

YAZICILAR HOLDİNG ANONİM ŐİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1- SEPTEMBER 30, 2017**

(ORIGINALLY ISSUED IN TURKISH)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

Interim Condensed Consolidated Financial Statements as of September 30, 2017

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YAZICILAR HOLDİNG ANONİM ŞİRKETİ

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016**

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

ASSETS	Notes	Not Reviewed September 30, 2017	Audited December 31, 2016
CURRENT ASSETS			
Cash and Cash Equivalents	6	386.962	413.363
Financial Instruments		17.004	9.451
Trade Receivables		620.676	338.933
- <i>Due from Related Parties</i>	23.1	33.880	28.772
- <i>Trade Receivables, Third Parties</i>		586.796	310.161
Other Receivables		4.822	14.879
- <i>Other Receivables, Third Parties</i>		4.822	14.879
Derivative Financial Instruments		49.412	40.747
Inventories		457.980	221.130
Prepaid Expenses		59.203	34.646
Current Income Tax Assets	22.1	3.740	12.777
Other Current Assets	11.1	626.776	511.831
TOTAL CURRENT ASSETS		2.226.575	1.597.757
NON-CURRENT ASSETS			
Financial Instruments		327	327
Trade Receivables		7.911	9.957
- <i>Trade Receivables, Third Parties</i>		7.911	9.957
Other Receivables		3.173	2.937
- <i>Other Receivables, Third Parties</i>		3.173	2.937
Derivative Financial Instruments		23.982	20.567
Inventories		29.807	62.025
Investments Accounted Through Equity Method	8	5.419.687	5.011.551
Investment Property		246.680	251.934
Property, Plant and Equipment	9	771.374	752.513
Intangible Assets	10	28.067	27.231
Prepaid Expenses		15.724	17.985
Deferred Tax Assets	22.2	147.760	100.688
Other Non-Current Assets	11.2	1.691.735	1.492.594
TOTAL NON-CURRENT ASSETS		8.386.227	7.750.309
TOTAL ASSETS		10.612.802	9.348.066

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017 AND DECEMBER 31, 2016**

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

LIABILITIES	Notes	Not Reviewed September 30, 2017	Audited December 31, 2016
CURRENT LIABILITIES			
Short-Term Borrowings	7	1.293.595	610.678
Current Portion of Long-Term Borrowings	7	1.064.024	922.746
Trade Payables		226.108	307.119
- Due to Related Parties	23.2	340	393
- Trade Payables, Third Parties		225.768	306.726
Other Payables		89.314	40.645
- Due to Related Parties	23.3	50.000	-
- Other Payables, Third Parties		39.314	40.645
Deferred Income	12.1	372.612	42.035
Income Tax Payable	22.1	5.116	2.648
Short-Term Provisions		37.280	26.964
- Short-Term Provisions for the Employee Benefits	13.1	30.557	12.010
- Other Short-Term Provisions	13.2	6.723	14.954
Other Current Liabilities	11.3	518	512.111
TOTAL CURRENT LIABILITIES		3.088.567	2.464.946
NON-CURRENT LIABILITIES			
Long-Term Borrowings	7	2.696.692	2.147.252
Other Payables		1.451	1.463
- Other Payables, Third Parties		1.451	1.463
Deferred Income	12.2	50.493	215.638
Long-Term Provisions		24.001	25.199
- Long-Term Provisions for the Employee Benefits	13.1	24.001	25.199
Deferred Tax Liability	22.2	24.744	23.036
TOTAL NON-CURRENT LIABILITIES		2.797.381	2.412.588
TOTAL LIABILITIES		5.885.948	4.877.534
EQUITY			
Equity Attributable to Equity Holders of the Parent		3.909.788	3.755.171
Paid-in Share Capital	15	160.000	160.000
Share Premium (Discounts)		9.474	9.474
Non-controlling Interest Put Option Valuation Fund		5.403	5.512
Other Comprehensive Income (Expense) Not To Be Reclassified to Profit or Loss		(11.202)	(8.407)
- Revaluation and Reclassification Gain (Loss)		(11.202)	(8.407)
- Income (Loss) on Remeasurements of Defined Benefit Plans		(11.202)	(8.407)
Other Comprehensive Income (Expense) To Be Reclassified to Profit or Loss		558.999	509.341
- Currency Translation Differences		552.857	493.207
- Hedge Gain (Loss)		6.142	16.134
Restricted Reserves Allocated from Net Profit	15	32.000	32.000
Other Reserves		(65.213)	(65.213)
Retained Earnings	15	3.017.115	3.368.005
Net Income or Loss		203.212	(255.541)
Non-Controlling Interests		817.066	715.361
TOTAL EQUITY		4.726.854	4.470.532
TOTAL LIABILITIES		10.612.802	9.348.066

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE NINE AND THREE MONTHS PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

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

	Notes	Not Reviewed		Not Reviewed	
		January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Revenue		2.543.521	2.226.678	995.050	727.029
Cost of Sales		(1.981.908)	(1.787.703)	(780.715)	(573.281)
GROSS PROFIT (LOSS)		561.613	438.975	214.335	153.748
General Administrative Expenses	16	(170.319)	(144.381)	(57.650)	(47.246)
Marketing Expenses	16	(142.417)	(135.643)	(47.566)	(42.863)
Research and Development Expenses	16	(1.171)	(1.410)	(320)	(458)
Other Operating Income	17.1	34.863	13.916	5.069	4.690
Other Operating Expenses	17.2	(21.093)	(18.958)	215	(700)
Gain (Loss) from Investments Accounted Through Equity Method	4, 8	433.688	75.376	28.782	33.851
OPERATING INCOME (LOSS)		695.164	227.875	142.865	101.022
Income from Investing Activities	18.1	31.410	27.413	792	1.481
Expenses from Investing Activities	18.2	(3.281)	(4.154)	(711)	(2.215)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		723.293	251.134	142.946	100.288
Financial Income	19	129.498	75.435	27.049	36.855
Financial Expenses	20	(584.807)	(396.443)	(232.003)	(229.016)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		267.984	(69.874)	(62.008)	(91.873)
Tax (Expense) Income from Continuing Operations		25.594	3.769	(2.126)	10.077
- Current Period Tax (Expense) Income	22.3	(19.706)	(21.175)	(4.230)	(6.577)
- Deferred Tax (Expense) Income	22.3	45.300	24.944	2.104	16.654
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		293.578	(66.105)	(64.134)	(81.796)
NET INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	21	-	(8.155)	-	223
NET INCOME (LOSS)		293.578	(74.260)	(64.134)	(81.573)
Attributable to:					
- Non-Controlling Interests		90.366	(44.201)	(38.545)	(33.155)
- Equity Holders of the Parent		203.212	(30.059)	(25.589)	(48.418)
Earnings / (Loss) per share (full TRL)		1,27	(0,19)	(0,16)	(0,31)
- Earnings / (Loss) per share from continuing operations (full TRL)		1,27	(0,14)	(0,16)	(0,31)
- Earnings / (Loss) per share from discontinued operations (full TRL)		-	(0,05)	-	-

The explanatory 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)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE NINE AND THREE MONTHS PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

	Not Reviewed		Not Reviewed	
	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
NET INCOME (LOSS) FOR THE PERIOD	293.578	(74.260)	(64.134)	(81.573)
OTHER COMPREHENSIVE INCOME				
Items Not To Be Reclassified To Profit or Loss	(3.100)	(1.609)	(608)	(40)
- Remeasurement Gain (Loss) from Defined Benefit Plans	(322)	(141)	440	394
- Shares of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified To Profit or Loss	(2.842)	(1.496)	(960)	(355)
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	64	28	(88)	(79)
- Deferred Tax (Loss)/ Income	64	28	(88)	(79)
Items To Be Reclassified To Profit or Loss	54.282	140.149	25.745	70.967
- Currency Translation Differences	2	(308)	2.289	1.347
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified To Profit or Loss	54.280	140.457	23.456	69.620
OTHER COMPREHENSIVE INCOME (LOSS)	51.182	138.540	25.137	70.927
TOTAL COMPREHENSIVE INCOME (LOSS)	344.760	64.280	(38.997)	(10.646)
Attributable to:				
- Non-Controlling Interest	95.050	(35.340)	(36.203)	(30.804)
- Equity Holders of the Parent	249.710	99.620	(2.794)	20.158

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

(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	Share Premium/Discount	Non-controlling Interest Put Option Valuation Fund	Profit / Loss on Remeasurements of Defined Benefit Plans	Currency Translation Differences	Hedge Gain / Loss	Revaluation and Reclassification Gain / Loss	Restricted Reserves Allocated from Net Income	Other Reserves	Retained Earnings	Net Income/ Loss	Attributable to Equity Holders of the Parent	Non-Controlling Interests	Equity
Balances as of January 1, 2016	160.000	9.474	1.604	(5.948)	8.970	8.959	(1.913)	30.090	(65.213)	3.590.502	(210.587)	3.525.938	791.272	4.317.210
Transfers	-	-	-	-	-	-	-	1.910	-	(212.497)	210.587	-	-	-
Total Comprehensive Income (Expense)	-	-	-	(1.459)	140.199	(5.405)	(3.656)	-	-	-	(30.059)	99.620	(35.340)	64.280
Net Income (Loss)	-	-	-	-	-	-	-	-	-	-	(30.059)	(30.059)	(44.201)	(74.260)
Other Comprehensive Income (Expense)	-	-	-	(1.459)	140.199	(5.405)	(3.656)	-	-	-	-	129.679	8.861	138.540
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	22.039	22.039
Dividends	-	-	-	-	-	-	-	-	-	(10.000)	-	(10.000)	(12.936)	(22.936)
Increase (Decrease) Due To Other Changes (**)	-	-	403	-	-	-	-	-	-	-	-	403	28	431
Balances as of September 30, 2016	160.000	9.474	2.007	(7.407)	149.169	3.554	(5.569)	32.000	(65.213)	3.368.005	(30.059)	3.615.961	765.063	4.381.024
Balances as of January 1, 2017	160.000	9.474	5.512	(8.407)	493.207	16.134	-	32.000	(65.213)	3.368.005	(255.541)	3.755.171	715.361	4.470.532
Transfers	-	-	-	-	-	-	-	-	-	(255.541)	255.541	-	-	-
Total Comprehensive Income (Expense)	-	-	-	(3.160)	59.650	(9.992)	-	-	-	-	203.212	249.710	95.050	344.760
Net Income (Loss)	-	-	-	-	-	-	-	-	-	-	203.212	203.212	90.366	293.578
Other Comprehensive Income/(Expense)	-	-	-	(3.160)	59.650	(9.992)	-	-	-	-	-	46.498	4.684	51.182
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	12.442	12.442
Dividends (*)	-	-	-	-	-	-	-	-	-	(95.000)	-	(95.000)	(7.334)	(102.334)
Transactions With Non-Controlling Interests	-	-	-	-	-	-	-	-	-	(349)	-	(349)	1.555	1.206
Increase (Decrease) Due To Other Changes (**)	-	-	(109)	365	-	-	-	-	-	-	-	256	(8)	248
Balances as of September 30, 2017	160.000	9.474	5.403	(11.202)	552.857	6.142	-	32.000	(65.213)	3.017.115	203.212	3.909.788	817.066	4.726.854

(*) TRL 95.000 in the dividends line consists of cash dividend of TRL 50.000 which will be paid before the merger based on the binding agreements signed on July 29, 2017 as a result of the studies conducted on the “Anadolu Grubu Merger” as detailed in Note 25 and dividend amounting to TRL 45.000 distributed on May 31, 2017.

(**) Balances in the increase (decrease) due to other changes line consists of the share of non-controlling put option valuation fund of Anadolu Efes, an associate of the Group and the outflows of comprehensive income items due to sale of shares of Ana Gıda which used to be a joint venture of the Group.

