) TRL 6 of the tangible and intangible assets purchase and TRL 4.325 of the depreciation and amortization belong to investment properties.

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

NOTE 4 - SEGMENT REPORTING (cont'd)

January 1 - June 30, 2017	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	2.077.184	4.115.061	1.251.188	519.846	54.284	(10.060)	8.007.503	7.036.942	14.751.161
Inter-segment sales	(9.943)	(49)	18.123	9.309	65.863	(83.303)	-	-	-
Total Sales	2.067.241	4.115.012	1.269.311	529.155	120.147	(93.363)	8.007.503	7.036.942	14.751.161
GROSS PROFIT(LOSS)	953.305	1.401.086	235.437	127.643	51.616	(66.343)	2.702.744	1.831.858	4.508.565
Operating Expenses	(897.755)	(974.180)	(132.212)	(71.553)	(70.519)	68.570	(2.077.649)	(1.667.143)	(3.740.086)
Other operating income (expenses), net	7.092	12.370	12.759	(9.807)	7.100	(10.437)	19.077	(111.939)	(93.435)
Gain (loss) from the investments accounted through equity method (*)	(10.329)	(103)	-	(280)	385.844	-	375.132	-	(9.580)
OPERATING INCOME (LOSS)	52.313	439.173	115.984	46.003	374.041	(8.210)	1.019.304	52.776	665.464
Income (expense) from investing activities, net	30.564	(6.047)	361	(1.989)	29.576	(25.637)	26.828	1.065.198	1.092.026
Financial income (expense), net	(22.656)	(161.503)	(208.845)	(15.960)	(54.029)	(62)	(463.055)	(320.181)	(783.236)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	60.221	271.623	(92.500)	28.054	349.588	(33.909)	583.077	797.793	974.254
Tax (expense) income from continuing operations, net	(14.693)	(95.173)	21.316	(8.640)	22.223	1.560	(73.407)	(11.181)	(82.748)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	45.528	176.450	(71.184)	19.414	371.811	(32.349)	509.670	786.612	891.506
Attributable to:									
- Non-controlling interest	54	31.136	4.507	-	4.303	130.560	170.560	(2.880)	552.396
- Equity holders of the parent	45.474	145.314	(75.691)	19.414	367.508	(162.909)	339.110	789.492	339.110
Total Assets	9.330.310	11.170.862	4.061.594	755.362	5.480.924	4.605.460	35.404.512	8.904.184	42.778.201
Total Liabilities	4.789.314	6.054.899	3.575.168	505.573	2.363.391	1.104.050	18.392.395	7.855.519	26.069.483
Net debt	1.309.075	2.336.052	2.895.807	293.773	1.606.598	-	8.441.305	2.309.857	10.751.162
Purchases of tangible & intangible assets, purchases of assets used in renting activities, investment property (***)	197.348	257.689	680.906	10.598	3.334	(21)	1.149.854	154.256	1.304.110
EBITDA	287.706	690.472	157.520	63.244	6.473	(870)	1.204.545	348.468	1.531.108
- Depreciation and amortization (***)	208.856	246.937	46.165	14.622	15.320	7.324	539.224	126.778	666.002
- Provision for employee termination benefits	4.058	6.899	2.591	1.934	2.074	-	17.556	38.428	55.984
- Provision for vacation pay liability	7.085	4.423	575	405	882	1	13.371	18.547	31.918
- Other	5.065	(7.063)	(7.795)	-	-	15	(9.778)	111.939	102.160

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 10.329 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 103 is recorded under 'soft-drinks' segment; income recognized from Aslancık amounting TRL 1.132 and income recognized from Migros amounting TRL 384.712 are recorded under 'other' segment; loss recognized from LLC Faber-Castel Anadolu amounting TRL 280 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 June 30, 2017.

(***) TRL 95 of the tangible and intangible assets purchases and TRL 3.680 of the depreciation and amortization belong to investment properties.

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

NOTE 4- SEGMENT REPORTING (cont'd)

April 1 - June 30, 2018	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros
Sales	2.298.575	3.158.117	864.994	307.655	61.708	(7.207)	6.683.842	4.523.246	11.056.141
Inter-segment sales	(7.001)	(58)	11.039	5.744	9.112	(18.836)	-	-	-
Total Sales	**2.291.574**	**3.158.059**	**876.033**	**313.399**	**70.820**	**(26.043)**	**6.683.842**	**4.523.246**	**11.056.141**
GROSS PROFIT(LOSS)	**1.040.747**	**1.156.972**	**170.027**	**73.880**	**34.820**	**(34.055)**	**2.442.391**	**1.260.925**	**3.692.753**
Operating expenses	(917.272)	(672.055)	(81.807)	(44.295)	(35.473)	31.479	(1.719.423)	(1.092.195)	(2.802.668)
Other operating income (expenses), net	(15.266)	27.937	(20.614)	(6.530)	2.264	(452)	(12.661)	(94.627)	(107.391)
Gain (loss) from the investments accounted through equity method	(18.486)	(103)	(4.415)	(129)	(162.014)	-	(185.147)	-	(39.607)
OPERATING INCOME (LOSS)	**89.723**	**512.751**	**63.191**	**22.926**	**(160.403)**	**(3.028)**	**525.160**	**74.103**	**743.087**
Income (expense) from investing activities, net	105.857	(7.394)	1.633	1.297	1.119	(100.824)	1.688	3.519	5.197
Financial income (expense), net	(77.233)	(216.945)	(198.688)	(15.120)	(70.302)	(4)	(578.292)	(348.569)	(926.858)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**118.347**	**288.412**	**(133.864)**	**9.103**	**(229.586)**	**(103.856)**	**(51.444)**	**(270.947)**	**(178.574)**
Tax (expense) income from continuing operations, net	(24.872)	(44.292)	28.326	(3.551)	12.166	678	(31.545)	(19.902)	(51.039)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**93.475**	**244.120**	**(105.538)**	**5.552**	**(217.420)**	**(103.178)**	**(82.989)**	**(290.849)**	**(229.613)**
Attributable to:									
- Non-controlling interest	(5.324)	56.832	(149)	-	(1.075)	140.223	190.507	(1.074)	43.883
- Equity holders of the parent	98.799	187.288	(105.389)	5.552	(216.345)	(243.401)	(273.496)	(289.775)	(273.496)
Purchases of tangible & intangible assets, assets used in renting activities and investment property	155.278	263.567	364.807	15.356	826	11.954	811.788	193.708	1.005.496
EBITDA	**303.585**	**642.280**	**98.152**	**32.977**	**9.705**	**154**	**1.086.853**	**275.241**	**1.360.378**
- Depreciation and amortization	175.347	142.933	26.721	7.887	7.713	3.189	363.790	72.253	436.042
- Provision for employee termination benefits	5.367	3.728	2.066	1.097	361	(5)	12.614	22.475	35.090
- Provision for vacation pay liability	3.278	1.951	669	560	20	(5)	6.473	11.783	18.256
- Other	11.384	(19.186)	1.090	378	-	3	(6.331)	94.627	88.296

