

AG ANADOLU GRUBU HOLDİNG ANONİM ŐİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - SEPTEMBER 30, 2018**

(ORIGINALLY ISSUED IN TURKISH)

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

Interim Condensed Consolidated Financial Statements as at September 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Interim Condensed Consolidated Statements of Financial Position.....	1-2
Interim Condensed Consolidated Statements of Profit or Loss.....	3
Interim Condensed Consolidated Statements of Other Comprehensive Income	4
Interim Condensed Consolidated Statements of Changes in Equity	5
Interim Condensed Consolidated Statements of Cash Flows.....	6
Explanatory Notes to the Interim Condensed Consolidated Financial Statements	7-57
Note 1 Organization and Nature of Activities of the Group	7-10
Note 2 Basis of Presentation of Interim Condensed Consolidated Financial Statements.....	10-19
Note 3 Business Combinations	20-21
Note 4 Segment Reporting.....	22-26
Note 5 Cash and Cash Equivalents	27
Note 6 Borrowings	28-29
Note 7 Investments Accounted Through Equity Method	30-33
Note 8 Property, Plant and Equipment.....	34-35
Note 9 Intangible Assets	36
Note 10 Goodwill.....	37
Note 11 Other Assets and Liabilities.....	37-39
Note 12 Deferred Income.....	39
Note 13 Provisions, Contingent Assets and Liabilities	39-40
Note 14 Commitments	41-42
Note 15 Equity	43-44
Note 16 Income / Expenses from Operating Activities.....	45
Note 17 Income / Expenses from Investing Activities.....	45-46
Note 18 Finance Income	46
Note 19 Finance Expense.....	46
Note 20 Tax Assets and Liabilities	47-49
Note 21 Related Party Balance and Transactions	49-51
Note 22 Nature and Level of Risks Arising from Financial Instruments	52-56
Note 23 Events After the Reporting Period.....	57

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**

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

ASSETS	Notes	Not Reviewed	Audited
		September 30, 2018	December 31, 2017
Cash and Cash Equivalents	5	9.226.849	5.800.315
Financial Investments		16.764	107.946
Trade Receivables		3.899.483	2.309.203
- Due from Related Parties	21.1	354.006	259.589
- Trade Receivables, Third Parties		3.545.477	2.049.614
Other Receivables		68.052	107.954
- Other Receivables, Third Parties		68.052	107.954
Derivative Financial Assets		182.968	64.521
Inventories		3.459.630	2.122.397
Prepaid Expenses		718.481	461.248
Current Income Tax Assets	20.1	210.362	132.368
Other Current Assets	11.1	1.109.092	874.144
TOTAL CURRENT ASSETS		18.891.681	11.980.096
Financial Investments		372	342
Trade Receivables		3.130	5.851
- Trade Receivables, Third Parties		3.130	5.851
Other Receivables		67.151	25.682
- Other Receivables, Third Parties		67.151	25.682
Derivative Financial Assets		275.313	30.572
Investments Accounted Through Equity Method	7	1.621.631	2.333.170
Investment Property		332.302	307.941
Property, Plant and Equipment	8	12.555.677	8.356.588
Intangible Assets		20.762.343	12.339.782
- Goodwill	10	7.518.073	1.834.897
- Other Intangible Assets	9	13.244.270	10.504.885
Prepaid Expenses		395.501	354.888
Deferred Tax Assets	20.2	1.619.863	551.155
Other Non-Current Assets	11.2	1.835.322	1.781.316
TOTAL NON-CURRENT ASSETS		39.468.605	26.087.287
TOTAL ASSETS		58.360.286	38.067.383