The explanatory 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)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

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

	Notes	Not Reviewed January 1 - September 30, 2017	Not Reviewed January 1 - September 30, 2016
CASH FLOW FROM OPERATING ACTIVITIES		(337.343)	(388.361)
Profit / (Loss)		293.578	(74.260)
Adjustments to Reconcile Profit (Loss)		85.637	335.889
Adjustments for Depreciation and Amortisation Expense		98.643	90.629
Adjustments for Impairment Loss (Reversal of Impairment Loss)		3.474	1.385
- Adjustments for Impairment Loss (Reversal) of Receivables	17.2	1.874	2.371
- Adjustments for Impairment Loss (Reversal) of Inventories		1.600	(986)
Adjustments for Provisions		18.622	21.046
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		26.853	18.931
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	13.2	(8.709)	1.693
- Adjustments for (Reversal of) Warranty Provisions	13.2	478	422
Adjustments for Interest (Income) and Expenses		210.949	172.520
Adjustments for Unrealised Foreign Exchange Differences		286.871	146.845
Adjustments for Fair Value Losses (Gains)		(440)	142
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(433.688)	(75.376)
Adjustments for Tax (Income) Expenses		(25.594)	(3.438)
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		(3.548)	2.132
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	18	(3.548)	2.132
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	18	(21.239)	(21.568)
Other Adjustments to Reconcile Profit (Loss)		(48.413)	1.572
Adjustments for Working Capital		(740.504)	(710.563)
Decrease (Increase) in Financial Investments		(4.195)	958
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(281.571)	(329.471)
Adjustments for Decrease (Increase) in Other Operating Receivables		9.821	80.551
Adjustments for Decrease (Increase) in Inventories		(200.472)	(172.855)
Adjustments for Increase (Decrease) in Trade Accounts Payable		(78.867)	(6.539)
Adjustments for Increase (Decrease) in Other Operating Payables		(1.343)	(7.910)
Increase (Decrease) in Deferred Income		165.432	229.827
Other Adjustments for Increase (Decrease) in Working Capital		(349.309)	(505.124)
- Decrease (Increase) in Other Assets Related with Operations		(338.314)	(505.230)
- Increase (Decrease) in Other Liabilities Related with Operations		(10.995)	106
Cash Flows from Operations		(361.289)	(448.934)
Dividends Received		42.896	47.780
Payments Related with Provisions for Employee Benefits		(9.827)	(5.623)
Income Taxes Refund (Paid)	22.1	(9.123)	18.416
CASH FLOWS FROM INVESTING ACTIVITIES		(489.124)	4.935
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		(509.029)	(37.500)
Proceeds from Sale of Share or Debt Instruments of Other Business Organizations or Funds		1.001	35.674
Cash Payments to Acquire Equity or Debt Instruments of Other Entities		-	(95)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		18.371	4.619
Purchase of Property, Plant, Equipment and Intangible Assets		(51.690)	(28.732)
Other Inflows (Outflows) of Cash		(3.399)	30.969
CASH FLOWS FROM FINANCING ACTIVITIES		793.863	446.548
Proceeds from Issuing Shares or Other Equity Instruments		12.442	22.039
Proceeds from Borrowings		4.022.088	4.208.896
Repayments of Borrowings		(3.006.269)	(3.577.740)
Dividends Paid		(52.334)	(22.936)
Interest Paid		(200.726)	(197.689)
Interest Received		18.662	13.978
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(32.604)	63.122
Effect of Exchange Rate Changes on Cash and Cash Equivalents		6.028	(7.031)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(26.576)	56.091
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	412.654	364.290
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		386.078	420.381

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP

Yazıcılar Holding A.Ş. (“Yazıcılar” or the “Company”), a company incorporated in Istanbul, Turkey is a holding company whose majority shares are owned by three Yazıcı families. Three Yazıcı families consist of Mr. Kamil Yazıcı and children of his two deceased brothers. The Company controls its subsidiaries through Anadolu Endüstri Holding (AEH) in which it has 68,00% stake. Certain shares of the Company are listed on the Borsa Istanbul A.Ş. (“BİST”). The Company was incorporated in 1976.

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 September 30, 2017 are authorized for issue by the Board of Directors on November 9, 2017, and are approved by the General Manager Sezai Tanrıverdi and the Finance Director Osman Elmas on behalf of Board of Directors. General Assembly and other regulatory institutions have the right to change the statutory financial statements after the consolidated financial statements are issued.

Activities of the Group

The Company and its subsidiaries will be referred as the “Group” henceforth for the purposes of the interim condensed consolidated financial statements.

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

The average number of personnel of the Group for the period ended at September 30, 2017 is 6.604 (December 31, 2016: 6.549).

List of Shareholders

As of September 30, 2017 and December 31, 2016 the composition of shareholders and their respective percentage of shareholding rates can be summarized as follows:

	September 30, 2017		December 31, 2016	
	Amount	(%)	Amount	(%)
Yazıcı Families	60.422	37,76	60.422	37,76
AG Sınai Yatırım ve Yönetim A.Ş. (*)	54.163	33,85	-	-
Kamil Yazıcı Yönetim ve Danışma A.Ş. (*)	-	-	54.163	33,85
Anadolu Ecopack Üretim ve Pazarlama A.Ş. (**)	218	0,14	218	0,14
Publicly traded (***)	45.197	28,25	45.197	28,25
Paid-in share capital	160.000	100,00	160.000	100,00

(*) As disclosed in the Company’s Significant Event Disclosure dated February 24, 2017, under the planned merger process of Yazıcılar, Özilhan Sınai Yatırım A.Ş. and AEH, it is foreseen to establish a separate management company that will own all of (B) group privileged shares and part of (A) group unprivileged shares of the Company. In this context, on July 5, 2017, AG Sınai Yatırım ve Yönetim A.Ş. has been established as a result of partial division of Kamil Yazıcı Yönetim ve Danışma A.Ş..

(**) Anadolu Ecopack Üretim ve Pazarlama A.Ş. has purchased a total of 217.990 shares owned by Yazıcı Family members on March 16, 2016. 26,85% of Anadolu Ecopack Üretim ve Pazarlama A.Ş. shares belong to Kamil Yazıcı Yönetim ve Danışma A.Ş. and 73,15% belong to Yazıcı Family members.

(***) As of September 30, 2017 TRL 5.073 of the publicly traded portion of shares, which is 3,17% of the paid-in share capital, is owned by AG Sınai Yatırım ve Yönetim A.Ş. (December 31, 2016: TRL 5.073 of the publicly traded portion, which is 3,17% of the paid-in share capital is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş.).

YAZICILAR HOLDİNG ANONİM ŞİRKETİ**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017**

(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 September 30, 2017 and December 31, 2016 are as follows:

	Place of incorporation	Principal activities	Segment	Effective shareholding and voting rights (%)	
				September 30, 2017	December 31, 2016
Anadolu Endüstri Holding A.Ş. (AEH)	Turkey	Holding company	Other	68,00	68,00
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Kia motor vehicles and motor vehicle renting	Automotive	68,00	68,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	67,93	67,93
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Inactive	Automotive	68,00	68,00
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) (3)	Turkey	Inactive	Automotive	34,65	34,65
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (1) (2)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	Retailing	38,68	38,68
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü) (2)	Turkey	Distribution of the products of Adel, and other imported stationery products	Retailing	49,76	49,76
Efestur Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of travelling and organization facilities	Retailing	68,00	68,00
Anadolu Bilişim Hizmetleri A.Ş. (ABH) (4)	Turkey	IT, internet and e-commerce services	Other	67,56	67,04
Oyex Handels GmbH (8)	Germany	Trading of various materials used in the Group	Other	-	68,00
Anadolu Endüstri Holding Handels GmbH (Oyex) (9)	Germany	Trading of various materials used in the Group and providing necessary market research of products abroad	Other	68,00	68,00
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management	Retailing	68,00	68,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger)	Turkey	Restaurant chain management	Retailing	68,00	68,00
Artı Anadolu Danışmanlık A.Ş. (Artı Anadolu)	Turkey	Inactive	Other	68,00	68,00
Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt) (5)	Turkey	Industrial and commercial operations	Energy	-	68,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Import, distribution and marketing of motor vehicles	Automotive	67,99	67,99
Anadolu Termik Santralleri Elektrik Üretim A.Ş. (Anadolu Termik)	Turkey	Production of electricity (Investment in progress)	Energy	68,00	68,00
AES Elektrik Enerjisi Toptan Satış A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity	Energy	68,00	68,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	68,00	68,00
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Energy	60,65	60,65
Georgia Urban Enerji LLC (GUE)	Georgia	Production and sale of electricity	Energy	54,58	54,58
AND Anadolu Gayrimenkul Yatırımları A.Ş. (AND Anadolu Gayrimenkul)	Turkey	Purchase, sale, rental and management of real estate	Other	68,00	68,00
AND Ankara Gayrimenkul Yatırımları A.Ş. (AND Ankara Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	68,00	68,00
AND Kartal Gayrimenkul Yatırımları A.Ş. (AND Kartal Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	68,00	68,00
Keyif Yiyecek Eğlence Hizmetleri A.Ş. (6)	Turkey	Inactive	Other	-	68,00
Kheledula Enerji Ltd. (Kheledula) (5)	Georgia	Production and sale of electricity (Investment in progress)	Energy	60,65	68,00
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik) (7)	Turkey	Retailing	Other	68,00	68,00

(1) Shares of Adel are quoted on BIST.

(2) AEH controls Adel and Ülkü through its shareholding of 56,89% and 68,81% respectively. Moreover, Adel has 7,67% stake at Ülkü. As a result, Adel and Ülkü are controlled by Yazıcılar Holding A.Ş.

(3) Anadolu Motor and AEH have 50,00% and 1,00% shareholding at Anadolu Elektronik, respectively. As a result, Anadolu Elektronik is controlled by Yazıcılar Holding A.Ş..

(4) Capital of ABH has been increased on March 15, 2017 and only AEH participated in the capital increase, as a result, the Company's shareholding rate in ABH has increased to 67,56% from 67,04%.

(5) On February 28, 2017, AEH sold 1.513.400 shares of Anadolu Taşıt, representing 10,81% of Anadolu Taşıt's capital to Paravani Energy B.V.. As a result, the Company's shareholding rate in Kheledula has decreased to 60,65% from 68,00%. Merger of Anadolu Taşıt with Anadolu Kafkasya has been registered on May 11, 2017.

(6) Merger of Keyif Yiyecek Eğlence Hizmetleri A.Ş. with AEH has been registered on May 29, 2017.

(7) The share transfer transactions regarding the use of the right to purchase/sell option of AEH for 19,5% shares in MH Perakendecilik were completed as of May 17, 2017. As a result of the transaction, the direct share of AEH in MH Perakendecilik has increased to 100%. The final rate of the Yazıcılar in MH Perakendecilik remained unchanged since AEH's put option liability was recognized prior to this date.

(8) Oyex Handels GmbH was merged with Anadolu Endüstri Holding Handels GmbH on July 25, 2017 and the legal entity of Oyex Handels GmbH has ended.

(9) On July 25, 2017 Anadolu Endüstri Holding Handels GmbH was renamed as Oyex Handels GmbH.

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

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

Associates

The associate included in consolidation by equity method and its shareholding percentages at September 30, 2017 and December 31, 2016 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			September 30, 2017	December 31, 2016
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) (*)	Turkey	Production, bottling and distribution of beer, sparkling and still beverages	27,66	27,66

(*) Shares of Anadolu Efes are currently quoted on the BIST.

Joint Ventures

The investments in joint ventures accounted through equity method and their shareholding percentages at September 30, 2017 and December 31, 2016 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			September 30, 2017	December 31, 2016
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) (*)	Turkey	Manufacturing and selling of Isuzu brand vehicles	37,57	37,57
Ana Gıda İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda) (**)	Turkey	Production and marketing of olive oil, sunflower and corn oil under Kırlangıç, Komili and Madra Brands	-	37,57
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	22,67	22,67
Faber-Castell Anadolu LLC	Russia	Trading of all kinds of stationery	19,34	19,34
Migros Ticaret A.Ş. (Migros) (*)	Turkey	Sales of food and beverage and durable goods	34,00	34,00

(*) Shares of Anadolu Isuzu and Migros are currently quoted on the BIST.

(**) The sale of AEH'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 and gain on sales of joint venture amounting to TRL 21.280 was realized. Currently, AEH does not hold any shares in Ana Gıda .

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

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 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 for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

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

Basis of Preparation of Financial Statements (cont'd)

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after September 30, 2013, listed companies are required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (IAS/IFRS) as prescribed in the CMB Communiqué. The interim condensed consolidated financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

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 September 30, 2017 in accordance with TAS 34, "Interim Financial Reporting". The interim condensed consolidated financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

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

Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the interim condensed consolidated financial statement disclosures (Note 14, 24).

Financial Reporting in Hyperinflationary Economies

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the interim condensed consolidated financial statements of the Group have been prepared accordingly.