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

NOTE 4- SEGMENT REPORTING (cont'd)

April 1 - June 30, 2017	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros
Sales	1.203.275	2.559.125	717.703	257.530	34.366	(5.890)	4.766.109	3.923.307	8.504.998
Inter-segment sales	(6.085)	219	9.104	5.380	29.088	(37.706)	-	-	-
Total Sales	1.197.190	2.559.344	726.807	262.910	63.454	(43.596)	4.766.109	3.923.307	8.504.998
GROSS PROFIT(LOSS)	562.784	919.670	128.099	61.855	23.595	(32.439)	1.663.564	1.014.529	2.682.912
Operating expenses	(491.730)	(549.390)	(70.226)	(37.347)	(33.776)	35.384	(1.147.085)	(925.061)	(2.082.674)
Other operating income (expenses), net	(2.575)	(301)	14.507	(2.984)	853	(7.428)	2.072	(67.857)	(66.358)
Gain (loss) from the investments accounted through equity method	(8.664)	(74)	-	(214)	(56.092)	-	(65.044)	-	(3.592)
OPERATING INCOME (LOSS)	59.815	369.905	72.380	21.310	(65.420)	(4.483)	453.507	21.611	530.288
Income (expense) from investing activities, net	30.392	(2.469)	289	(1.835)	7.131	(25.183)	8.325	(2.799)	5.526
Financial income (expense), net	16.094	(37.566)	(87.221)	(9.408)	(35.395)	(61)	(153.557)	(134.913)	(288.475)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	106.301	329.870	(14.552)	10.067	(93.684)	(29.727)	308.275	(116.101)	247.339
Tax (expense) income from continuing operations, net	(20.682)	(49.655)	192	(2.957)	5.272	725	(67.105)	(3.320)	(69.514)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	85.619	280.215	(14.360)	7.110	(88.412)	(29.002)	241.170	(119.421)	177.825
Attributable to:									
- Non-controlling interest	161	48.868	4.535	-	715	217.123	271.402	(1.899)	208.057
- Equity holders of the parent	85.458	231.347	(18.895)	7.110	(89.127)	(246.125)	(30.232)	(117.522)	(30.232)
Purchases of tangible & intangible assets, assets used in renting activities and investment property	106.685	144.394	446.973	8.055	2.728	31	708.866	92.030	800.896
EBITDA	186.807	496.823	90.056	30.644	531	(934)	803.927	192.672	990.316
- Depreciation and amortization	106.068	122.445	23.552	7.324	7.941	3.531	270.861	68.105	338.966
- Provision for employee termination benefits	2.029	3.446	2.138	1.912	1.820	3	11.348	25.363	36.711
- Provision for vacation pay liability	1.860	1.261	416	(116)	98	2	3.521	9.736	13.257
- Other	8.371	(308)	(8.430)	-	-	13	(354)	67.857	67.502

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

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	June 30, 2018	December 31, 2017
Cash	**15.357**	9.434
Banks	**6.292.215**	5.633.926
- Time deposits	**5.540.868**	5.085.203
- Demand deposits	**751.347**	548.723
Other cash and cash equivalents (*)	**198.423**	146.160
Cash and cash equivalents in the consolidated cash flow statement	**6.505.995**	5.789.520
Interest income accruals	**7.905**	10.795
	6.513.900	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 June 30, 2018, the Group has designated its bank deposits amounting to TRL 1.280.962, equivalent of thousand USD 274.668 and thousand EUR 4.441 and thousand RUR 295.273 for the future raw material purchases, 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 June 30, 2018, cash and cash equivalents of AGHOL amount to TRL 128.628 (December 31, 2017: TRL 74.251).

As of June 30, 2018, there is no cash deposits or blocked deposits pledged as collateral by the Group (December 31, 2017 : None).

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

NOTE 6 - BORROWINGS

	June 30, 2018	December 31, 2017
Bank borrowings	**3.371.954**	1.488.820
Current portion of long term borrowings	**4.873.411**	4.141.615
Financial leasing payables	**122.047**	48.001
Factoring payables	**102.100**	-
Short term borrowings	**8.469.512**	5.678.436
Bank borrowings	**8.862.315**	8.206.059
Financial leasing payables	**172.514**	228.025
Long term borrowings	**9.034.829**	8.434.084
Total borrowings	**17.504.341**	14.112.520

As of June 30, 2018 AGHOL's total borrowings amount to TRL 1.344.392 (December 31, 2017: TRL 1.142.891).

Some of the Group's borrowings are subject to covenants. According to the mentioned provisions, certain performance criteria have to be fulfilled by the Group. As of June 30, 2018 and December 31, 2017 performance criterias have been fulfilled.

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 June 30, 2018, net book value of property, plant and equipment obtained by financial leasing of the Group is TRL 46.645 (December 31, 2017: TRL 50.345). Sale and leaseback process have been applied for the property, plant and equipment amounting TRL 45.624 (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 June 30, 2018 and 2017 is as follows:

	June 30, 2018	June 30, 2017
Opening balance	**14.112.520**	10.234.194
Interest expense	**490.186**	267.909
Interest paid	**(454.313)**	(253.415)
Addition through business combination	**418.554**	-
Shareholder loans transferred as a result of business combination	**163.549**	-
Proceeds from borrowings	**7.618.557**	5.127.012
Repayments of borrowings	**(7.195.593)**	(4.058.923)
Foreign exchange gain (loss), net	**2.035.605**	214.766
Currency translation differences	**288.760**	84.873
Capitalised interest	**26.516**	2.772
Closing balance	**17.504.341**	11.619.188

As of June 30, 2018, net interest expense on cross currency swap contracts is TRL 32.095 (June 30, 2017: None).