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

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017**

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

LIABILITIES	Notes	Not Reviewed	Audited
		September 30, 2018	December 31, 2017
Short-Term Borrowings	6	3.796.849	1.488.820
Current Portion of Long-Term Borrowings	6	6.721.364	4.189.616
Trade Payables		5.131.682	2.231.604
- Due to Related Parties	21.2	21.854	726
- Trade Payables, Third Parties		5.109.828	2.230.878
Employee Benefit Obligations	13.1	125.072	94.506
Other Payables		1.485.650	882.812
- Other Payables, Third Parties		1.485.650	882.812
Derivative Financial Liabilities		1.389	-
Deferred Income	12.1	529.327	481.042
Income Tax Payable	20.1	135.585	7.826
Short-Term Provisions		289.028	151.619
- Short-Term Provisions for the Employee Benefits	13.2	245.967	127.731
- Other Short-Term Provisions	13.3	43.061	23.888
Other Current Liabilities	11.3	44.300	24.217
TOTAL CURRENT LIABILITIES		18.260.246	9.552.062
Long-Term Borrowings	6	10.797.050	8.434.084
Trade Payables		38.343	35.180
- Trade Payables, Third Parties		38.343	35.180
Other Payables		394.051	349.032
- Other Payables, Third Parties		394.051	349.032
Deferred Income	12.2	26.921	21.508
Long-Term Provisions		195.602	167.865
- Long-Term Provisions for the Employee Benefits	13.2	195.602	167.865
Deferred Tax Liability	20.2	2.340.684	1.915.078
Other Non-Current Liabilities	11.4	274.462	165.512
TOTAL NON-CURRENT LIABILITIES		14.067.113	11.088.259
TOTAL LIABILITIES		32.327.359	20.640.321
EQUITY			
Equity Attributable to Equity Holders of the Parent		5.891.964	5.751.148
Paid-in Share Capital	15	243.535	243.535
Inflation Adjustments on Capital		65.771	65.771
Share Premium (Discounts)		1.200.135	1.319.349
Effects of Business Combinations Under Common Control		(7.145)	(7.145)
Put Option Revaluation Fund Related With Non-Controlling Interests		10.603	8.728
Other Comprehensive Income (Loss) Not To Be Reclassified to Profit or Loss		180.777	(16.875)
- Revaluation and Remeasurement Gain (Loss)		180.777	(16.875)
- Income (Loss) on Remeasurements of Defined Benefit Plans		(22.231)	(16.875)
- Other Revaluation and Remeasurement Gain (Loss)		203.008	-
Other Comprehensive Income (Loss) To Be Reclassified to Profit or Loss		2.162.576	1.113.973
- Currency Translation Differences		2.991.095	1.101.588
- Gains (Losses) on Hedge		(828.519)	12.385
Restricted Reserves Allocated From Net Profit	15	846.793	909.511
Retained Earnings	15	2.585.737	2.244.351
Net Profit or Loss		(1.396.818)	(130.050)
Non-Controlling Interests		20.140.963	11.675.914
TOTAL EQUITY		26.032.927	17.427.062
TOTAL LIABILITIES AND EQUITY		58.360.286	38.067.383

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

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

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

	Notes	Not Reviewed		Not Reviewed	
		January 1- September 30, 2018	Restated (Note 2) January 1- September 30, 2017	July 1- September 30, 2018	Restated (Note 2) July 1- September 30, 2017
Revenue		18.417.889	13.220.174	7.810.393	5.212.671
Cost of Sales		(11.911.379)	(8.700.643)	(4.983.106)	(3.395.884)
GROSS PROFIT (LOSS)		6.506.510	4.519.531	2.827.287	1.816.787
General Administrative Expenses		(1.325.509)	(843.454)	(514.564)	(273.605)
Marketing Expenses		(3.309.158)	(2.366.191)	(1.329.140)	(860.447)
Research and Development Expenses		(3.485)	(2.891)	(968)	(835)
Other Operating Income	16.1	419.336	258.912	208.431	68.776
Other Operating Expenses	16.2	(561.147)	(222.093)	(295.642)	(51.034)
Gain (Loss) from Investments Accounted Through Equity Method	7	(765.786)	327.353	(440.451)	(47.779)
OPERATING INCOME (LOSS)		960.761	1.671.167	454.953	651.863
Income from Investing Activities	17.1	32.160	66.173	13.254	27.644
Expenses from Investing Activities	17.2	(28.069)	(19.701)	(6.252)	(8.000)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		964.852	1.717.639	461.955	671.507
Financial Income	18	2.840.341	843.429	1.679.046	223.325
Financial Expenses	19	(4.958.872)	(1.653.119)	(2.758.239)	(569.960)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(1.153.679)	907.949	(617.238)	324.872
Tax (Expense) Income from Continuing Operations		(154.771)	(139.071)	(153.939)	(65.664)
- Current Period Tax (Expense) Income	20.3	(304.512)	(182.786)	(136.185)	(75.599)
- Deferred Tax (Expense) Income	20.3	149.741	43.715	(17.754)	9.935
NET INCOME (LOSS)		(1.308.450)	768.878	(771.177)	259.208
Attributable to:					
- Non-Controlling Interests		88.368	461.414	(7.581)	290.854
- Equity Holders of the Parent		(1.396.818)	307.464	(763.596)	(31.646)
Earnings / (Loss) per share (full TRL)		(5,74)	1,65	(3,14)	(0,17)
- Earnings / (Loss) per share from continuing operations (full TRL)		(5,74)	1,65	(3,14)	(0,17)