Functional and Presentation Currency

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The interim condensed consolidated financial statements are presented in 'TRL', which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of profit or loss within 'financial income or expense'. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss within 'Other operating income/expense'.

(c) Group companies

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

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

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

Functional and Presentation Currency (cont'd)

Functional and local currencies of foreign subsidiaries are as follows:

		September 30, 2017	December 31, 2016
	Local Currency	Functional Currency	Functional Currency
Oyex	EUR	EUR	EUR
GUE	Georgian Lari (GEL)	GEL	GEL
Kheledula	Georgian Lari (GEL)	GEL	GEL

In the consolidated financial statements, foreign currency translation differences arises from Migros, a joint venture of the Group and Anadolu Efes, an associate of the Group, as a result of their operations in abroad.

Significant Accounting Policies

The interim condensed consolidated financial statements for the period ended September 30, 2017 have been prepared in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2016, except the issues mentioned below. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016.

Comparative Information and Restatement of Prior Period Financial Statements

The interim condensed 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. The Group has made some classifications in the consolidated financial statements of the prior periods in order to ensure consistency with the presentation of the consolidated financial statements in the current period. The nature, cause and amount of classifications are explained below:

- In order to maintain consistency with the presentation of the current period financial statements, the foreign exchange gains and foreign exchange losses amounting to TRL 320.761 and TRL 172.689 respectively included in financial income and finance expenses on the interim condensed consolidated statements of profit or loss for the periods ended September 30, 2016 and June 30, 2016 have been netted.

Seasonality of Operations

Due to higher consumption of beverage during the summer season, the interim condensed consolidated financial statements of Anadolu Efes, an associate of the Company, may include the effects of the seasonal variations. Therefore, the results of "Investments accounted through equity method" account for the first nine months up to September 30, 2017 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 in January each year and then carries out "dealer fairs" for the sales of the brands produced and imported in March. 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. Cheques are presented as "trade receivables" and "other short term liabilities" in the condensed consolidated financial statements and cause the amount of these items to be high periodically until September - October when they are collected.

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

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

New standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements as at September 30, 2017 are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2016, except for the adoption of new standards and IFRIC interpretations summarized below.

a. Amendments to TAS affecting amounts reported and/or disclosures in the consolidated financial statements

None.

b. New and revised TAS applied with no material effect on the consolidated financial statements

None.

c. New and revised TAS in issue but not yet effective

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

IFRS 9	<i>Financial Instruments</i> ¹
IFRS 15	<i>Revenue from Contracts with Customers</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments

IFRS 9, issued by Public Oversight Authority (“POA”) in 2010, introduces new requirements for the classification and measurement of financial assets. IFRS 9 is amended in 2011 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Revised version of IFRS 9 is issued by POA in January 2017 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income (“FVTOCI”) measurement category for certain simple debt instruments.

IFRS 9 is effective for the annual periods beginning on or after 1 January 2018. Early adoption is permitted unless before 1 February 2015.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognise revenue when the entity satisfies a performance obligation

IFRS 15 also clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and provides some transition relief for modified contracts and completed contracts.

Group will evaluate the effects of new and revised standards and interpretations on its operations and will be implemented after its effective date.

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

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

Changes in Accounting Policies, Accounting Estimates and Errors

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

NOTE 3 - BUSINESS COMBINATIONS

Transactions for the period of September 30, 2017

Migros, in line with its long-term growth strategy, signed a share sale and purchase agreement with Tesco Overseas Investments Limited (the "Seller") on June 10, 2016 to purchase approximately 95,5% of the shares of Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. ("Kipa") owned by the Seller. According to the share sale and purchase agreement and the latest financial statements of Kipa released on February 29, 2016, the purchase price of the said shares was TRL 302.287 as of the date of the agreement (June 10, 2016). To obtain the necessary legal permit, Migros applied to the Competition Authority on June 21, 2016 and the application was approved on February 9, 2017. According to the annual closing statement of financial position of Kipa dated February 28, 2017, the purchase price of the shares was TRL 199.012. Migros has recognized a non-controlling interest of TRL 49.811 over the proportional share of Kipa's non-controlling share of net identifiable assets. Migros took over the management of Kipa, whose main area of activity is retail, on March 1, 2017. Acquired operation provided net sales amounting to TRL 1.377.189 and net loss of TRL 109.247 from March 1, 2017 to September 30, 2017 (The Group's share of net loss amounts to TRL 54.624). The principal activity of the acquired entity is retail trade.

The acquisition of Kipa has been accounted for in accordance with TFRS 3 – 'Business Combinations'. The fair value of identifiable assets and liabilities acquired within the context of the said business combination as of September 30, 2017 has been stated as a draft and these items were reported at their provisional value in summary consolidated financial statements of Migros. The period determined to carry out additions and adjustments concerning the fair value of the assets, liabilities and contingent liabilities is 12 months from the date of purchase.

Bargain purchase gain amounting to TRL 1.071.462 has been calculated in respect of the share acquisition 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 535.731 which has been reflected in the interim condensed consolidated financial statements as of September 30, 2017.

Transactions for the year of 2016

None.

YAZICILAR HOLDİNG ANONİM ŞİRKETİ**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017**

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

NOTE 4 - JOINT VENTURES**Joint Ventures**

Entity	Principle activities	Country	September 30, 2017		December 31, 2016	
			Carrying value	Effective shareholding and voting rights (%)	Carrying value	Effective shareholding and voting rights (%)
Anadolu Isuzu (*)	Manufacturing and selling of Isuzu brand commercial vehicles	Turkey	87.904	37,57	101.498	37,57
Ana Gıda (**)	Production and marketing of olive oil, sunflower and corn oil under Kirlangıç, Komili and Madra Brands	Turkey	-	-	33.977	37,57
Aslancık	Production of electricity	Turkey	(2.545)	22,67	(692)	22,67
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	1.020	19,34	1.294	19,34
Migros (*)	Sales of food and beverages and durable goods	Turkey	2.456.890	34,00	2.104.941	34,00
			2.543.269		2.241.018	

Entity	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
	Group's interest in net income/(loss)			
Anadolu Isuzu (*)	(12.316)	(8.094)	(4.997)	(4.239)
Ana Gıda (**)	-	2.712	-	(762)
Aslancık	(1.853)	2.756	(2.985)	(3.382)
Faber-Castell Anadolu LLC	(336)	208	(56)	106
Migros (*)	346.511	(23.194)	(38.201)	(4.672)
332.006				
(25.612)				
(46.239)				
(12.949)				

(*) Shares of Anadolu Isuzu and Migros are quoted on the BIST.

(**) The sale of AEH'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 and gain on sales of joint venture amounting to TRL 21.280 was realized. Currently, AEH does not hold any shares in Ana Gıda .

Summary financial information of the Group's joint venture Anadolu Isuzu is as follows:

	September 30, 2017		December 31, 2016	
Anadolu Isuzu				
Total assets	965.588		885.067	
Total liabilities	738.487		622.602	
Net assets	227.101		262.465	
Group's interest in net assets	87.904		101.498	
	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Anadolu Isuzu				
Revenue	592.746	549.681	241.733	172.356
Net loss for the period	(32.041)	(21.064)	(13.002)	(11.033)
Group's share in net loss of the joint venture	(12.316)	(8.094)	(4.997)	(4.239)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

NOTE 4 - JOINT VENTURES (cont'd)

Summary financial information of Ana Gıda which used to be the Group's investment in joint venture is as follows:

	December 31, 2016	
Ana Gıda		
Total assets		187.130
Total liabilities		118.189
Net assets		68.941
Group's interest in net assets		33.977
	January 1- September 30, 2016	July 1- September 30, 2016
Ana Gıda		
Revenue	230.224	59.965
Net income/(loss) for the period	4.909	(1.378)
Group's share in net income/(loss) of the joint venture	2.712	(762)

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

	September 30, 2017	December 31, 2016		
Aslancık				
Total assets	466.341			465.905
Total liabilities	470.367			464.372
Net assets	(4.026)			1.533
Fair value adjustment	(3.609)			(3.609)
Net assets included in consolidation	(7.635)			(2.076)
Group's interest in net assets	(2.545)			(692)
	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Aslancık				
Revenue	71.001	86.411	16.833	27.242
Net (loss)/income for the period	(5.560)	8.270	(8.956)	(10.145)
Group's share in net (loss)/ income of the joint venture	(1.853)	2.756	(2.985)	(3.382)

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

NOTE 4 - JOINT VENTURES (cont'd)

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

	September 30, 2017		December 31, 2016	
Faber Castell Anadolu LLC				
Total assets	14.791		9.982	
Total liabilities	12.751		7.395	
Net assets	2.040		2.587	
Group's interest in net assets	1.020		1.294	
	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Faber Castell Anadolu LLC				
Revenue	14.523	10.648	5.260	4.662
Net (loss)/income for the period	(673)	417	(114)	213
Group's share in net (loss)/income of the joint venture	(336)	208	(56)	106

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

NOTE 4 - JOINT VENTURES (cont'd)

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

	September 30, 2017	December 31, 2016		
Migros				
Current assets	3.514.962	2.471.347		
Non-current assets	5.698.454	3.805.379		
Total assets	9.213.416	6.276.726		
Short-term borrowings	960.974	340.525		
Other current liabilities	4.170.490	2.980.235		
Long-term borrowings	2.869.682	2.623.011		
Other non-current liabilities	246.531	140.342		
Total liabilities	8.247.677	6.084.113		
Net assets	965.739	192.613		
Attributable to:				
Non-controlling interests	46.758	820		
Equity holders of the parent	918.981	191.793		
Group's interest in net assets	2.456.890	2.104.941		
	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Revenue	11.321.825	8.158.504	4.284.883	3.079.459
Net income/(loss) for the period	715.021	(63.415)	(71.591)	(1.386)
Non-controlling interests	(3.984)	38	(1.104)	9
Equity holders of the parent	719.005	(63.453)	(70.487)	(1.395)
Group's interest in net income/(loss)	346.511	(23.194)	(38.201)	(4.672)
- Non-controlling interests	110.884	(7.422)	(12.224)	(1.495)
- Equity holders of the parent	235.627	(15.772)	(25.977)	(3.177)

The movement of carrying value of the Group's joint venture, Migros in the interim condensed consolidated financial statements as of September 30, 2017 and September 30, 2016 is as follows:

	September 30, 2017	September 30, 2016
Balance at the beginning of period	2.104.941	2.238.866
Group's share in net income/(loss) (*)	346.511	(23.194)
Group's share in currency translation differences	5.082	3.140
Group's share in remeasurement funds	356	(236)
Balance at the end of period	2.456.890	2.218.576

(*) Bargain purchase gain amounting to TRL 1.071.462 has been calculated in respect of the share acquisition of Kipa, as detailed in Note 3 as a subsidiary 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 535.731 which has been reflected in the interim condensed consolidated financial statements as of September 30, 2017.