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

NOTE 6 - BORROWINGS (cont'd)

	June 30, 2018			December 31, 2017		
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**2.851.010**	**12,6% - 27,0%**	**-**	1.263.531	12,6% - 16,8%	TRLibor + 2,5%
Borrowing in foreign currency (EUR)	**1.964.397**	**1,0% - 4,4%**	**Euribor + (0,9%-5,1%)**	1.863.506	1,8% - 4,4%	Euribor + (0,8%-5,1%)
Borrowing in foreign currency (USD)	**2.868.027**	**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)	**561.931**	**6,0%- 16,5%**	**Kibor + (0,1%-0,5%) & Mosprime + (7,4%)**	65.322	6,0%	Kibor + (0,2%-0,5%)
Financial leasing payables in Turkish Lira	**95.076**	**12,6% - 25,3%**	**-**	23.706	13,0% - 14,1%	-
Financial leasing payables in foreign currency (EUR)	**25.202**	**3,7%**	**-**	22.702	3,7%	-
Financial leasing payables in foreign currency (Other)	**1.769**	**-**	**-**	1.592	-	-
Factoring payables in Turkish Lira	**102.100**	**22,5%**	**-**	-	-	-
	8.469.512			5.678.436		
Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**317.419**	**15,0% - 24,5%**	**-**	371.602	13,3% - 17,0%	-
Borrowing in foreign currency (EUR)	**2.370.150**	**1,0% - 4,9%**	**Euribor + (1,5%-5,1%)**	2.571.675	1,1% - 3,8%	Euribor + (1,5%-5,1%)
Borrowing in foreign currency (USD)	**6.163.019**	**3,4% - 4,4%**	**Libor + (3,9% - 5,0%)**	5.243.379	3,4% - 4,5%	Libor + (3,9% - 5,0%)
Borrowing in foreign currency (Other)	**11.727**	**6,0%**	**-**	19.403	6,0%	-
Financial leasing payables in Turkish Lira	**75.833**	**12,5% - 25,3%**	**-**	134.003	13,0% - 14,1%	-
Financial leasing payables in foreign currency (EUR)	**93.480**	**3,7%**	**-**	90.298	3,7%	-
Financial leasing payables in foreign currency (Other)	**3.201**	**-**	**-**	3.724	-	-
	9.034.829			8.434.084		
	17.504.341			14.112.520		

Repayments schedules of long-term borrowings are as follows:

	June 30, 2018	December 31, 2017
1-2 years	**1.833.790**	2.166.793
2-3 years	**1.208.573**	795.515
3-4 years	**176.016**	613.950
4-5 years	**2.449.554**	2.071.645
5 years and more	**3.366.896**	2.786.181
	9.034.829	8.434.084

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Joint Ventures

			June 30, 2018		December 31, 2017	
Entity	**Principle activities**	**Country**	**Carrying value**	**Effective shareholding and voting rights (%)**	Carrying value	Effective shareholding and voting rights (%)
Migros (*)	Sales of food and drinks along with durable goods	Turkey	**2.044.442**	**50,00**	2.297.857	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Tractor production	Turkey	**17.150**	**50,00**	1.603	50,00
Aslancık	Production of electricity	Turkey	**(37.530)**	**33,33**	(13.266)	33,33
LLC Faber-Castell Anadolu	Trading of all kinds of stationery	Russia	**261**	**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	**52.465**	**15,53**	46.309	14,35
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Distribution and sales of Coca-Cola products	Syria	**-**	**10,82**	-	10,82
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	Development, production and trade of all kinds of electrical motor vehicles	Turkey	**950**	**19,00**	-	-
			2.077.738		2.333.170	

	January 1 - June 30, 2018	January 1 - June 30, 2017	**April 1 - June 30, 2018**	April 1 - June 30, 2017
Entity	**Group's interest in net income/ (loss)**			
Migros (*)	**(267.434)**	384.712	**(145.540)**	(61.452)
Anadolu Landini	**(5.586)**	-	**(4.415)**	-
Aslancık	**(24.264)**	1.132	**(16.474)**	5.360
LLC Faber-Castell Anadolu	**(425)**	(280)	**(129)**	(214)
Anadolu Etap	**(27.450)**	(10.329)	**(18.486)**	(8.664)
SSDSD	**(176)**	(103)	**(103)**	(74)
	(325.335)	375.132	**(185.147)**	(65.044)

(*) Shares of Migros are currently quoted in BİST.
(**) Anadolu Efes and Burlingtown LLP, among the shareholders, participated in capital increase of Anadolu Etap that has been carried out in June. Özgörkey Holding didn't participate in capital increase. As a result of the capital increase, the share of Anadolu Efes has been increased from 33,33% to 36,08%, hence, the final share of the company has been increased to 15,53%.

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

	June 30, 2018	December 31, 2017
Anadolu Landini		
Total Assets	**209.011**	77.942
Total Liabilities	**174.711**	74.737
Net Assets	**34.300**	3.205
Group's share in net assets	**17.150**	1.603

	January 1 - June 30, 2018	**April 1 - June 30, 2018**
Revenue	44.360	15.972
Net loss	(11.174)	(8.833)
Group's share in net loss	**(5.586)**	**(4.415)**

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

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:

	June 30, 2018	December 31, 2017
Migros		
Current assets	3.623.014	3.776.275
Non-current assets	6.684.736	6.526.400
Total assets	**10.307.750**	10.302.675
Short-term borrowings	967.918	1.038.037
Other current liabilities	4.810.396	4.478.059
Long-term borrowings	3.110.118	2.874.437
Other non-current liabilities	402.570	384.994
Total liabilities	**9.291.002**	8.775.527
Net assets	**1.016.748**	1.527.148
Attributable to:		
Non-controlling interests	53.558	56.654
Net assests of the equity holders of the parent	**963.190**	1.470.494
Group's share in net assets	**2.044.442**	2.297.857

	January 1 - June 30, 2018	January 1 - June 30, 2017	**April 1 - June 30, 2018**	April 1 - June 30, 2017
Revenue	**8.463.382**	7.036.942	**4.523.246**	3.923.307
Net (loss) profit for the period	(531.492)	786.612	(290.849)	(119.421)
Non-controlling interests	(3.293)	(2.880)	(1.074)	(1.899)
Equity holders of the parent	**(528.199)**	789.492	**(289.775)**	(117.522)
Acquisition accounting and fair value adjustments	(6.669)	(20.068)	(1.305)	(5.382)
Net (loss) profit per consolidation	**(534.868)**	769.424	**(291.080)**	(122.904)
Group's share in net (loss) / profit	**(267.434)**	384.712	**(145.540)**	(61.452)

The movement of carrying value of the joint venture Migros in the consolidated financial statements as of June 30, 2018 and 2017 is as follows:

	June 30, 2018	June 30, 2017
Balance at the beginning of the period	**2.297.857**	2.104.941
Group's share in net (loss)/income (*)	**(267.434)**	384.712
Group's share in currency translation differences	**14.019**	5.912
Group's share in remeasurement fund	-	332
Balance at the end of the period	**2.044.442**	2.495.897

(*) Bargain purchase gain amounting to TRL 1.069.864 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 534.932 which has been reflected in the consolidated financial statements as of June 30, 2017.