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

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

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

	Not Reviewed		Not Reviewed	
	January 1- September 30, 2018	Restated (Note 2) January 1- September 30, 2017	July 1- September 30, 2018	Restated (Note 2) July 1- September 30, 2017
NET PROFIT (LOSS)	(1.308.450)	768.878	(771.177)	259.208
OTHER COMPREHENSIVE INCOME				
Items Not To Be Reclassified To Profit or Loss	195.504	(9.366)	(85.555)	(2.952)
- Remeasurement Gain (Loss) from Defined Benefit Plans	(6.516)	(12.153)	(4.613)	(3.720)
- Share of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified to Profit or Loss	(2.291)	356	(2.291)	24
- Other Components of Other Comprehensive Income that will Not To Be Reclassified to Other Profit or Loss	260.267	-	(102.017)	-
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	(55.956)	2.431	23.366	744
- Deferred Tax (Expense) Income	(55.956)	2.431	23.366	744
Items To Be Reclassified To Profit or Loss	5.874.801	164.930	3.945.664	94.794
- Currency Translation Differences	7.263.889	221.515	4.996.140	123.725
- Other Comprehensive Income (Loss) on Cash Flow Hedge	602.400	(77.163)	327.266	(35.173)
- Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations (Note 22)	(2.418.077)	-	(1.695.635)	-
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified to Profit or Loss	37.671	5.145	23.634	(793)
- Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss	388.918	15.433	294.259	7.035
- Deferred Tax (Expense) Income	388.918	15.433	294.259	7.035
OTHER COMPREHENSIVE INCOME (LOSS)	6.070.305	155.564	3.860.109	91.842
TOTAL COMPREHENSIVE INCOME (LOSS)	4.761.855	924.442	3.088.932	351.050
Attributable to:				
- Non-controlling Interest	4.912.418	544.282	3.299.078	347.310
- Equity Holders of the Parent	(150.563)	380.160	(210.146)	3.740