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NOTE 5 - SEGMENT REPORTING

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

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

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NOTE 5 - SEGMENT REPORTING (cont'd)

January 1 - September 30, 2017	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	1.589.652	806.382	44.590	102.897	-	2.543.521
Inter-segment sales	5.771	2.799	-	20.127	(28.697)	-
Total Sales	1.595.423	809.181	44.590	123.024	(28.697)	2.543.521
GROSS PROFIT (LOSS)	321.370	194.050	18.363	52.994	(25.164)	561.613
General administrative expenses	(58.491)	(46.371)	(9.182)	(79.908)	23.633	(170.319)
Marketing expenses	(67.349)	(63.657)	-	(13.720)	2.309	(142.417)
Research and development expenses	(1.171)	-	-	-	-	(1.171)
Other operating income	15.963	6.237	35	2.633	9.995	34.863
Other operating expenses	(3.597)	(13.565)	(533)	(3.403)	5	(21.093)
Gain (Loss) from the investments accounted through equity method (*)	-	(336)	-	-	434.024	433.688
OPERATING INCOME (LOSS)	206.725	76.358	8.683	(41.404)	444.802	695.164
Income from investing activities	1.156	437	17	9.715	20.085	31.410
Expenses from investing activities	(157)	(2.572)	-	(1.064)	512	(3.281)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	207.724	74.223	8.700	(32.753)	465.399	723.293
Financial income	64.711	6.824	28.802	28.972	189	129.498
Financial expenses	(354.732)	(33.648)	(18.434)	(169.581)	(8.412)	(584.807)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(82.297)	47.399	19.068	(173.362)	457.176	267.984
Tax (Expense) Income from Continuing Operations	2.054	(11.202)	(169)	34.914	(3)	25.594
- Current period tax (expense) income	-	(18.088)	(198)	(1.420)	-	(19.706)
- Deferred tax (expense) income	2.054	6.886	29	36.334	(3)	45.300
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(80.243)	36.197	18.899	(138.448)	457.173	293.578
Attributable to:	(80.243)	36.197	18.899	(138.448)	457.173	293.578
- Non-controlling interest	4.493	-	2.407	-	83.466	90.366
- Equity holders of the parent	(84.736)	36.197	16.492	(138.448)	373.707	203.212
Total Assets	3.161.600	801.082	451.597	5.002.486	1.196.037	10.612.802
Investments accounted through equity method	-	1.020	-	-	5.418.667	5.419.687
Total Liabilities	2.956.737	533.707	410.676	2.059.359	(74.531)	5.885.948
Net debt	2.647.708	281.087	389.694	1.331.856	-	4.650.345
Purchases of tangible & intangible assets and investment property (**)	28.746	18.755	2.188	2.001	-	51.690
Purchases of assets used in renting activities	918.921	-	-	-	-	918.921
Depreciation and amortization (**)	54.257	21.923	12.020	10.446	(3)	98.643

(*) Gain recognized from Anadolu Efes and Migros amounting TRL 448.193 and loss recognized from Aslancık and Anadolu Isuzu amounting TRL 14.169 which are accounted through equity method are recorded under gain/loss from the investments accounted through equity method in 'unallocated' segment; loss recognized from Faber Castel Anadolu LLC amounting to TRL 336 is recorded in "retailing" segment.

(**) TRL 95 of the tangible & intangible assets and investment property purchases and TRL 3.177 of the depreciation and amortization belong to Investment Properties.

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NOTE 5 - SEGMENT REPORTING (cont'd)

January 1-September 30, 2016	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	1.384.356	706.601	45.446	90.275	-	2.226.678
Inter-segment sales	3.768	2.640	-	21.226	(27.634)	-
Total Sales	1.388.124	709.241	45.446	111.501	(27.634)	2.226.678
GROSS PROFIT	232.487	167.547	20.984	39.554	(21.597)	438.975
General administrative expenses (-)	(47.263)	(44.114)	(8.156)	(64.926)	20.078	(144.381)
Marketing expenses (-)	(60.343)	(58.658)	-	(19.853)	3.211	(135.643)
Research and development expenses (-)	(1.507)	-	-	-	97	(1.410)
Other operating income	8.849	3.338	550	1.101	78	13.916
Other operating expenses (-)	(1.977)	(11.535)	(18)	(5.436)	8	(18.958)
Gain/ (Loss) from the investments accounted through equity method (*)	-	208	-	-	75.168	75.376
OPERATING PROFIT (LOSS)	130.246	56.786	13.360	(49.560)	77.043	227.875
Income from investing activities	693	1.886	-	25.765	(931)	27.413
Expenses from investing activities (-)	-	(4.126)	-	(344)	316	(4.154)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL EXPENSE	130.939	54.546	13.360	(24.139)	76.428	251.134
Financial income	22.150	5.994	11.497	35.794	-	75.435
Financial expenses (-)	(169.179)	(32.675)	(17.379)	(149.335)	(27.875)	(396.443)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(16.090)	27.865	7.478	(137.680)	48.553	(69.874)
Tax Income/(Expense) from Continuing Operations	(3.493)	(11.190)	(5.824)	24.278	(2)	3.769
- Current period tax expense (-)	(441)	(14.924)	(181)	(5.629)	-	(21.175)
- Deferred tax income / (expense)	(3.052)	3.734	(5.643)	29.907	(2)	24.944
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(19.583)	16.675	1.654	(113.402)	48.551	(66.105)
NET INCOME (LOSS) FOR THE PERIOD FOR DISCONTINUED OPERATIONS	-	-	-	(8.174)	19	(8.155)
Attributable to:	(19.583)	16.675	1.654	(121.576)	48.570	(74.260)
- Non-controlling interest	(42)	-	635	-	(44.794)	(44.201)
- Equity holders of the parent	(19.541)	16.675	1.019	(121.576)	93.364	(30.059)
Total Assets	2.745.645	778.116	418.210	4.410.154	1.608.805	9.960.930
Investments accounted through equity method	-	1.079	-	-	5.325.034	5.326.113
Total Liabilities	2.369.384	501.477	370.684	1.975.442	362.919	5.579.906
Net debt	2.145.033	296.635	352.126	1.274.090	-	4.067.884
Purchases of tangible & intangible assets and investment property (**)	13.628	11.270	119	3.715	-	28.732
Purchases of assets used in renting activities	974.339	-	-	-	-	974.339
Depreciation and amortization (**)	45.792	21.686	10.460	12.702	(11)	90.629

(*) Gain recognized from Anadolu Efes, Ana Gıda and Aslancık amounting TRL 113.175 and loss recognized from ABank, Anadolu Isuzu and Migros, amounting TRL 38.007 are recorded to gain/loss from the investments accounted through equity method in 'unallocated' segment; gain recognized from Faber Castel Anadolu LLC amounting to TRL 208 is recorded in "retailing" segment.

(**) TRL 143 of the tangible & intangible assets and investment property purchases and TRL 3.702 of the depreciation and amortization belong to Investment Properties.

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NOTE 5 - SEGMENT REPORTING (cont'd)

July 1-September 30, 2017	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	674.617	278.806	9.441	32.186	-	995.050
Inter-segment sales	1.991	1.220	-	5.740	(8.951)	-
Total Sales	676.608	280.026	9.441	37.926	(8.951)	995.050
GROSS PROFIT	136.386	66.379	1.626	18.015	(8.071)	214.335
General administrative expenses	(22.044)	(15.342)	(3.117)	(25.446)	8.299	(57.650)
Marketing expenses	(21.957)	(23.235)	-	(2.966)	592	(47.566)
Research and development expenses	(320)	-	-	-	-	(320)
Other operating income	1.969	2.434	25	1.943	(1.302)	5.069
Other operating expenses	(663)	618	(22)	283	(1)	215
Gain (loss) from the investments accounted through equity method	-	(56)	-	-	28.838	28.782
OPERATING INCOME (LOSS)	93.371	30.798	(1.488)	(8.171)	28.355	142.865
Income from investing activities	505	142	-	144	1	792
Expenses from investing activities	(8)	(288)	-	(415)	-	(711)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	93.868	30.652	(1.488)	(8.442)	28.356	142.946
Financial income	27.241	2.707	(11.837)	8.938	-	27.049
Financial expenses	(137.148)	(13.571)	(7.361)	(73.925)	2	(232.003)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(16.039)	19.788	(20.686)	(73.429)	28.358	(62.008)
Tax Income/(Expense) from Continuing Operations	(12.058)	(2.562)	(107)	12.602	(1)	(2.126)
- Current period tax expense	-	(3.445)	(112)	(673)	-	(4.230)
- Deferred tax income (expense)	(12.058)	883	5	13.275	(1)	2.104
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(28.097)	17.226	(20.793)	(60.827)	28.357	(64.134)
Attributable to:	(28.097)	17.226	(20.793)	(60.827)	28.357	(64.134)
- Non-controlling interest	(14)	-	(1.896)	-	(36.635)	(38.545)
- Equity holders of the parent	(28.083)	17.226	(18.897)	(60.827)	64.992	(25.589)
Purchases of tangible & intangible assets and investment property	6.195	8.157	-	815	-	15.167
Purchases of assets used in renting activities	274.252	-	-	-	-	274.252
Depreciation and amortization	19.199	7.301	4.054	3.081	8	33.643

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NOTE 5 - SEGMENT REPORTING (cont'd)

July 1-September 30, 2016	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	451.099	229.694	12.718	33.518	-	727.029
Inter-segment sales	1.274	504	-	7.345	(9.123)	-
Total Sales	452.373	230.198	12.718	40.863	(9.123)	727.029
GROSS PROFIT	88.038	55.266	3.732	13.727	(7.015)	153.748
General administrative expenses (-)	(16.611)	(12.492)	(2.473)	(21.500)	5.830	(47.246)
Marketing expenses (-)	(19.704)	(19.910)	-	(4.435)	1.186	(42.863)
Research and development expenses (-)	(458)	-	-	-	-	(458)
Other operating income	3.291	981	11	407	-	4.690
Other operating expenses (-)	(70)	1.167	(2)	(1.798)	3	(700)
Gain/Loss from the investments accounted through equity method	-	106	-	-	33.745	33.851
OPERATING INCOME/LOSS	54.486	25.118	1.268	(13.599)	33.749	101.022
Income from investing activities	219	163	-	1.099	-	1.481
Expenses from investing activities (-)	-	(2.492)	-	(39)	316	(2.215)
OPERATING INCOME/LOSS BEFORE FINANCIAL EXPENSE	54.705	22.789	1.268	(12.539)	34.065	100.288
Financial income	18.113	1.252	2.884	14.606	-	36.855
Financial expenses (-)	(111.145)	(11.714)	(4.654)	(91.965)	(9.538)	(229.016)
INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(38.327)	12.327	(502)	(89.898)	24.527	(91.873)
Tax Income/(Expense) from Continuing Operations	34	(2.101)	(221)	12.365	-	10.077
- Current period tax expense (-)	105	(2.149)	(181)	(4.352)	-	(6.577)
- Deferred tax income / (expense)	(71)	48	(40)	16.717	-	16.654
NET INCOME/LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	(38.293)	10.226	(723)	(77.533)	24.527	(81.796)
NET LOSS FOR THE PERIOD FOR DISCONTINUED OPERATIONS	-	-	-	222	1	223
Attributable to:	(38.293)	10.226	(723)	(77.311)	24.528	(81.573)
- Non-controlling interest	(15)	-	70	-	(33.210)	(33.155)
- Equity holders of the parent	(38.278)	10.226	(793)	(77.311)	57.738	(48.418)
Purchases of tangible & intangible assets and investment property	4.956	5.041	12	960	-	10.969
Purchases of assets used in renting activities	286.018	-	-	-	-	286.018
Depreciation and amortization	15.974	7.124	3.538	4.326	-	30.962

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NOTE 5 - SEGMENT REPORTING (cont'd)

Substantially all of the consolidated revenue is obtained from operations located in Turkey.

Associate: The Group's effective shareholding rate for Anadolu Efes is 27,66% (December 31, 2016: 27,66%). The operations of Anadolu Efes and its subsidiaries consist of production, distribution and marketing of beer under a number of trademarks and selling and distribution of sparkling and still beverages with The Coca-Cola Company trademark principally in Turkey, Central Asia and Middle East. The result of these operations, for the periods ended September 30, 2017 and September 30, 2016 are reflected in "gain/loss from the investments accounted through equity method" line of the interim condensed consolidated statement of profit or loss as gain amounting to TRL 101.682 and gain amounting to TRL 107.707 respectively. As of September 30, 2017 Group does not have shares in ABank which used to be an associate of the Group as mentioned in Note 8. The result of ABank's operations for the periods ended September 30, 2016 is reflected in "gain/loss from the investments accounted through equity method" line of the interim condensed consolidated statement of profit or loss as loss amounting to TRL 6.719.

NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	September 30, 2017	December 31, 2016
Cash	3.350	2.514
Banks	278.139	360.789
Other cash and cash equivalents (*)	104.589	49.351
Cash and cash equivalents in the consolidated statements of cash flow	386.078	412.654
Interest income accruals	884	709
	386.962	413.363

(*) 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 September 30, 2017 cash and cash equivalents of Yazıcılar amount to TRL 54.879, cash and cash equivalents of AEH, a subsidiary of the Company amount to TRL 99.370 (December 31, 2016: TRL 91.937 and TRL 166.433).