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

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:

	June 30, 2018	December 31, 2017
Aslancık		
Total assets	**440.332**	454.386
Total liabilities	**549.323**	490.579
Net assets	**(108.991)**	(36.193)
Fair value adjustment	**(3.609)**	(3.523)
Net assets included in consolidation	**(112.600)**	(39.716)
Group's share in net assets	**(37.530)**	(13.266)

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Aslancık				
Revenue	**57.458**	54.168	**39.080**	33.789
Net (loss)/ income for the period	**(72.799)**	3.396	**(49.426)**	16.082
Group's share in net (loss) profit of the joint venture	**(24.264)**	1.132	**(16.474)**	5.360

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

	June 30, 2018	December 31, 2017
LLC Faber-Castell Anadolu		
Total assets	**18.030**	10.782
Total liabilities	**17.510**	9.448
Net assets	**520**	1.334
Group's share in net assets	**261**	667

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
LLC Faber-Castell Anadolu				
Revenue	**10.723**	9.263	**6.464**	5.263
Net loss for the period	**(850)**	(559)	**(257)**	(427)
Group's share in net loss of the joint venture	**(425)**	(280)	**(129)**	(214)

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

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

Joint Ventures (cont'd)

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

	June 30, 2018	December 31, 2017
Anadolu Etap		
Total assets	**1.224.046**	1.212.852
Total liabilities	**1.078.650**	1.073.925
Net assets	**145.396**	138.927
Group's share in net assets	**52.465**	46.309

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Anadolu Etap				
Net loss for the period	**(76.072)**	(30.987)	**(49.180)**	(25.992)
Group's share in net loss of the joint venture	**(27.450)**	(10.329)	**(18.486)**	(8.664)

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

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

Movements of property, plant and equipment for the period ended on June 30, 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
Cost									
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	**441**	**2.109**	**62.064**	**18.811**	**108.612**	**200.254**	**1.764**	**376.858**	**770.913**
Addition through business combination	**1.435**	**234.872**	**358.545**	**-**	**14.648**	**214.256**	**379**	**84.135**	**908.270**
Disposals (-)	**(701)**	**(347)**	**(57.979)**	**(18.178)**	**(29.985)**	**(139.637)**	**-**	**-**	**(246.827)**
Currency translation differences	**55.740**	**417.254**	**893.269**	**35.010**	**14.982**	**274.656**	**187**	**56.071**	**1.747.169**
Transfers (*)	**158**	**73.228**	**144.907**	**1.602**	**8.477**	**82.292**	**2.857**	**(314.613)**	**(1.092)**
June 30, 2018	**773.446**	**3.846.386**	**8.661.587**	**241.257**	**1.488.657**	**2.637.180**	**179.270**	**380.848**	**18.208.631**
Accumulated depreciation									
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 (**)	**5.704**	**58.770**	**236.438**	**13.400**	**80.121**	**177.391**	**7.197**	**-**	**579.021**
Disposals (-)	**-**	**(55)**	**(52.924)**	**(11.574)**	**(28.916)**	**(132.950)**	**-**	**-**	**(226.419)**
Currency translation differences	**8.260**	**74.632**	**411.753**	**21.858**	**8.132**	**152.747**	**173**	**-**	**677.555**
Impairment / (impairment reversal), net	**-**	**-**	**3.968**	**-**	**14**	**11.292**	**-**	**-**	**15.274**
June 30, 2018	**119.340**	**859.736**	**4.224.401**	**129.342**	**1.023.847**	**1.259.211**	**100.443**	**2.721**	**7.719.041**
Net carrying amount	**654.106**	**2.986.650**	**4.437.186**	**111.915**	**464.810**	**1.377.969**	**78.827**	**378.127**	**10.489.590**

(*) TRL 1.092 of PP&E is transferred to other intangible assets under intangible assets.
(**) TRL 350.176 of the depreciation charge for the period has been added to cost of sales, TRL 193.724 has been added to marketing expenses, TRL 34.048 has been added to general administrative expenses, TRL 372 has been added to other expenses and TRL 284 has been added to research and development expenses. TRL (350) of the depreciation charge for the period is the amortization on inventories, and TRL 767 of it is reflected on investments in progress.

As at June 30, 2018, there are mortgages on PP&E amounting TRL 116.602 (December 31, 2017: TRL 104.763) for the loans that CCİ and GUE, the Group's subsidiaries borrowed. As at June 30, 2018, TRL 498.941 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 sell and lease back agreement for property, plant and equipment amounting TRL 45.624 and continued to record these PP&Es by previous net book values assuming no leaseback transactions (June 30, 2017: TRL 34.188 Adel – Çelik Motor: None).

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

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

Movements of property, plant and equipment for the period ended on June 30, 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	157	13.199	74.709	9.924	88.382	107.591	6.630	179.645	480.237
Disposals (-)	(2.787)	(258)	(107.891)	(20.916)	(15.543)	(80.229)	(2.969)	(38)	(230.631)
Currency translation differences	2.469	55.477	108.621	3.997	1.201	20.569	5.965	(447)	197.852
Transfers (*)	1.513	32.047	111.874	1.039	5.818	36.302	573	(195.314)	(6.148)
June 30, 2017	680.392	2.962.801	6.873.513	203.677	1.307.179	1.910.780	165.036	224.354	14.327.732
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 (**)	5.232	45.591	202.398	14.315	70.298	140.140	7.203	-	485.177
Disposals (-)	(2.558)	(110)	(101.582)	(14.990)	(13.870)	(78.941)	(1.306)	-	(213.357)
Currency translation differences	1.529	9.232	59.197	2.465	426	17.266	1.519	-	91.634
Impairment / (impairment reversal), net	-	-	(1.461)	14	-	7.401	-	-	5.954
Transfers (*)	-	-	109	(72)	(110)	72	-	-	(1)
June 30, 2017	95.761	631.113	3.315.819	102.984	908.926	960.383	85.916	-	6.100.902
Net carrying amount	584.631	2.331.688	3.557.694	100.693	398.253	950.397	79.120	224.354	8.226.830

(*) TRL 6.147 of PP&E is transferred to other intangible assets under intangible assets.

(**) TRL 281.869 of the depreciation charge for the period has been added to cost of sales, TRL 162.896 has been added to marketing expenses, TRL 30.065 has been added to general administrative expenses, TRL 8.150 has been added to other expenses and TRL 236 has been added to research and development expenses. TRL 1.356 of the depreciation charge for the period is the amortization on inventories, and TRL 605 of it is reflected on investments in progress.