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

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

						Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss		Other Comprehensive Income or Expense To Be Reclassified To Profit or Loss		Retained Earnings					Equity
	Paid-in Capital	Inflation Adjustments on Capital	Share Premium/Discount	Effects of Business Combinations Under Common Control	Put Option Revaluation Fund Related With Non-Controlling Interests	Profit / Loss on Remeasurements of Defined Benefit Plans	Other Revaluation and Remeasurement Gain (Loss) (***)	Currency Translation Differences	Gain / Loss on Hedge	Restricted Reserves Allocated from Net Profit	Retained Earnings	Net Profit/ Loss	Attributable to Equity Holders of the Parent	Non-Controlling Interests	
Balances as of January 1, 2017	182.000	65.771	1.360.483	-	8.577	(12.766)	-	767.558	25.109	434.424	3.254.567	(376.046)	5.709.677	10.984.043	16.693.720
Transfers	-	-	(3.739)	-	-	-	-	-	-	450.771	(823.078)	376.046	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(4.266)	-	92.512	(15.550)	-	-	307.464	380.160	544.282	924.442
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	307.464	307.464	461.414	768.878
Other Comprehensive Income (Expense)	-	-	-	-	-	(4.266)	-	92.512	(15.550)	-	-	-	72.696	82.868	155.564
Capital Increase	4.000	-	-	-	-	-	-	-	-	-	(4.000)	-	-	346	346
Effects of Business Combinations Under Common Control (Note 2)	-	-	-	-	-	-	-	-	-	-	(26.406)	-	(26.406)	-	(26.406)
Dividends	-	-	(37.395)	-	-	-	-	-	-	-	(77.605)	-	(115.000)	(130.261)	(245.261)
Transactions With Non-Controlling Interests	-	-	-	-	-	-	-	-	-	-	(513)	-	(513)	1.604	1.091
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	(170)	-	-	-	-	-	-	-	(170)	170	-
Balances as of September 30, 2017 (Restated (Note 2))	186.000	65.771	1.319.349	-	8.407	(17.032)	-	860.070	9.559	885.195	2.322.965	307.464	5.947.748	11.400.184	17.347.932
Balances as of January 1, 2018	243.535	65.771	1.319.349	(7.145)	8.728	(16.875)	-	1.101.588	12.385	909.511	2.244.351	(130.050)	5.751.148	11.675.914	17.427.062
Transfers	-	-	(10.767)	-	-	-	-	-	-	-	(119.283)	130.050	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(5.356)	203.008	1.889.507	(840.904)	-	-	(1.396.818)	(150.563)	4.912.418	4.761.855
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	(1.396.818)	(1.396.818)	88.368	(1.308.450)
Other Comprehensive Income (Expense)	-	-	-	-	-	(5.356)	203.008	1.889.507	(840.904)	-	-	-	1.246.255	4.824.050	6.070.305
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	46.196	46.196
Dividends	-	-	(108.447)	-	-	-	-	-	-	-	-	-	(25.000)	(279.697)	(304.697)
Acquisition or Disposal of a Subsidiary (**)	-	-	-	-	-	-	-	-	-	-	-	-	-	4.143.067	4.143.067
Increase/decrease through changes in ownership interests in subsidiaries that do not result in loss of control (**)	-	-	-	-	-	-	-	-	-	-	355.060	-	355.060	(355.060)	-
Transactions With Non-Controlling Interests	-	-	-	-	-	-	-	-	-	(62.718)	22.162	-	(40.556)	-	(40.556)
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	1.875	-	-	-	-	-	-	-	1.875	(1.875)	-
Balances as of September 30, 2018	243.535	65.771	1.200.135	(7.145)	10.603	(22.231)	203.008	2.991.095	(828.519)	846.793	2.585.737	(1.396.818)	5.891.964	20.140.963	26.032.927