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NOTE 7 - BORROWINGS

	September 30, 2017	December 31, 2016
Bank borrowings	1.079.698	529.141
Current portion of long term borrowings	1.021.623	809.418
Bills issued (*)	213.897	81.537
Financial leasing payables	42.401	9.390
Bonds issued (**)	-	103.938
Short term borrowings	2.357.619	1.533.424
Bank borrowings	2.470.634	2.123.202
Financial leasing payables	125.394	24.050
Bonds issued (*)	100.664	-
Long term borrowings	2.696.692	2.147.252
Total borrowings	5.054.311	3.680.676

(*) Çelik Motor, a subsidiary of the Group, has issued a bond to qualified investors without public offering at September 15, 2017, with 547 days maturity and 14,9% interest rate. The carrying amount of the bond amounts to TRL 100.664 as of September 30, 2017. Çelik Motor has issued a bill to qualified investors without public offering at May 18, 2017, with 179 days maturity and 14,4% interest rate. The carrying amount of the bill amounts to TRL 147.506 as of September 30, 2017. Çelik Motor has issued a bill to qualified investors without public offering at August 18, 2017, with 180 days maturity and 14,6% interest rate. The carrying amount of the bill amounts to TRL 66.391 as of September 30, 2017. Çelik Motor has issued a bill to qualified investors without public offering at November 23, 2016, with 176 days maturity and 11,5 % interest rate. The carrying amount of the bill amounts to TRL 81.537 as of December 31, 2016.

(**) Çelik Motor, a subsidiary of the Group, has issued a bond to qualified investors without public offering at September 17, 2015, with 729 days maturity, 13,8% interest rate and fixed coupon payment in every 6 months. The carrying amount of the bond amounts to TRL 103.938 as of December 31, 2016.

Total borrowings of AEH, a subsidiary of the Company, as of September 30, 2017 amounts to TRL 1.068.557 (December 31, 2016: TRL 602.746).

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.

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NOTE 7 - BORROWINGS (cont'd)

As of September 30, 2017, the Company does not have any secured bank borrowings (December 31, 2016: None).

Short term	September 30, 2017			December 31, 2016		
	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	1.052.608	12,6% - 15,7%	-	425.165	10,4% - 15,0%	-
Borrowing in foreign currency (EUR)	946.182	2,5% - 4,4%	Libor + (2,8% - 5,1%)	701.854	2,2% - 4,9%	Libor + (3,5% - 4,4%)
Bills issued in Turkish Lira	213.897	14,4% - 14,6%	-	81.537	11,5%	-
Borrowing in foreign currency (USD)	102.531	4,7% - 6,5%	Libor + (3,9% - 5,0%)	211.540	3,5% - 6,8%	Libor + (3,0% - 4,4%)
Financial leasing payables in Turkish Lira	42.401	11,5% - 14,1%	-	9.390	11,5% - 13,6%	-
Bonds issued in Turkish Lira	-	-	-	103.938	13,8%	-
	2.357.619			1.533.424		
Long term	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	143.586	14,9% - 15,7%	-	-	-	-
Borrowing in foreign currency (EUR)	1.774.544	2,8% - 4,4%	Libor + (3,5% - 5,1%)	1.579.830	2,8% - 4,4%	Libor + (3,5% - 5,1%)
Borrowing in foreign currency (USD)	552.504	-	Libor + (3,9% - 5,0%)	543.372	-	Libor + (3,5% - 4,4%)
Financial leasing payables in Turkish Lira	125.394	11,5% - 14,1%	-	24.050	11,5% - 12,6%	-
Bonds issued in Turkish Lira	100.664	14,9%	-	-	-	-
	2.696.692			2.147.252		
	5.054.311			3.680.676		

Repayments schedules of long-term borrowings are as follows:

	September 30, 2017	December 31, 2016
2018	244.554	629.412
2019	1.391.807	1.076.558
2020	179.319	109.297
2021	466.598	71.378
2022 and thereafter	414.414	260.607
	2.696.692	2.147.252

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NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	September 30, 2017	December 31, 2016
Investment in associate	2.876.418	2.770.533
Interest in joint ventures (Note 4)	2.543.269	2.241.018
	5.419.687	5.011.551

Associates

Entity	Principle Activities	Country of business	September 30, 2017		December 31, 2016	
			Carrying value	Effective shareholding and voting rights (%)	Carrying value	Effective Shareholding and voting rights (%)
Anadolu Efes (*)	Production, bottling and distribution of beer, sparkling and still beverages	Turkey	2.876.418	27,66	2.770.533	27,66
			2.876.418		2.770.533	

Entity	Group's interest in net income/(loss)			
	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Anadolu Efes (*)	101.682	107.707	75.021	39.056
ABank	-	(6.719)	-	7.744
	101.682	100.988	75.021	46.800

(*) Shares of Anadolu Efes is currently quoted on the BIST.

Summary financial information of associate Anadolu Efes is as follows:

Summary statement of financial position:	Anadolu Efes	Anadolu Efes
	September 30, 2017	December 31, 2016
Current Assets	9.154.083	6.008.675
Non-Current Assets	19.874.650	19.619.884
Total Assets	29.028.733	25.628.559
Short-Term Borrowings	1.217.836	500.870
Other Current Liabilities	2.975.712	2.185.587
Long-Term Borrowings	6.928.696	5.682.403
Other Non-Current Liabilities	2.525.037	2.442.677
Total Liabilities	13.647.281	10.811.537
Net Assets	15.381.452	14.817.022
Attributable to:		
Non-controlling interests	5.760.869	5.554.521
Net assets of the equity holders of the parent	9.620.583	9.262.501
Group's share in net assets	2.876.418	2.770.533

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NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Associates (cont'd)

Summary Statement of Profit or Loss:

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Revenue	10.188.584	8.264.994	4.006.380	3.243.032
Net income	596.526	582.233	405.991	231.124
Non-controlling interests	252.656	217.990	152.283	99.045
Equity holders of the parent	343.870	364.243	253.708	132.079
Group's share in net income	101.682	107.707	75.021	39.056
- Non-controlling interests	6.558	6.947	4.838	2.519
- Equity holders of the parent	95.124	100.760	70.183	36.537

The movement of carrying value of the associate, Anadolu Efes in the interim condensed consolidated financial statements as of September 30, 2017 and September 30, 2016 is as follows:

	September 30, 2017	September 30, 2016
Balance at January 1	2.770.533	2.310.884
Group's share in net income	101.682	107.707
Group's share in currency translation differences	59.817	147.601
Dividends received	(42.896)	(42.896)
Non-controlling interest put option valuation fund	(117)	431
Cash flow hedge reserve	(10.681)	(5.778)
Group's share in remeasurement funds	(1.920)	(527)
Balance at the end of the period	2.876.418	2.517.422

Based on the shareholders agreement concluded on July 18, 2013 with The Commercial Bank of Qatar ("CBQ"), AEH, the subsidiary of the Company which has 25% share in ABank, has collected total sales price of USD 224.913.332 (full USD) on December 19, 2016 based on use of its option to sell shares. Therefore, the sale option has been completed and AEH does not hold any shares in ABank.

Summary financial information of ABank, which used to be an associate of the Group is as follows:

Summary Statement of Profit or Loss:

	January 1- September 30, 2016	July 1- September 30, 2016
Interest, fee and commission income	878.530	286.223
Net (loss)/income	(26.874)	30.976
Non-controlling interests	2	3
Equity holders of the parent	(26.876)	30.973
Group's share in net (loss)/income	(6.719)	7.744

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NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Associates (cont'd)

The movement of carrying value of ABank which used to be an associate of the Group in the interim condensed consolidated financial statements as of September 30, 2016 is as follows:

	September 30, 2016
Balance at January 1	399.648
Capital increase	37.500
Group's share in net loss	(6.719)
Group's share in revaluation funds	(5.376)
Group's share in remeasurement	(15)
Balance at the end of the period	425.038

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (PP&E)

Movements of property, plant and equipment for the period ended on September 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	39.960	398.777	383.742	18.300	62.239	3.527	132.794	15.110	1.054.449
Additions	-	38	4.969	6.171	4.038	60	6.698	28.136	50.110
Disposals (-)	(251)	(99)	(17.623)	(5.186)	(1.990)	(539)	(2.914)	-	(28.602)
Currency translation differences	1.568	21.919	9.237	63	103	-	-	(17)	32.873
Transfers (*)	-	-	2.827	182	276	-	1.920	(11.143)	(5.938)
September 30, 2017	41.277	420.635	383.152	19.530	64.666	3.048	138.498	32.086	1.102.892
Accumulated depreciation									
January 1, 2017	4.740	25.481	166.900	6.207	36.156	2.284	60.168	-	301.936
Depreciation charge for the period (**)	942	7.193	21.286	2.088	5.759	255	7.081	-	44.604
Disposals (-)	-	(30)	(13.918)	(1.402)	(877)	(530)	(1.138)	-	(17.895)
Currency translation differences	122	1.030	1.548	48	52	-	-	-	2.800
Transfers (*)	-	-	-	73	-	-	-	-	73
September 30, 2017	5.804	33.674	175.816	7.014	41.090	2.009	66.111	-	331.518
Net carrying amount	35.473	386.961	207.336	12.516	23.576	1.039	72.387	32.086	771.374

(*) TRL 6.120 of PP&E is transferred to rights under intangible assets, TRL 109 of current assets used in renting activities is transferred to machinery and equipment under PP&E.

(**) TRL 31.400 of the depreciation charge for the period has been added to cost of sales, TRL 3.848 has been added to marketing expenses, TRL 9.195 has been added to general administrative expenses and TRL 161 has been added to research and development expenses.

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (PP&E) (cont'd)

Movements of property, plant and equipment for the period ended on September 30, 2016 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, 2016	37.907	370.883	365.844	18.523	58.640	3.381	136.317	13.161	1.004.656
Additions	70	3.119	5.415	3.861	4.386	54	389	8.847	26.141
Disposals (-)	-	-	(4.848)	(3.904)	(1.129)	-	(2.951)	-	(12.832)
Currency translation differences	1.078	15.062	6.335	37	55	-	-	39	22.606
Transfers (*)	-	174	2.864	(140)	(413)	-	1.023	(8.354)	(4.846)
September 30, 2016	39.055	389.238	375.610	18.377	61.539	3.435	134.778	13.693	1.035.725
Accumulated depreciation									
January 1, 2016	3.361	16.047	138.236	5.043	29.451	1.944	53.378	-	247.460
Depreciation charge for the period (**) (***)	942	6.189	21.918	2.446	6.087	244	6.840	-	44.666
Disposals (-)	-	-	(2.899)	(1.738)	(768)	-	(890)	-	(6.295)
Currency translation differences	67	515	772	30	32	-	-	-	1.416
Transfers (*)	-	-	1.212	(140)	(6)	-	-	-	1.066
September 30, 2016	4.370	22.751	159.239	5.641	34.796	2.188	59.328	-	288.313
Net carrying amount	34.685	366.487	216.371	12.736	26.743	1.247	75.450	13.693	747.412

(*) TRL 859 of PP&E is transferred to investment properties, TRL 5.423 of PP&E is transferred to rights under intangible assets. TRL 157 of PP&E is transferred to other intangible assets under intangible assets, TRL 204 of PP&E is transferred to current assets used in renting activities, TRL 731 of intangible assets is transferred to machinery and equipment under PP&E.

(**) Depreciation charge of property, plant and equipment for the period September 30, 2016 includes charges for discontinued operations amounting TRL 148.

(***) TRL 31.783 of the depreciation charge for the period has been added to cost of sales, TRL 3.567 has been added to marketing expenses, TRL 9.079 has been added to general administrative expenses and TRL 237 has been added to research and development expenses.

YAZICILAR HOLDİNG ANONİM ŞİRKETİ**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017**

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

NOTE 10 - INTANGIBLE ASSETS

Movements of intangible assets for the period ended on September 30, 2017 are as the following:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2017	48.025	149	1.051	3.267	52.492
Additions	1.419	-	-	66	1.485
Disposals (-)	(5.008)	-	-	-	(5.008)
Currency translation differences	-	11	-	-	11
Transfers (*)	6.120	-	-	-	6.120
September 30, 2017	50.556	160	1.051	3.333	55.100
Accumulated amortization					
January 1, 2017	22.909	20	608	1.724	25.261
Amortization charge for the period (**)	4.365	19	39	412	4.835
Disposals (-)	(3.065)	-	-	-	(3.065)
Currency translation differences	-	2	-	-	2
September 30, 2017	24.209	41	647	2.136	27.033
Net carrying amount	26.347	119	404	1.197	28.067

(*) TRL 6.120 of property, plant and equipment is transferred to rights.

(**) TRL 1.699 of the depreciation charge for the period has been added to cost of sales, TRL 1.074 has been added to marketing expenses, TRL 2.038 has been added to general administrative expenses and TRL 24 has been added to research and development expenses.