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

NOTE 9 - INTANGIBLE ASSETS

Movements of intangible assets for the period ended on June 30, 2018 are as follows:

	Bottling contracts	**License agreements**	**Brands**	**Other intangible assets**	**Total**
Cost					
January 1, 2018	**8.378.797**	**1.352.039**	**587.423**	**432.923**	**10.751.182**
Additions	**-**	**-**	**-**	**26.617**	**26.617**
Addition through business combination	**-**	**-**	**-**	**68.380**	**68.380**
Disposals (-)	**-**	**-**	**-**	**(223)**	**(223)**
Currency translation differences	**733.327**	**148.011**	**107.673**	**23.444**	**1.012.455**
Transfers (*)	**-**	**-**	**-**	**1.092**	**1.092**
June 30, 2018	**9.112.124**	**1.500.050**	**695.096**	**552.233**	**11.859.503**
Accumulated amortization					
January 1, 2018	**-**	**19.224**	**-**	**227.073**	**246.297**
Amortization charge for the period (**)	**-**	**14**	**-**	**26.858**	**26.872**
Disposals (-)	**-**	**-**	**-**	**(187)**	**(187)**
Currency translation differences	**-**	**17**	**-**	**11.081**	**11.098**
June 30, 2018	**-**	**19.255**	**-**	**264.825**	**284.080**
Net carrying amount	**9.112.124**	**1.480.795**	**695.096**	**287.408**	**11.575.423**

(*) TRL 1.092 of PP&E is transferred to other intangible assets.
(**) TRL 7.979 of the depreciation charge for the period has been added to cost of sales, TRL 2.700 has been added to marketing expenses, TRL 15.147 has been added to general administrative expenses and TRL 239 has been added to research and development expenses. TRL 55 of the depreciation charge for the period is the amortization on inventories, and TRL752 of it is on investments in progress.

Movements of intangible assets for the period ended on June 30, 2017 are as follows:

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
Cost					
January 1, 2017	8.127.529	1.199.378	537.669	353.633	10.218.209
Additions	-	-	-	24.853	24.853
Disposals (-)	-	-	-	(961)	(961)
Currency translation differences	(12.032)	27.956	9.235	2.490	27.649
Transfers (*)	-	-	-	6.147	6.147
June 30, 2017	8.115.497	1.227.334	546.904	386.162	10.275.897
Accumulated amortization					
January 1, 2017	-	27	-	176.126	176.153
Amortization charge for the period (**)	-	14	-	22.735	22.749
Disposals (-)	-	-	-	(588)	(588)
Currency translation differences	-	1	-	1.314	1.315
June 30, 2017	-	42	-	199.587	199.629
Net carrying amount	8.115.497	1.227.292	546.904	186.575	10.076.268

(*) TRL 6.147 of property, plant and equipment is transferred to other intangible assets.
(**) TRL 7.876 of the depreciation charge for the period has been added to cost of sales, TRL 1.975 has been added to marketing expenses, TRL 12.438 has been added to general administrative expenses, TRL 235 has been added to research and development expenses and , TRL 103 has been added to other expenses. TRL 22 of the depreciation charge for the period is the amortization on inventories, and TRL 100 of it is on investments in progress.

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

NOTE 10 - GOODWILL

Movements of the goodwill for the periods ended June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
At January 1	**1.834.897**	1.669.307
Addition through business combination (Note 3)	**3.750.873**	-
Currency translation differences	**416.399**	23.629
Balance at the end of the period	**6.002.169**	1.692.936

NOTE 11 - OTHER ASSETS AND LIABILITIES

11.1 Other Current Assets

	June 30, 2018	December 31, 2017
Assets used in renting activities	**686.718**	414.094
VAT receivable	**505.572**	438.261
Other current assets from related parties (Anadolu Efes Spor Kulübü)	**25.000**	-
Other current assets	**53.284**	21.789
	1.270.574	874.144

Movements of current assets used in renting activities for periods ended June 30, 2018 and 2017 are as follows:

Current Assets Used in Renting Activities

	June 30, 2018	June 30, 2017
Cost		
Balance at January 1	**420.585**	374.985
Additions	**323.489**	265.642
Disposals	**(336.295)**	(318.047)
Transfers	**234.275**	252.948
Revaluation increases	**49.083**	-
Balance at the end of the period	**691.137**	575.528
Accumulated depreciation		
Balance at January 1	**6.491**	5.386
Depreciation charge for the period (*)	**47**	47
Disposals	**(21.636)**	(20.949)
Transfers	**19.517**	24.467
Balance at the end of the period	**4.419**	8.951
Net carrying amount	**686.718**	566.577

(*) All depreciation charges are included in the cost of sales.

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

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

11.2 Other Non-Current Assets

	June 30, 2018	December 31, 2017
Assets used in renting activities (*)	**1.913.383**	1.715.251
VAT receivable and other taxes	**66.267**	66.038
Other non-current assets	**184**	27
	1.979.834	1.781.316

(*) As of 30 June 2018, assets used in renting activities include assets, amounting to net book value of TRL 140.388, acquired through financial lease liabilities.

Movements of non-current assets used in renting activities for periods ended June 30, 2018 and 2017 are as follows:

Non-Current Assets Used in Renting Activities

	June 30, 2018	June 30, 2017
Cost		
Balance at January 1	**1.795.616**	1.532.948
Additions	**134.412**	379.027
Transfers (Note 11.1)	**(234.275)**	(252.948)
Revaluation increases	**313.200**	-
Balance at the end of the period	**2.008.953**	1.659.027
Accumulated depreciation		
Balance at January 1	**80.365**	71.094
Depreciation charge for the period (*)	**34.722**	29.654
Transfers (Note 11.1)	**(19.517)**	(24.467)
Balance at the end of the period	**95.570**	76.281
Net carrying amount	**1.913.383**	1.582.746

(*) All depreciation charges are included in the cost of sales.

11.3 Other Current Liabilities

	June 30, 2018	December 31, 2017
Other payables	**22.340**	15.315
Put option liability (Note 14)	**10.763**	8.902
	33.103	24.217

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

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

11.4 Other Non-Current Liabilities

	June 30, 2018	December 31, 2017
Put option liability (Note 14)	**142.159**	117.572
Deferred VAT and other taxes	**49.162**	47.940
	191.321	165.512

NOTE 12 - DEFERRED INCOME

12.1 Short-term Deferred Income

	June 30, 2018	December 31, 2017
Advances taken	**513.812**	432.937
Other deferred income	**40.186**	48.105
	553.998	481.042

12.2 Long-term Deferred Income

	June 30, 2018	December 31, 2017
Other deferred income	**28.677**	21.508
	28.677	21.508

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

13.1 Employee Benefits Obligations

	June 30, 2018	December 31, 2017
Social security and withholding tax liabilities	**65.009**	64.692
Payables to personnel	**51.077**	29.814
	116.086	94.506

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

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

13.2 Short Term Provision for Employee Benefits

The provisions for employee benefits as of June 30, 2018 and December 31, 2017 are as follows:

	June 30, 2018	December 31, 2017
Short-term	**192.140**	127.731
Provision for employee termination benefits	**661**	-
Provision for bonus	**90.042**	58.784
Provision for vacation pay liability	**57.974**	28.408
Other short-term employee benefits	**42.374**	38.087
Other	**1.089**	2.452
Long-term	**184.151**	167.865
Provision for employee termination benefits	**168.662**	157.904
Provision for incentive plan	**15.489**	9.961
	376.291	295.596

13.3 Other Provisions

The provisions as of June 30, 2018 and December 31, 2017 are as follows:

	June 30, 2018	December 31, 2017
Warranty provisions (*)	**14.111**	13.429
Provision for litigations	**10.348**	9.452
Other provisions	**12.921**	1.007
	37.380	23.888

(*) 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.