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

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

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

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

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

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

	Notes	Not Reviewed	
		January 1- September 30, 2018	Restated (Note 2) January 1- September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		3.083.787	792.373
Profit / (Loss)		(1.308.450)	768.878
Adjustments to Reconcile Profit (Loss)		4.389.178	1.528.464
Adjustments for Depreciation and Amortisation Expense		1.057.939	807.829
Adjustments for Impairment Loss (Reversal of Impairment Loss)		42.352	25.961
- Adjustments for Impairment Loss (Reversal) of Receivables		15.587	9.198
- Adjustments for Impairment Loss (Reversal) of Inventories		10.528	5.158
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment		16.237	11.605
Adjustments for Provisions		98.209	46.330
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		70.378	44.716
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions		373	(8.210)
- Adjustments for (Reversal of) Warranty Provisions		10.790	6.973
- Adjustments for (Reversal of) Other Provisions		16.668	2.851
Adjustments for Interest (Income) and Expenses		665.440	327.621
Adjustments for Unrealised Foreign Exchange Differences		1.853.385	610.855
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	7	765.786	(327.353)
Adjustments for Tax (Income) Expense	20.3	154.771	139.071
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		(17.097)	(13.531)
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	17.1,17.2	(17.097)	(13.531)
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	17.1,17.2	-	(21.239)
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations		-	(19.145)
Other Adjustments to Reconcile Profit (Loss)		(231.607)	(47.935)
Adjustments for Working Capital		121.965	(1.387.793)
Decrease (Increase) in Financial Investments		8.806	(4.195)
Adjustments for Decrease (Increase) in Trade Accounts Receivables		(1.342.927)	(1.004.719)
Adjustments for Decrease (Increase) in Other Operating Receivables		1.156	2.240
Adjustments for Decrease (Increase) in Inventories		(1.023.022)	(409.245)
Adjustments for Increase (Decrease) in Trade Accounts Payables		1.944.554	434.224
Adjustments for Increase (Decrease) in Other Operating Payables		626.336	386.203
Increase (Decrease) in Deferred Income		53.698	167.293
Other Adjustments for Increase (Decrease) in Working Capital		(146.636)	(959.594)
- Decrease (Increase) in Other Assets Related with Operations		(242.647)	(443.659)
- Increase (Decrease) in Other Liabilities Related with Operations		96.011	(515.935)
Cash Flows from Operations		3.202.693	909.549
Payments Related with Provisions for Employee Benefits		(31.026)	(33.488)
Payments Related with Other Provisions		(8.658)	(7.490)
Income Taxes Refund (Paid)		(79.222)	(76.198)
CASH FLOWS FROM INVESTING ACTIVITIES		(904.152)	(623.658)
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		(58.656)	(17.845)
Cash Inflows Caused by Sale of Shares or Debt Instruments of Other Entities or Funds		-	442
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		58.390	61.717
Purchase of Property, Plant, Equipment and Intangible Assets		(1.179.876)	(700.714)
Other Cash Inflows (Outflows)		275.990	(22.880)
CASH FLOWS FROM FINANCING ACTIVITIES		(949.107)	2.104.581
Proceeds from Issuing Shares or Other Equity Instruments		46.196	346
Proceeds from Borrowings		11.008.682	7.372.765
Repayments of Borrowings		(11.040.852)	(4.698.630)
Proceeds (Repayments) from Future Contracts, Forward Contracts, Option Contracts and Swap Contracts		(120.872)	(77.235)
Dividends Paid		(304.697)	(245.261)
Interest Paid		(777.524)	(348.152)
Interest Received		239.960	100.748
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		1.230.528	2.273.296
Effect of Exchange Rate Changes on Cash and Cash Equivalents		2.189.349	(55.076)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		3.419.877	2.218.220
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	5.789.520	3.285.070
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		9.209.397	5.503.290

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2018

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP

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

14,16% of shares of AG Anadolu Grubu Holding A.Ş. (“Company” or “AGHOL”) are traded in Borsa İstanbul A.Ş. (“BİST”).

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

The interim condensed consolidated financial statements as of September 30, 2018 are authorized for issue by the Board of Directors on November 8, 2018 and are approved by the Finance President Can Çaka and the Finance Coordinator Volkan Harmandar on behalf of Board of Directors. General Assembly has the right to change the financial statements after the consolidated financial statements are issued.

Activities of the Group

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

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

The average number of personnel of the Group for the period ended at September 30, 2018 is 25.222 (December 31, 2017: 21.811).

List of Shareholders

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

	September 30, 2018		December 31, 2017	
	Paid Capital	(%)	Paid Capital	(%)
AG Sınai Yatırım ve Yönetim A.Ş. (*)	118.474	48,65	59.237	24,32
AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. (*)	-	-	59.237	24,32
Other Yazıcı Family Members (*)	47.284	19,41	47.443	19,48
Özilhan Family (*)	24.293	9,98	24.293	9,98
Süleyman Kamil Yazıcı and his Family (*) (***)	19.000	7,80	18.988	7,80
Publicly traded (**)	34.483	14,16	34.332	14,10
Other	1	0,00	5	0,00
Paid-in share capital - historical	243.535	100,00	243.535	100,00
Inflation adjustment on capital	65.771		65.771	
Total share capital	309.306		309.306	

(*) As of September 30, 2018, 28,65% of AG Sınai Yatırım ve Yönetim A.Ş. shares amounting TRL 69.767 and all of the shares of Other Yazıcı Family Members, Özilhan Family, Süleyman Kamil Yazıcı and his Family and other are publicly issued but not traded on the stock exchange. In accordance with the decisions of the board of directors dated March 7, 2018, AG Sınai Yönetim Yönetim A.Ş. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. merged on March 29, 2018.