Movements of intangible assets for the period ended on September 30, 2016 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2016	40.657	40	1.051	3.087	44.835
Additions	2.448	-	-	-	2.448
Disposals (-)	(250)	-	-	-	(250)
Currency translation differences	-	24	-	-	24
Transfers (*)	3.461	-	-	157	3.618
September 30, 2016	46.316	64	1.051	3.244	50.675
Accumulated amortization					
January 1, 2016	18.870	11	555	1.193	20.629
Amortization charge for the period (**) (***)	3.862	4	39	389	4.294
Disposals (-)	(37)	-	-	-	(37)
Currency translation differences	-	2	-	-	2
Transfers (*)	(1.217)	-	-	-	(1.217)
September 30, 2016	21.478	17	594	1.582	23.671
Net carrying amount	24.838	47	457	1.662	27.004

(*) As of September 30, 2016, TRL 5.423 of property, plant and equipment is transferred to rights, TRL 157 of PP&E is transferred to other intangible assets. TRL 731 of intangible assets is transferred to machinery and equipment under PP&E and TRL 14 is transferred to investment properties.

(**) Amortization charges of intangible assets for September 30, 2016 includes charges for discontinued operations amounting TRL 67.

(***) TRL 2.044 of the depreciation charge for the period has been added to cost of sales, TRL 908 has been added to marketing expenses, TRL 1.322 has been added to general administrative expenses and TRL 20 has been added to research and development expenses.

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NOTE 11 - OTHER ASSETS AND LIABILITIES

11.1 Other Current Assets

	September 30, 2017	December 31, 2016
Assets used in renting activities	506.004	369.599
VAT receivable	111.645	130.263
Work advances	3.169	7.284
Other current assets	5.958	4.685
	626.776	511.831

Movements of current assets used in renting activities for periods ended September 30, 2017 and 2016 are as the following:

Current Assets Used in Renting Activities

	September 30, 2017	September 30, 2016
Cost		
Balance at January 1	374.985	251.376
Additions	338.678	398.004
Disposals	(587.824)	(526.197)
Transfers (*)	386.904	284.497
Balance at the end of the period	512.743	407.680
Accumulated depreciation		
Balance at January 1	5.386	3.858
Depreciation charge for the period	71	13
Disposals	(35.905)	(34.727)
Transfers (*)	37.187	34.671
Balance at the end of the period	6.739	3.815
Net carrying amount	506.004	403.865

(*) As of September 30, 2017 TRL 109 of property, plant and equipment is transferred to current assets used in renting activities (September 30, 2016: TRL 204).

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

11.2 Other Non-Current Assets

	September 30, 2017	December 31, 2016
Assets used in renting activities	1.646.315	1.461.854
VAT receivable	45.358	30.677
Other non-current assets	62	63
	1.691.735	1.492.594

Movements of non-current assets used in renting activities for periods ended September 30, 2017 and 2016 are as the following:

Non-Current Assets Used in Renting Activities

	September 30, 2017	September 30, 2016
Cost		
Balance at January 1	1.532.948	1.098.693
Additions	580.243	576.335
Transfers (Note 11.1)	(387.086)	(284.153)
Balance at the end of the period	1.726.105	1.390.875
Accumulated depreciation		
Balance at January 1	71.094	67.157
Depreciation charge for the period	45.956	37.954
Transfers (Note 11.1)	(37.260)	(34.531)
Balance at the end of the period	79.790	70.580
Net carrying amount	1.646.315	1.320.295

11.3 Other Current Liabilities

	September 30, 2017	December 31, 2016
Other payables	518	-
Put option liability (Note 14)	-	512.111
	518	512.111

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NOT 12 - DEFERRED INCOME

12.1 Current Deferred Income

	September 30, 2017	December 31, 2016
Advances taken (*)	337.023	10.490
Other deferred income	35.589	31.545
	372.612	42.035

12.2 Non-Current Deferred Income

	September 30, 2017	December 31, 2016
Advances taken (*)	31.979	211.218
Other deferred income	18.514	4.420
	50.493	215.638

(*) TRL 320.020 of the current and non-current advances taken is the balance received due to pre-sale related to the housing project that Kartal Gayrimenkul, a subsidiary of the Company, started in Kartal province in İstanbul. TRL 279.425 of TRL 320.020 is received in cash, and TRL 40.595 of the balance consists of bills (December 31, 2016: TRL 187.733 cash, TRL 23.485 bills). As of September 30, 2017, there is current and non-current inventories amounting to TRL 155.024 for the advances received (December 31, 2016: TRL 62.025).

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

13.1 Provision for Employee Benefits

The provisions for employee benefits as of September 30, 2017 and December 31, 2016 are as the following:

	September 30, 2017	December 31, 2016
Short-term	30.557	12.010
Provision for bonus	25.637	7.484
Provision for vacation pay liability	4.213	4.526
Provision for employee termination benefits	707	-
Long-term	24.001	25.199
Provision for employee termination benefits	24.001	25.199
	54.558	37.209

13.2 Other Provisions

The provisions as of September 30, 2017 and December 31, 2016 are as the following:

	September 30, 2017	December 31, 2016
Provision for litigations (*)	4.989	13.698
Warranty provisions (**)	1.734	1.256
	6.723	14.954

(*) Provision has been made by Anadolu Elektronik, a subsidiary of the Company against the lawsuits regarding the tax stamps requested by the General Directorate of TRT and related fees as of December 31, 2016 and due to the fact that these lawsuits resulted in favor of Anadolu Elektronik, provision amounting to TRL 9.388 recognized has been cancelled (Note 17.1).

(**) Balance is resulting from sales made by Anadolu Motor, a subsidiary of the Company under warranty. Çelik Motor, a subsidiary of the Company has the right of recourse the compensation payments of imported vehicles under warranty to the manufacturer company.

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NOTE 14 - COMMITMENTS

As of September 30, 2017 and December 31, 2016 letter of guarantees, pledges and mortgages (GPMs) given are as follows:

September 30, 2017	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	442.596	48.972	81.584	24.766
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	57.121	-	16.081	-
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	-	-	-	-
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	115.774	-	32.593	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-
	615.491	48.972	130.258	24.766
December 31, 2016	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	409.552	49.865	76.662	24.232
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	56.592	-	16.081	-
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	-	-	-	-
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	125.129	-	35.556	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-
	591.273	49.865	128.299	24.232

As of September 30, 2017, the ratio of other GPMs over the Company's equity is 2% (December 31, 2016: 3%).

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

The Group's guarantees, letters of guarantee, cheques and notes of guarantee, mortgage and other guarantees received from its customers in consideration of its receivables amount to TRL 340.601, TRL 3.637, TRL 55.636 and TRL 4.633, respectively (December 31, 2016: TRL 286.750, TRL 5.303, TRL 51.655 and TRL 4.858).

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.

AEH, the subsidiary of 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.

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NOTE 14 - COMMITMENTS (cont'd)

AEH, a subsidiary of the Company, has given a support guarantee for the planned payments of the long term project financing loan that GUE, a subsidiary of the Group, borrowed for the construction of a hydroelectric power plant with a capacity of 87 MW in Georgia, during the time electricity production begins and the specified conditions are met. As of September 30, 2017 the remaining amount of the mentioned loan is USD 99.243.590. The table of the letter of guarantees, pledges and mortgages given consists of guarantee amounting to TRL 57.120 (December 31, 2016: TRL 56.591)

Çelik Motor, the subsidiary of the Company, operates in motor vehicles lease business with the various rental periods.

AEH, the subsidiary of 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 September 30, 2017 balance of the related loan amounts to USD 97.778 in thousand and the Group's share in guarantee amounts to USD 32.593 in thousand (December 31, 2016: USD 35.556 in thousand)

Regarding 19,5% shares of Moonlight Capital in MH Perakendecilik, a subsidiary of the Group, Moonlight Capital had the right to sell, which was granted by AEH, a subsidiary of the Group, and AEH had the right to buy, which was granted by Moonlight Capital, between May 1, 2017 and October 31, 2017. As of May 2, 2017, Moonlight Capital informed AEH about its decision to sell the shares. When calculating the purchase price for 19,5% shares of MH Perakendecilik, the base price for 1 share of Migros, an associate of MH Perakendecilik, has been set as TRL 30,2 (full TRL), in line with the provisions of December 31, 2014. Share purchase price has been calculated as TRL 509.029.436 (full TRL) after adjustments, according to the provisions of the Share Purchase Agreement. Share price transfer and transfer of shares have been completed on May 17, 2017 and put option liability balance has been reset in the consolidated financial tables prepared as of September 30, 2017.

NOTE 15 - EQUITY

Share Capital / Adjustments to Share Capital and Equity Instruments

	September 30, 2017		December 31, 2016	
	Amount	(%)	Amount	(%)
Yazıcı Families	60.422	37,76	60.422	37,76
AG Sınai Yatırım ve Yönetim A.Ş. (*)	54.163	33,85	-	-
Kamil Yazıcı Yönetim ve Danışma A.Ş. (*)	-	-	54.163	33,85
Anadolu Ecopack Üretim ve Pazarlama A.Ş. (**)	218	0,14	218	0,14
Publicly traded (***)	45.197	28,25	45.197	28,25
Paid-in share capital - historical	160.000	100,00	160.000	100,00
Inflation adjustment to share capital	-	-	-	-
Total share capital	160.000		160.000	

(*) As disclosed in the Company's Significant Event Disclosure dated February 24, 2017, under the planned merger process of Yazıcılar, Özilhan Sınai Yatırım A.Ş. and AEH, it is foreseen to establish a separate management company that will own all of (B) group privileged shares and part of (A) group unprivileged shares of Merged Holding. In this context, on July 5, 2017, AG Sınai Yatırım ve Yönetim A.Ş. has been established due partial division of Kamil Yazıcı Yönetim ve Danışma A.Ş..

(**) Anadolu Ecopack Üretim ve Pazarlama A.Ş. has purchased total of 217.990 shares owned by Yazıcı Family members on March 16, 2016. 26,85% of Anadolu Ecopack Üretim ve Pazarlama A.Ş. shares belong to Kamil Yazıcı Yönetim ve Danışma A.Ş. and 73,15% belong to Yazıcı Family members.

(***) As of September 30, 2017 TRL 5.073 of the publicly traded portion of shares, which is 3,17% of the paid-in share capital, is owned by AG Sınai Yatırım ve Yönetim A.Ş. (December 31, 2016: TRL 5.073 of the publicly traded portion, which is 3,17% of the paid-in share capital is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş.).

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NOTE 15 - EQUITY (cont'd)

Share Capital / Adjustments to Share Capital and Equity Instruments (cont'd)

Movement of paid in share capital as at September 30, 2017 and December 31, 2016 is as the following (historical amounts):

	September 30, 2017		December 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Balance at January 1	160.000.000	160.000	160.000.000	160.000
-Inflation adjustment to share capital	-	-	-	-
Balance at the end of the period	160.000.000	160.000	160.000.000	160.000

AG Sınai Yatırım ve Yönetim A.Ş. is a wholly owned subsidiary of Kamil Yazıcı Yönetim ve Danışma A.Ş., which is established to manage the subsidiaries of the Company by Kamil Yazıcı Family members. AG Sınai Yatırım Yönetim A.Ş. owns 37,02% of Yazıcılar Holding and With the special board nomination rights granted to Class A and Class B shares (1 + 3) which it owns, it is entitled to appoint four of the six directors to the Company's board of directors. Namely;

Yazıcılar's common shares are divided into four classes, with each class of shares having equal voting rights on all matters except for the election of directors. Classes B, C and D consist of registered shares and are owned by the members of the three Yazıcı Families. Class A shares are all bearer type shares; shares belonging to three Yazıcı Families and publicly traded shares are included in Class A.

Class	Number of shares	Percentage of capital (%)	Number of members on Board
A (Bearer)	87.818.037	54,89	1
B (Registered)	31.999.964	20,00	3
C (Registered)	19.235.049	12,02	1
D (Registered)	20.946.950	13,09	1
	160.000.000	100,00	6

Restricted Reserves Allocated from Net Profit, Revaluation and Remeasurement 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.

As a result of the decision of CMB on January 27, 2010, there are no obligations for the minimum dividend payments subject to public incorporated companies whose shares are traded in the stock exchange.

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NOTE 15 - EQUITY (cont'd)

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

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.