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

NOTE 14 - COMMITMENTS

As of June 30, 2018 and December 31, 2017 letter of guarantees, pledges and mortgages (GPMs) are as follows:

June 30, 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	**1.520.474**	329.302	192.880	35.468	2.444	39.369	2.667.000	16.059
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	**805.371**	-	55.794	88.079	-	-	1.543.339	25.354
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	**136.179**	14.559	26.667	-	-	-	-	-
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	**136.179**	14.559	26.667	-	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	2.462.024	**343.861**	**275.341**	**123.547**	**2.444**	**39.369**	**4.210.339**	**41.413**

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	-	-	-	-	-	-	-	-
	2.254.004	423.175	278.298	139.022	3.275	40.952	3.135.836	40.483

As of June 30, 2018, the ratio of other GPMs over the Group's equity is 0,6%. (December 31, 2017: 0,7%).

CCBPL, a subsidiary of the Group 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 June 30, 2018, CCBPL has USD 16,0 Million sugar purchase commitment from the Banks until the end of June 2019, and USD 23,9 Million sugar purchase commitment until the end of September 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.

NOTE 14 – COMMITMENTS (cont'd)

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 June 30, 2018, the remaining amount of the related loan is thousand USD 97.760.

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 June 30, 2018, the balance of the loan is thousand USD 80.000 and the warranty per the Group is thousand USD 26.667 (December 31, 2017: thousand USD 88.889).

The obligation of TRL 10.763 results from the buying option carried, for the purchase of 12.5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL amount is reflected under "other current liabilities". The Share Purchase Agreement was signed with Day Investment Ltd. 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 between December 31, 2016 and 2021, ER has an option to sell (and CCİ will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V. This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TRL 142.159 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2017: TRL 117.572).

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

NOTE 15 - EQUITY

Shared Capital

As of June 30, 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 June 30, 2018 and December 31, 2017 are as follows (the amounts are historical):

	June 30, 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
Balance at the end of the period	**243.534.518**	**243.535**	243.534.518	243.535

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 Sınai Yatırım ve Yönetim A.Ş.. Class A shares are all bearer type shares; belonging to AG Sınai Yatırım ve Yönetim A.Ş. and also Yazıcılar Families, Özilhan Families and publicly traded shares are included in Class A.

AG Sınai 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 Sınai 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
	243.534.518	**100,00**	

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.

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

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.

	June 30, 2018	December 31, 2017
Restricted reserves allocated from net profit	**909.511**	909.511
- Legal reserves	**89.844**	89.844
- Gain on sales of real estate and associates (*)	**819.667**	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 June 30, 2018 and December 31, 2017 the summary of equity reserves, extraordinary reserves, other profit reserves and retained earnings are as follows:

	June 30, 2018	December 31, 2017
Equity reserves	**2.422**	2.422
Extraordinary reserves	**1.600.425**	1.625.425
Other profit reserves	**5.119**	5.119
Retained earnings	**955.609**	611.385
	2.563.575	2.244.351

Non-Controlling Interest

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

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

NOTE 16 - OTHER OPERATING INCOME/EXPENSES

16.1 Other Operating Income

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Foreign exchange gains arising from trading activities	**118.983**	98.000	**90.454**	70.756
Income from scrap and other materials	**13.903**	13.844	**5.841**	7.670
Rediscount gain from trading activities	**10.872**	6.227	**226**	1.453
Rent income	**9.612**	6.068	**5.793**	2.307
Insurance compensation income	**946**	950	**646**	251
VAT adjustment income	**-**	10.574	**-**	-
Other	**56.589**	54.473	**31.226**	28.026
	210.905	190.136	**134.186**	110.463

16.2 Other Operating Expenses

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Foreign exchange losses arising from trading activities	**144.735**	94.603	**100.090**	71.049
Donations	**41.793**	2.004	**1.862**	1.178
Rediscount loss from trading activities	**22.096**	17.939	**7.071**	5.434
Provision for doubtful receivables	**10.298**	7.708	**7.640**	4.640
Depreciation and amortization expense on tangible and intangible assets	**2.320**	10.018	**1.189**	4.789
Other	**44.263**	38.787	**28.995**	21.301
	265.505	171.059	**146.847**	108.391

NOTE 17 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

17.1 Income from Investing Activities

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Gain on sale of property, plant and equipment	**16.446**	14.154	**13.292**	13.197
Rent income	**2.445**	3.079	**1.294**	1.719
Dividend income	**15**	16	**15**	16
Gain on sale of joint ventures (*)	**-**	21.280	**-**	-
	18.906	38.529	**14.601**	14.932

(*) 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 .

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

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

17.2 Expenses from Investing Activities

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Provision for impairment on tangible assets (Note 8)	**15.274**	5.954	**8.448**	4.109
Loss on sale of tangible & intangible assets	**6.543**	5.707	**4.465**	2.487
Other	**-**	40	**-**	11
	21.817	11.701	**12.913**	6.607

NOTE 18 - FINANCIAL INCOME

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Foreign exchange gain	**1.015.850**	554.544	**675.537**	130.323
Interest income	**145.445**	65.305	**74.787**	28.644
Derivative transactions income	**-**	255	**(559)**	-
	1.161.295	620.104	**749.765**	158.967

NOTE 19 - FINANCIAL EXPENSES

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Foreign exchange loss	**1.686.783**	785.064	**1.042.791**	157.910
Interest expense	**490.186**	267.909	**272.532**	142.929
Loss on derivative transactions	**882**	2.273	**321**	261
Revaluation expense of put option liability	**-**	8.431	**-**	4.851
Other expense	**22.782**	19.482	**12.413**	6.573
	2.200.633	1.083.159	**1.328.057**	312.524

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

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 June 30, 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

	June 30, 2018	December 31, 2017
Current income tax assets	**115.936**	132.368
Income tax payable (-)	**(67.039)**	(7.826)
Net tax asset/(liability)	**48.897**	124.542