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

(***) TRL 218 of TRL 19.000 belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş.. Anadolu Ecopack Üretim ve Pazarlama A.Ş.’s 100,00% shares belong to Süleyman Kamil Yazıcı and his Family.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
 SEPTEMBER 30, 2018**

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

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

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at September 30, 2018 and December 31, 2017 as follows:

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%)	
				September 30, 2018	December 31, 2017
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) (1)	Turkey	Production and sales of Isuzu branded commercial vehicles	Automotive	55,40	55,40
Anadolu Efes Biraçılık ve Malt San. A.Ş. (Anadolu Efes) (1) (2)	Turkey	Production, bottling, distribution and sales of beer, carbonated and non-carbonated beverages	Beverage-Beer	43,05	43,05
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Kia motor vehicles and motor vehicle renting	Automotive	100,00	100,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	100,00	100,00
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Inactive	Automotive	100,00	100,00
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik)	Turkey	Inactive	Automotive	51,00	51,00
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (1)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	Retailing	56,89	56,89
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü)	Turkey	Distribution of the products of Adel and other imported stationery products	Retailing	73,17	73,17
Efestur Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of travelling and organization facilities	Retailing	100,00	100,00
Anadolu Bilişim Hizmetleri A.Ş. (ABH)	Turkey	IT, internet and e-commerce services	Other	99,38	99,38
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	Other	100,00	100,00
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management	Retailing	100,00	100,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger) (3)	Turkey	Restaurant chain management	Retailing	-	100,00
Artı Anadolu Danışmanlık A.Ş. (Artı Anadolu)	Turkey	Inactive	Other	100,00	100,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Import, distribution and marketing of motor vehicles	Automotive	100,00	100,00
Anadolu Termik Santralleri Elektrik Üretim A.Ş. (Anadolu Termik)	Turkey	Production of electricity (Investment in progress)	Other	100,00	100,00
AES Elektrik Enerjisi Toptan Satış A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity	Other	100,00	100,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	100,00	100,00
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Other	89,19	89,19
Georgia Urban Enerji Ltd. (GUE)	Georgia	Production and sale of electricity	Other	80,27	80,27
AND Anadolu Gayrimenkul Yatırımları A.Ş. (AND Anadolu Gayrimenkul)	Turkey	Purchase, sale, rental and management of real estate	Other	100,00	100,00
AND Ankara Gayrimenkul Yatırımları A.Ş. (AND Ankara Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	100,00	100,00
AND Kartal Gayrimenkul Yatırımları A.Ş. (AND Kartal Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	100,00	100,00
Kheledula Enerji Ltd. (Kheledula)	Georgia	Production and sale of electricity (Investment in progress)	Other	89,19	89,19
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik)	Turkey	Retailing	Other	100,00	100,00

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

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

(3) Hamburger Restoran İşletmeleri A.Ş. has been taken over by Anadolu Restoran İşletmeleri Ltd. Şti. as a whole and merged with this company on June, 29 2018, with all its assets and liabilities.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
 SEPTEMBER 30, 2018**

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

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

List of Subsidiaries (cont'd)