	September 30, 2017	December 31, 2016
Restricted reserves allocated from net profit	32.000	32.000

Retained Earnings

As of September 30, 2017 and December 31, 2016 the summary of equity reserves, extraordinary reserves, other profit reserves, and retained earnings are as follows:

	September 30, 2017	December 31, 2016
Equity reserves	1.166	1.166
Extraordinary reserves	230.151	271.729
Other profit reserves	2.558	2.558
Retained earnings	2.783.240	3.092.552
	3.017.115	3.368.005

Non-Controlling Interest

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

NOTE 16 - OPERATING EXPENSES

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
General administrative expenses	170.319	144.381	57.650	47.246
Marketing expenses	142.417	135.643	47.566	42.863
Research and development expenses	1.171	1.410	320	458
	313.907	281.434	105.536	90.567

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NOTE 17 - OTHER OPERATING INCOME/EXPENSES**17.1 Other Operating Income**

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
VAT adjustment income	10.574	-	-	-
Reversal of provision	9.404	346	8	84
Foreign exchange gains arising from trading activities	5.205	4.356	2.359	1.426
Distributor contribution	2.552	3.346	461	707
Commission income	1.033	177	845	125
Rediscount gain from trading activities	996	1.415	212	973
Gain on corporate identities	417	619	33	92
Other	4.682	3.657	1.151	1.283
	34.863	13.916	5.069	4.690

17.2 Other Operating Expenses

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Foreign exchange losses arising from trading activities	6.304	3.432	3.383	419
Rediscount expense from trading activities	5.244	3.743	(5.996)	(4.201)
Donations	2.097	1.800	508	298
Provision for doubtful receivables	1.874	2.371	101	1.800
Restaurant closing expenses	1.764	2.131	1.209	657
Other	3.810	5.481	580	1.727
	21.093	18.958	(215)	700

NOTE 18 - INCOME/EXPENSES FROM INVESTING ACTIVITIES**18.1 Income from Investing Activities**

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Gain on sale of a joint venture (*)	21.280	-	-	-
Gain on sale of property, plant and equipment	6.788	2.193	505	229
Rent income	3.325	3.416	287	1.173
Dividend income	17	213	-	-
Gain on sale of financial investment (**)	-	20.293	-	-
Gain on sale of marketable securities	-	1.285	-	66
Gain on sale of a subsidiary (***)	-	13	-	13
	31.410	27.413	792	1.481

(*) The sale of AEH'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, AEH does not hold any shares in Ana Gıda .

(**) The Company's 10,50% share and 0,10% share of AEH, a subsidiary of the Company in Polinas Plastik Sanayii ve Ticareti A.Ş.'s capital which makes 954.000 shares in total representing TRL 9.540 capital share have been sold to İsmet Ambalaj Yatırımları A.Ş., a subsidiary of Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. on March 16, 2016 for USD 9.217.391 (full USD) to be paid in cash.

(***) As details noted in Note 21, the balance consists of gains on sale of shares of Atlas Varlık, a subsidiary of the Company.

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NOTE 18 - INCOME/EXPENSES FROM INVESTING ACTIVITIES (cont'd)

18.2 Expenses from Investing Activities

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Loss on sale of property, plant and equipment	3.240	3.930	711	2.176
Expense due to sale of marketable securities	41	23	-	-
Loss on revaluation of marketable securities	-	201	-	39
	3.281	4.154	711	2.215

NOTE 19 - FINANCIAL INCOME

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Foreign exchange gain	110.090	60.942	18.474	31.164
Interest income	19.408	14.090	8.575	6.051
Derivative transactions income	-	403	-	(360)
	129.498	75.435	27.049	36.855

NOTE 20 - FINANCIAL EXPENSES

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Foreign exchange loss	336.681	179.545	131.851	150.296
Interest expense	229.807	183.157	97.625	67.070
Put option liability revaluation expense	8.431	27.875	-	9.538
Other expense	9.888	5.866	2.527	2.112
	584.807	396.443	232.003	229.016

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NOTE 21 - NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The entire NPL portfolio under Artı Varlık and Atlas Varlık's assets were sold to Turkasset Varlık Yönetim A.Ş. on June 29, 2016 for TRL 71.100 and asset management activities have been ceased. Also, 100% shares of Atlas Varlık has been transferred to Turkasset Varlık Yönetim A.Ş. on September 29, 2016 for TRL 10.748. In the interim condensed consolidated financial statements as at September 30, 2016 income or loss have been reclassified as income/loss for the period for discontinued operations in accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'.

Summary statements of profit or loss of discontinued operations are as the following;

	January 1- September 30, 2016	July 1- September 30, 2016
General administrative expenses	(7.783)	(17)
Other operating income/expense, net (*)	(4.299)	-
Income/expense from investing activities, net	(394)	-
Financial income/expense, net	3.807	295
Eliminations	845	-
Loss before tax from discontinued operations	(7.824)	278
Tax (expense)/income	(331)	(55)
Loss after tax from discontinued operations	(8.155)	223

(*) The balances include TRL 4.342 loss from sale of NPL portfolios under Artı Varlık and Atlas Varlık's assets at the date of June 29, 2016.

Summary cash flow statement for discontinued operations are as the following:

Summary statement of cash flow:

	September 30, 2016
Cash flows from operating activities	76.629
Cash flows from investing activities	(34)
Cash flows from financing activities	(25.947)
Net increase/(decrease) in cash and cash equivalents	50.648
Cash and cash equivalents at the beginning of the period	827
Cash and cash equivalents at the end of the period	51.475

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NOTE 22 - 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 corporation tax rate for the fiscal year is 20% in Turkey (2016: 20%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the statement of financial position date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 20% (2016: 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.

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.

22.1 Current Income Tax Assets and Tax Provision

	September 30, 2017	December 31, 2016
Current income tax assets	3.740	12.777
Income tax payable (-)	(5.116)	(2.648)
Net tax (liability)/asset	(1.376)	10.129

	September 30, 2017	September 30, 2016
Balance at January 1	10.129	40.667
Income tax expense (*) (**)	(19.706)	(21.350)
Paid taxes (-)	9.123	8.576
Taxes refunded	-	(26.992)
Other	(922)	(5.259)
Balance at the end of the period	(1.376)	(4.358)

(*) As of September 30, 2016 tax expense due to discontinued operations is TRL 175 (Note 21).

(**) As of September 30, 2016, as a result of the increase in the tax base within the scope of the "Law on Restructuring of Certain Receivables" numbered 6736, there is tax provision and income tax expense related to prior periods amounting TRL 4.168 within the income tax payable and income tax expense of the period.

22.2 Deferred Tax Assets and Liabilities

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

	September 30, 2017	December 31, 2016
Deferred tax asset	147.760	100.688
Deferred tax liability (-)	(24.744)	(23.036)
Total deferred tax asset/(liability), net	123.016	77.652

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NOTE 22 - TAX ASSETS AND LIABILITIES (cont'd)

22.2 Deferred Tax Assets and Liabilities (cont'd)

Movement of net deferred tax asset as of the period ended on September 30, 2017 is as follows:

	Balance December 31, 2016	Recorded to statement of profit or loss	Balance September 30, 2017
Property, plant and equipment, and intangibles, investment property, assets used in renting activities	(17.139)	801	(16.338)
Tax loss carried forward	41.239	38.120	79.359
Employee termination benefit	5.019	(108)	4.911
Inventories	53.296	2.330	55.626
Investment incentive	4.279	33	4.312
Provision for doubtful receivables	479	(360)	119
Hedge accounting	(12.263)	(2.328)	(14.591)
Provision for revenue and distributor bonus	(72)	6.410	6.338
Other	2.814	466	3.280
Net deferred tax asset	77.652	45.364	123.016
Loss on remeasurements of defined benefit plans	-	(64)	-
	77.652	45.300	123.016

The movement of net deferred tax asset as of the period ended on September 30, 2016 is as follows:

	Balance December 31, 2015	Recorded to income statement	Balance September 30, 2016
Property, plant and equipment, and intangibles, investment properties, assets used in renting activities	(42.464)	(20.462)	(62.926)
Tax loss carried forward	19.055	32.402	51.457
Employee termination benefit	4.544	297	4.841
Inventories	48.754	3.383	52.137
Investment incentive	4.284	(25)	4.259
Provision for doubtful receivables	400	328	728
Hedge accounting	(4.475)	(725)	(5.200)
Provision for revenue and distributor bonus	30	4.757	4.787
Other	2.772	4.895	7.667
Net deferred tax asset	32.900	24.850	57.750
Currency translation difference	-	(34)	-
Loss on remeasurements of defined benefit plans	-	(28)	-
Reclassification of discontinued operations	-	156	-
	32.900	24.944	57.750

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NOTE 22 - TAX ASSETS AND LIABILITIES (cont'd)

22.2 Deferred Tax Assets and Liabilities (cont'd)

The redemption schedule of carry forward tax losses which are not subject to deferred tax calculation is as the following:

	September 30, 2017	December 31, 2016
2022	15.403	-
2021	119.739	161.458
2020	19.131	119.233
2019	19.503	79.003
2018	167.430	186.612
2017	-	18.399
	341.206	564.705

Due to the cancellation of the corporate tax in Georgia effective from January 1, 2017, the carry forward tax loss in the amount of TRL 220.209 as of December 31, 2016 is not included in the carry forward tax loss as of September 30, 2017.

22.3 Tax Expense

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Income tax expense (-) (*)	(19.706)	(21.175)	(4.230)	(6.577)
Deferred tax income	45.300	24.944	2.104	16.654
	25.594	3.769	(2.126)	10.077

(*) As of September 30, 2016, as a result of the increase in the tax base within the scope of the "Law on Restructuring of Certain Receivables" numbered 6736, there is income tax expense related to prior periods amounting TRL 4.168 within income tax expense of the period.

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NOTE 23 - RELATED PARTY BALANCES AND TRANSACTIONS

Since Migros, a joint venture of the Company has participated in Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. (“Kipa”) as of March 1, 2017, Kipa is defined as a related party (Note 3). As a result, as of reporting period the Group’s trade receivables due from and trade payables due to Kipa are shown under “due from related parties” and “due to related parties” in the interim condensed consolidated statement of financial position. Trade receivables and payables related to Kipa are shown under “trade receivables, third parties” and “trade payables, third parties” in the consolidated statement of financial position as at December 31, 2016. Transactions made between March 1 – September 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.

23.1 Due from Related Parties

	September 30, 2017	December 31, 2016
Migros (2)	13.209	10.774
Coca-Cola Satış ve Dağıtım A.Ş. (3)	3.269	1.329
Coca-Cola İçecek A.Ş. (3)	3.084	917
JSC Moscow Efes Brewery (Russia) (3)	2.645	2.435
Kipa (3)	2.151	-
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	1.520	3.003
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (3)	1.434	534
Anadolu Efes (1)	1.431	3.937
JSC Efes Kazakhstan Brewery (Kazakhstan) (3)	1.329	979
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	1.267	1.247
Faber-Castell Anadolu LLC (Russia) (2)	1.160	1.454
Anadolu Isuzu (2)	566	997
JSC Lomisi (Georgia) (3)	136	284
Other	679	882
	33.880	28.772

As of September 30, 2017 there is no amount in long term portion of due from related parties (December 31, 2016: None).

23.2 Due to Related Parties

	September 30, 2017	December 31, 2016
Migros (2)	146	308
Efpa (3)	131	11
Other	63	74
	340	393

As of September 30, 2017 there is no amount in long term portion of due to related parties (December 31, 2016: None).

- (1) An associate
- (2) A joint venture
- (3) A Company controlled by an associate
- (4) Shareholder of the Company
- (5) Other

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NOTE 23 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

23.3 Other Payables Due to Related Parties

	September 30, 2017	December 31, 2016
Payables to Shareholders (*)	50.000	-
	50.000	-

(*) The balance consists of cash dividend amounting TRL 50.000 which is planned to be paid before the merger based on the "Anadolu Group Merger" as detailed in Note 25.