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

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:

	June 30, 2018	December 31, 2017
Deferred tax asset	**1.195.322**	551.155
Deferred tax liability (-)	**(2.095.405)**	(1.915.078)
Total deferred tax asset/(liability), net	**(900.083)**	(1.363.923)

Movement of net deferred tax liabilities as of the period ended on June 30, 2018 is as follows:

	Balance December 31, 2017	**Recorded to profit or loss**	**Balance June 30, 2018**
Property, plant and equipment, intangibles, investment property, assets used in renting activities	**(2.180.213)**	**(151.620)**	**(2.331.833)**
Tax losses carried forward	**646.038**	**456.534**	**1.102.572**
Employee termination benefit and other employee benefits	**36.566**	**17.218**	**53.784**
Inventories	**73.861**	**(4.887)**	**68.974**
Investment incentive	**51.827**	**9.797**	**61.624**
Other provisions and accruals	**28.873**	**146.909**	**175.782**
Derivative financial instruments	**(28.448)**	**(17.272)**	**(45.720)**
Other	**7.573**	**7.161**	**14.734**
Net deferred tax liability	**(1.363.923)**	**463.840**	**(900.083)**
Addition through business combination	**-**	**(338.442)**	**-**
Currency translation difference	**-**	**27.522**	**-**
Recognised in other comprehensive income	**-**	**14.575**	**-**
	(1.363.923)	**167.495**	**(900.083)**

The movement of net deferred tax liabilities as of the period ended on June 30, 2017 is as follows:

	Balance December 31, 2016	Recorded to profit or loss	Balance June 30, 2017
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(2.163.627)	(12.149)	(2.175.776)
Tax losses carried forward	506.843	5.082	511.925
Employee termination benefit and other employee benefits	15.808	3.971	19.779
Inventories	87.552	(5.568)	81.984
Investment incentive	32.426	1.172	33.598
Other provisions and accruals	77.191	15.402	92.593
Derivative financial instruments	(31.322)	4.072	(27.250)
Other	18.270	25.794	44.064
Net deferred tax liability	(1.456.859)	37.776	(1.419.083)
Currency translation difference	-	7.089	-
Recognised in other comprehensive income	-	(11.085)	-
	(1.456.859)	33.780	(1.419.083)

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

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

20.3 Tax Expense

	January 1-June 30, 2018	January 1-June 30, 2017	**April 1-June 30, 2018**	April 1-June 30, 2017
Income tax expense (-)	**(168.327)**	(107.187)	**(96.797)**	(51.100)
Deferred tax income (expense)	**167.495**	33.780	**65.252**	(16.005)
	(832)	(73.407)	**(31.545)**	(67.105)

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 – June 30, 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

	June 30, 2018	December 31, 2017
Migros (1)	**188.567**	150.426
Anadolu Landini (1)	**52.954**	74.613
Kipa (2)	**21.394**	26.067
Anadolu Etap (1)	**4.503**	1.466
Syrian Soft Drink Sales & Dist. LLC (1)	**4.368**	3.505
Aslancık (1)	**3.100**	-
LLC Faber-Castell Anadolu (Russia) (1)	**1.931**	1.250
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	**1.488**	1.207
Other	**1.526**	1.055
	279.831	259.589

As of June 30, 2018 there is no amount in long term portion of trade receivables from related parties (December 31, 2017: None).

21.2 Trade Payables to Related Parties

	June 30, 2018	December 31, 2017
Anadolu Efes Spor Kulübü (4)	**25.000**	45
Anadolu Landini (1)	**2.710**	-
Migros (1)	**320**	657
Other	**447**	24
	28.477	726

As of June 30, 2018 there is no long term trade payables due to 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

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

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

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 have been no guarantees given or received for any related party receivables or payables. For the period ended June 30, 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 June 30, 2018 and 2017 are as follows:

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Sales of goods and services, net				
Migros (1)	**232.953**	261.755	**135.556**	167.700
Kipa (2)	**24.047**	27.216	**12.704**	21.491
Anadolu Landini (1)	**9.198**	-	**392**	-
Ramstore Kazakhstan LLC (Kazakhstan) (2)	**3.877**	3.519	**2.098**	2.059
Anadolu Etap (1)	**3.062**	1.856	**1.621**	1.071
Anadolu Efes Spor Kulübü (4)	**1.448**	1.719	**617**	708
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	**823**	1.319	**408**	737
Other	**386**	579	**209**	140
	275.794	297.963	**153.605**	193.906

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Purchases of goods, property, plant equipment and other charges				
Anadolu Eğitim ve Sosyal Yardım Vakfı (4)	**40.493**	1.651	**630**	801
Anadolu Efes Spor Kulübü (4)	**26.020**	26.015	**13.011**	13.258
Kipa (2)	**1.137**	367	**967**	322
Migros (1)	**941**	741	**561**	257
Other	**958**	85	**478**	31
	69.549	28.859	**15.647**	14.669

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

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

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

21.3 Related Party Transactions (cont'd)

	January 1-June 30, 2018	January 1-June 30, 2017	**April 1-June 30, 2018**	April 1-June 30, 2017
Various sales included in other income (includes dividends received)				
Anadolu Landini (1)	**11.949**	-	**10.699**	-
Migros (1)	**215**	-	**112**	-
Other	**53**	41	**27**	21
	12.217	41	**10.838**	21

(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 June 30, 2018 and 2017 are as follows:

	January 1-June 30, 2018	January 1-June 30, 2017	**April 1-June 30, 2018**	April 1-June 30, 2017
Short term benefits provided to key management personnel	**27.183**	21.796	**12.389**	8.854
Post-employment benefits	**517**	1.003	**214**	117
Total gain	**27.700**	22.799	**12.603**	8.971
Social Security employer share	**645**	672	**344**	259

Other

The Company and its subsidiaries other than McDonald's 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 June 30, 2018, donations amount to TRL 40.493 (June 30, 2017: TRL 1.651).

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

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

	June 30, 2018	**Level 1**	**Level 2**	**Level 3**
Derivative financial assets	**256.308**	**-**	**256.308**	**-**
Derivative financial liabilities	**78**	**-**	**78**	-
Put option liability	**152.922**	**-**	**152.922**	-

	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 June 30, 2018**
USD/TRL	Turkey	3,7719	4,0860	4,5607
EUR/TRL	Turkey	4,5155	4,9416	5,3092

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).

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

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)

June 30, 2018	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1. Trade receivables	259.395	17.011	33.469	4.120
2a. Monetary financial assets (cash and cash equivalents included)	3.798.874	803.303	19.183	33.404
2b. Non - monetary financial assets	903	-	170	-
3. Other	37.806	4.083	3.606	40
4. Current assets (1+2+3)	**4.096.978**	**824.397**	**56.428**	**37.564**
5. Trade receivables	1.459	320	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	15.093	200	2.671	-
8. Non - current assets (5+6+7)	**16.552**	**520**	**2.671**	**-**
9. Total assets (4+8)	**4.113.530**	**824.917**	**59.099**	**37.564**
10. Trade payables	794.684	102.633	53.924	40.310
11. Short - term borrowings and current portion of long - term borrowings	4.844.907	628.727	372.462	-
12a. Monetary other liabilities	63.709	203	3.996	41.566
12b. Non - monetary other liabilities	12.252	2.629	50	-
13. Current liabilities (10+11+12)	**5.715.552**	**734.192**	**430.432**	**81.876**
14. Trade payables	-	-	-	-
15. Long - term borrowings	8.430.539	1.308.332	464.030	-
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	142.163	31.171	-	-
17. Non - current liabilities (14+15+16)	**8.572.702**	**1.339.503**	**464.030**	**-**
18. Total liabilities (13+17)	**14.288.254**	**2.073.695**	**894.462**	**81.876**
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	**6.695.734**	**931.279**	**461.171**	**-**
19a. Total hedged assets	6.695.734	931.279	461.171	-
19b. Total hedged liabilities	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	**(3.478.990)**	**(317.499)**	**(374.192)**	**(44.312)**
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(10.074.111)**	**(1.219.261)**	**(841.760)**	**(44.352)**
22. Total fair value of financial instruments used to manage the foreign currency position	2.329	511	-	-

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

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 June 30, 2018 and 2017 are as follows:

	January 1- June 30, 2018	January 1- June 30, 2017	**April 1- June 30, 2018**	April 1- June 30, 2017
Total Export Amount	**492.261**	221.862	**255.605**	113.657
Total Import Amount	**1.952.281**	1.681.654	**974.784**	925.740

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

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	
	June 30, 2018 (*)	
	Income / (loss)	**Income / (loss)**
	Increase of the foreign currency	**Decrease of the foreign currency**
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(569.530)	569.530
2- USD denominated hedging instruments(-)	424.728	(424.728)
3- Net effect in USD (1+2)	**(144.802)**	**144.802**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(443.511)	443.511
5- Euro denominated hedging instruments(-)	244.845	(244.845)
6- Net effect in Euro (4+5)	**(198.666)**	**198.666**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	(4.431)	4.431
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	**(4.431)**	**4.431**
TOTAL (3+6+9)	**(347.899)**	**347.899**

	Foreign currency position sensitivity analysis	
	June 30, 2017 (*)	
	Income / (loss)	Income / (loss)
	Increase of the foreign currency	Decrease of the foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(390.348)	390.348
2- USD denominated hedging instruments(-)	2.003	(2.003)
3- Net effect in USD (1+2)	(388.345)	388.345
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(436.386)	436.386
5- Euro denominated hedging instruments(-)	50.096	(50.096)
6- Net effect in Euro (4+5)	(386.290)	386.290
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	(9.099)	9.099
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(9.099)	9.099
TOTAL (3+6+9)	(783.734)	783.734

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

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 Hedge of Net Investments in Foreign Operations

Anadolu Efes, the subsidiary of the Group, designated denominated bond issued amounting to USD 500 Million as of January 1, 2018 and EURO 100 Million as of April 1, 2018 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, Efes Breweries International (whose main activity is facilitating foreign investments in breweries).

As of April 1, 2018, CCİ, the subsidiary of the Group, designated USD 281 Million out of 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, CCI Holland and Waha B.V.

The Company designated loans amounting to EURO 253 Million as of April 1, 2018 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, Efes Breweries International (whose main activity is facilitating foreign investments of Anadolu Efes in breweries).

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL 722.442 (TRL 577.954 - including deferred tax effect) is recognized as " Gains (Losses) on Hedge" under Equity and to "Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations" under Other Comprehensive Income (December, 31 2017: None).

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

1) Çelik Motor, a subsidiary of the Group, after the approval of the CMB in February 2018, issued a bill with a nominal amount of TRL 70.000 for 6 months in July 13, 2018.

2) In the material event of Anadolu Isuzu, a subsidiary of the Group, dated September 18, 2017, it was disclosed that Anadolu Isuzu offered the lowest bid for the tender, organized by Constanta Municipality (Romania) and covering the purchase of E6 diesel fuel buses including the maintenance, service and training services in line with the warranty requirements.

   When the tender proposals are examined, the proposal of Anadolu Isuzu was considered as appropriate by the tender authority and the related agreement was signed on July 13, 2018, including the additional purchase that was specified in the tender specifications. The tender price is 82.568.062 RON, which is approximately equal to TRL 99.000 according to the exchange rate that was valid when the agreement was signed.

3) In line with the Capital Market Board's approval dated June 7, 2018 and numbered 25/699 regarding application of Migros, the joint venture of the Group, on bond issuance ceiling TRL 1.000.000; the sale of bond with ISIN code TRSMGTI72011 and 3 years maturity (728 days) worth of TRL 75.000 nominal value and with ISIN code TRSMGTI72010 and 3 years maturity (1.091 days) worth of TRL 75.000 nominal value have been completed on July 17, 2018. The sale was only for qualified investors. The issue date of the aforementioned bond is July 19, 2018.

   The first coupon rate of the bond with ISIN code TRSMGTI72011 has been determined as 5,61% and the first coupon rate of the bond with ISIN code TRSMGTI72110 has been determined as 5,9%.

   It was decided to give a favorable opinion to the application of Migros to our Board for the announcement text regarding the planned simplified merger of Migros and Kipa Ticaret A.Ş. (Kipa) through the purchase of Kipa's assets and liabilities as a whole, the issuance certificate of Migros share capital increase as a consequence of this transaction, and the amendment text pertaining to the share capital provision of Articles of Association, provided that considered merger ratio, the share exchange ratio, and the separation fund to be determined based on the price of not less than TRL 2,56 (full TRL) which was publicly announced by Migros on December 25,2017 but later rejected in the General Assembly Meeting of Kipa on February 02, 2018 which was convened for approving the delisting of Kipa shares from the Stock Exchange on July 19, 2018.

4) AND Kartal Gayrimenkul Yatırımları A.Ş., a subsidiary of the Group, has made an application to the Capital Markets Board on August 10, 2018 in order to obtain the necessary permits to be converted into a real estate investment trust.

5) Between June 30, 2018 and the approval date of the financial statements which is August 15, 2018, Turkish Lira depreciated against foreign currencies, mainly against USD and EURO (USD 44%, EURO 41% depreciation).

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