23.4 Related Party Transactions

Terms and conditions of transactions with related parties

Outstanding balances at the end of the period are unsecured and interest free. Their settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended September 30, 2017, the Group has not recorded any provisions for doubtful receivables, relating to amounts owned by related parties (December 31, 2016: 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 September 30, 2017 and 2016 are as follows:

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Sales of goods and services, net				
Anadolu Efes (1)	27.117	25.151	6.939	12.640
Efpa (3)	24.421	19.819	9.298	6.016
Efes Breweries International N.V. (3)	21.822	19.437	4.327	6.764
Coca-Cola Satış ve Dağıtım A.Ş. (3)	16.990	14.148	5.684	4.626
Migros (2)	16.719	6.807	11.149	5.566
Anadolu Isuzu (2)	9.650	10.607	2.884	3.505
Anadolu Efes Spor Kulübü (5)	2.215	1.621	496	554
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	1.739	1.637	420	523
ABank (1)	-	6.573	-	2.883
Tarbes Tarım Ürünleri ve Besicilik Sanayi Ticaret A.Ş. (Tarbes) (3) (*)	-	3.948	-	1.319
Other	11.023	10.264	5.412	3.191
	131.696	120.012	46.609	47.587

(*) Tarbes, which was 100% subsidiary of Anadolu Efes has been merged with Anadolu Efes on December 30, 2016.

- (1) An associate
- (2) A joint venture
- (3) A Company controlled by an associate
- (4) Shareholder of the Company
- (5) Other

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NOTE 23 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

23.4 Related Party Transactions (cont'd)

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Purchases of goods, and other charges				
Migros (2)	2.582	1.796	943	971
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	1.851	1.509	400	100
Anadolu Efes Spor Kulübü (5)	995	1.709	-	-
Anadolu Isuzu (2)	4	3.795	4	643
ABank (1)	-	252	-	228
ALease (3)	-	244	-	67
Other	631	341	301	61
	6.063	9.646	1.648	2.070
	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Financial Income/(Expense), Net				
ABank (1)	-	765	-	434
	-	765	-	434
	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Various sales included in other income (includes dividends received)				
Anadolu Isuzu (2)	750	150	224	122
ABank (1)	-	2.819	-	948
AMenkul (3)	-	256	-	86
Other	247	15	241	12
	997	3.240	465	1.168

(1) An associate

(2) A joint venture

(3) A Company controlled by an associate

(4) Shareholder of the Company

(5) Other

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NOTE 23 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

23.4 Related Party Transactions (cont'd)

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 key management personnel include benefits such as wages, seniority, notice indemnity and vacation pay.

The details of benefits provided to the key management personnel for the periods ended on September 30, 2017 and 2016 are as follows:

	January 1- September 30, 2017	January 1- September 30, 2016	July 1- September 30, 2017	July 1- September 30, 2016
Short term benefits provided to key management personnel	21.394	15.257	6.138	2.983
Post-employment benefits	119	2.301	-	831
Total gain	21.513	17.558	6.138	3.814
Social Security employer share	488	347	167	102

Other

The Company and its subsidiaries other than McDonald's and Hamburger are obligated to 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 September 30, 2017, donations amount to TRL 1.851 (September 30, 2016: TRL 1.509).

NOTE 24 - 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.

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NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Fair value measurements

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 which does not contain observable market inputs

	September 30, 2017	Level 1	Level 2	Level 3
Derivative financial assets	73.394	-	73.394	-

	December 31, 2016	Level 1	Level 2	Level 3
Financial assets at fair value through profit/loss	483	483	-	-
Derivative financial assets	61.314	-	61.314	-

Foreign Currency Risk

The Group predominantly operates in Turkey.

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

		Exchange buying rate at December 31, 2016	Average exchange buying rate in the period	Exchange buying rate at September 30, 2017
TRL /USD	Turkey	3,5192	3,5936	3,5521
TRL /EUR	Turkey	3,7099	3,9966	4,1924

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). In addition, AEH, a subsidiary of the Company, performs forward and swap transactions to reduce the cost of foreign currency denominated loans. The Group does not hedge investments, receivables, accounts payables, lease obligations and borrowings denominated in a foreign currency. The Group does not hedge their estimated foreign currency exposure in respect of sales and purchases.

Foreign currency risk arises from the EUR, USD, GBP, JPY, CAD, NOK 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.

YAZICILAR HOLDİNG ANONİM ŞİRKETİ**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017**

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

NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**Financial Risk Management Objectives and Policies (cont'd)****Foreign Currency Risk (cont'd)**

September 30, 2017	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	15.451	1.523	2.395	-	-
2a. Monetary financial assets (cash and cash equivalents included)	113.814	22.407	8.131	28	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	7.400	1.708	313	5	-
4. Current assets (1+2+3)	136.665	25.638	10.839	33	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	2.130	600	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	829	216	15	-	-
8. Non - current assets (5+6+7)	2.959	816	15	-	-
9. Total assets (4+8)	139.624	26.454	10.854	33	-
10. Trade payables	9.912	2.291	419	1	3.512
11. Short - term borrowings and current portion of long - term borrowings	1.048.713	28.865	225.690	-	-
12a. Monetary other liabilities	1.164	288	34	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	1.059.789	31.444	226.143	1	3.512
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	2.327.049	155.543	423.276	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	2.327.049	155.543	423.276	-	-
18. Total liabilities (13+17)	3.386.838	186.987	649.419	1	3.512
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	548.074	709	130.130	-	-
19a. Total hedged assets	548.074	709	130.130	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(2.699.140)	(159.824)	(508.435)	32	(3.512)
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(3.255.443)	(162.457)	(638.893)	27	(3.512)
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	26.489	2.987	3.942	-	-
24. Import	798.407	27.720	173.500	13	166.200

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

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NOTE 24 - 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, 2016	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	8.341	984	1.315	-	-
2a. Monetary financial assets (cash and cash equivalents included)	200.647	43.439	12.874	4	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	1.702	392	83	3	66
4. Current assets (1+2+3)	210.690	44.815	14.272	7	66
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non - current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	210.690	44.815	14.272	7	66
10. Trade payables	19.141	4.612	371	2	50.807
11. Short - term borrowings and current portion of long - term borrowings	913.394	60.110	189.184	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	932.535	64.722	189.555	2	50.807
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	2.123.202	154.402	425.842	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	2.123.202	154.402	425.842	-	-
18. Total liabilities (13+17)	3.055.737	219.124	615.397	2	50.807
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	481.206	1.530	128.257	-	-
19a. Total hedged assets	481.206	1.530	128.257	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(2.363.841)	(172.779)	(472.868)	5	(50.741)
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(2.846.749)	(174.701)	(601.208)	2	(50.807)
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	58.651	3.891	14.054	-	-
24. Import	993.469	41.607	256.352	30	439.780

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NOTE 24 - 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		
September 30, 2017		
	Income/(loss)	Income/(loss)
	Increase of the	Decrease of the
	foreign currency	foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(57.023)	57.023
2- USD denominated hedging instruments(-)	252	(252)
3- Net effect in USD (1+2)	(56.771)	56.771
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(267.712)	267.712
5- Euro denominated hedging instruments(-)	54.555	(54.555)
6- Net effect in Euro (4+5)	(213.157)	213.157
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	14	(14)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	14	(14)
TOTAL (3+6+9)	(269.914)	269.914

Foreign currency position sensitivity analysis		
September 30, 2016		
	Income / (loss)	Income / (loss)
	Increase of the	Decrease of the
	foreign currency	foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(58.151)	58.151
2- USD denominated hedging instruments(-)	1.416	(1.416)
3- Net effect in USD (1+2)	(56.735)	56.735
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(280.255)	280.255
5- Euro denominated hedging instruments(-)	39.665	(39.665)
6- Net effect in Euro (4+5)	(240.590)	240.590
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	3	(3)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	3	(3)
TOTAL (3+6+9)	(297.322)	297.322

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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NOTE 25 - EVENTS AFTER THE REPORTING PERIOD

- A capital increase amounting to TRL 8 Million (full TRL) has been made in MH Perakendecilik, a subsidiary of the Group. The capital increase was registered on October 27, 2017.
- Anadolu Endüstri Holding A.Ş., a subsidiary of the Company has signed the Joint Venture Group Cooperation Protocol ("Protocol") based on the intention to be a potential investor in Turkey's Automotive Project which is carried out under the coordination of the T.R. Ministry of Science, Industry and Technology and the Union of Chambers and Commodity Exchanges of Turkey on November 2, 2017. The purpose of the protocol is to determine the framework of activities that the project requires in the process of incorporation in order to contribute to the goal of the Republic of Turkey be one of the world's top 10 economies; to design, develop, produce, establish the sales and distribution system of a car whose intellectual and industrial property rights belong to a domestic company. The capital, shareholding and management structure of the company to be established will be determined in the future periods depending on the results of the technological and financial analysis studies to be carried out following the signing of the protocol and the relevant developments will be shared with the public.
- AND Ankara Gayrimenkul, a subsidiary of the Group which operates in real estate segment has signed a Revenue Sharing in Return for Land Agreement (Agreement) with Anagün İnşaat A.Ş. on November 2, 2017 in order to develop a project composed of commercial areas on the fixed assets which are registered on Ankara City, Çankaya District, Karakusunlar neighborhood 29322 island, and parcels numbered 14 and 15 on November 2, 2017. According to the agreement, the share of AND Ankara Gayrimenkul is determined as 50% of the sales revenue in return for land share. Development and design studies have started for the project.
- As a result of the negotiations pursuant to the agenda of the Board of Directors Meeting held on November 3, 2017,

Shareholders shall be entitled to receive a profit share of TRL 50.000.000 (full TRL) with a gross amount of 31,25% over the paid capital within the framework of the provisions of the Capital Markets Board's Profit Share Communiqué No. II-19.1 and other regulations from previous year profits (extraordinary reserves) and therefore;

1- Gross (= net) profit share of TRL 0,3125 (full TRL) for 1 share with a nominal value of TRL 1, with a share of 31,25% for shareholders who are full-fledged taxpayer entities,

2- After it was considered appropriate to pay net cash dividend of TRL 0,265625 (full TRL) to real person shareholders for 1 share certificate with a nominal value of TRL 1 (full TRL) with a share of 26,5625% and to start dividend distribution from November 29, 2017, it was decided unanimously to present these matters to our shareholders at the Extraordinary General Meeting to be held.

- At the meeting of the Board of Directors held on November 3, 2017, and pursuant to the Turkish Commercial Code, Capital Market Law, Articles of Incorporation and other related legislation; it was decided that the necessary business transactions to be consummated and that the Extraordinary General Meeting would be held on November 28, 2017 at 14:00 o'clock at the announced address "Esenkent Mahallesi, Deniz Feneri Sokak, No: 4 34776 Ümraniye / İstanbul". The announcements of the meeting will be published in Dünya Newspaper and Hürses Newspaper dated November 10, 2017 and also in the Turkish Trade Registry Gazette.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2017

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

NOTE 25 - EVENTS AFTER THE REPORTING PERIOD (cont'd)

- As a result of the negotiations as per the agenda of the Board of Directors dated November 8, 2017;
 1. Within the scope of the merger maintained as per Board of Directors' decision dated 18 August 2017, it is unanimously decided that the articles of incorporation's below-mentioned articles
 - Article 1 entitled “ESTABLISHMENT”
 - Article 3 entitled “NAME”
 - Article 4 entitled “HEAD OFFICE”
 - Article 7 titled “CAPITAL AND SHARES”
 - Article 9 titled “BOARD OF DIRECTORS”
 - Article 10 entitled “THE TERM OF THE BOARD OF DIRECTORS”
 - Article 11 titled “MEETINGS OF THE BOARD OF DIRECTORS”
 - Article 12 entitled “TRANSFER OF AUTHORIZATION OF REPRESENTATION AND MANAGEMENT”
 - Article 18 entitled “AMENDMENTS TO THE ARTICLES OF ASSOCIATION” to be modified,
 - Article 8 entitled “CERTIFICATES OF SHARE” to be repealed and
 - Articles of Incorporation to be amended by adding Temporary Article 1 as per the amendment draft attached.
 2. It is also decided that pursuant to the Turkish Commercial Code No. 6102, the Capital Markets Law No. 6362 and the “Communiqué on Merger and Division” of the CMB (II-23-2), the attached amendment draft of the Articles of Incorporation, which is subject to the approval of the CMB and the Ministry of Customs and Trade of the Republic of Turkey, to be submitted to the approval of our shareholders at the General Meeting concerning Merger and held by our Board of Directors;
 3. In order to make the relevant applications for the approval of the above-mentioned amendment draft of the Articles of Incorporation by CMB and the Ministry of Customs and Trade, and to make the management of the Company in charge and responsible for the execution of other business transactions related to this purpose.

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