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%)	
				September 30, 2018	December 31, 2017
Ant Sınai ve Tic. Ürünleri Paz. A.Ş. (5)	Turkey	Purchase and sale of spare parts	Automotive	55,40	55,40
Efes Breweries International N.V. (EBI) (6)	The Netherlands	Holding company that facilitates Anadolu Efes' foreign investments in breweries	Beverage-Beer	43,05	43,05
AB InBev Efes B.V. (6) (8)	The Netherlands	Investment Company	Beverage-Beer	21,53	43,05
JSC Moscow-Efes Brewery (Efes Moscow) (6) (7)	Russia	Production and marketing of beer	Beverage-Beer	21,53	43,05
LLC Vostok Solod (6)	Russia	Production of malt	Beverage-Beer	21,53	43,05
LLC Efes Solod (6)	Russia	Production of malt	Beverage-Beer	21,53	43,05
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (6) (7)	Germany	Investment company	Beverage-Beer	21,53	43,05
JSC Sun InBev (6) (7)	Russia	Production and marketing of beer	Beverage-Beer	21,53	-
LLC Inbev Trade (6)	Russia	Production of malt	Beverage-Beer	21,53	-
PJSC Sun InBev Ukraine (6) (7)	Ukraine	Production and marketing of beer	Beverage-Beer	21,21	-
Bevmar GmbH (6) (7)	Germany	Investment Company	Beverage-Beer	21,53	-
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) (6)	Kazakhstan	Production and marketing beer	Beverage-Beer	43,05	43,05
International Beers Trading LLP (IBT) (6)	Kazakhstan	Marketing of beer	Beverage-Beer	43,05	43,05
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) (6)	Moldova	Production of beer and low alcoholic drinks	Beverage-Beer	41,70	41,69
JSC Lomisi (Efes Georgia) (6)	Georgia	Production and marketing and of beer and carbonated soft drinks	Beverage-Beer	43,05	43,05
PJSC Efes Ukraine (Efes Ukraine) (6)	Ukraine	Production and marketing of beer	Beverage-Beer	43,02	43,02
Efes Trade BY FLCC (Efes Belarus) (6)	Belarus	Market development	Beverage-Beer	43,05	43,05
Efes Holland Technical Management Consultancy B.V. (EHTMC) (6)	The Netherlands	Leasing of intellectual property and similar products	Beverage-Beer	43,05	43,05
LLC Efes Ukraine (6)	Ukraine	Selling and distribution of beer	Beverage-Beer	43,05	43,05
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (6)	Turkey	Marketing and distribution company of Anadolu Efes	Beverage-Beer	43,05	43,05
Cypex Co. Ltd. (Cypex) (6)	Northern Cyprus	Marketing and distribution of beer	Beverage-Beer	43,05	43,05
Efes Deutschland GmbH (Efes Germany) (6)	Germany	Marketing and distribution of beer	Beverage-Beer	43,05	43,05
Coca-Cola İçecek A.Ş. (CCİ) (4) (6)	Turkey	Production of Coca-Cola products	Beverage-Soft Drink	21,64	21,64
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) (6)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Beverage-Soft Drink	21,63	21,63
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) (6)	Turkey	Filling and selling of natural spring water	Beverage-Soft Drink	21,64	21,64
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) (6)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Beverage-Soft Drink	21,64	21,64
Tonus Turkish-Kazakh Joint Venture LLP (Tonus) (6)	Kazakhstan	Investment company of CCİ	Beverage-Soft Drink	21,64	21,64
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) (6)	Azerbaijan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	21,61	21,61
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) (6)	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	21,64	21,64
CCI International Holland B.V. (CCI Holland) (6)	The Netherlands	Investment company of CCİ	Beverage-Soft Drink	21,64	21,64
CC for Beverage Industry Limited (CCBL) (6)	Iraq	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	21,64	21,64
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC) (6)	Jordan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	19,47	19,47
Coca-Cola Beverages Pakistan Ltd (CCBPL) (6)	Pakistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	10,75	10,75
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) (6)	Turkmenistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	12,87	12,87
Waha Beverages B.V. (6)	The Netherlands	Investment company of CCİ	Beverage-Soft Drink	17,32	17,32
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha) (6)	Iraq	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	17,32	17,32
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tajikistan) (6)	Tajikistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	21,64	21,64

(4) CCI shares are quoted in BIST.

(5) Subsidiary of Anadolu Isuzu.

(6) Subsidiary of Anadolu Efes.

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

(8) Details given in Note 3, on March 29, 2018 EBI's all beer operations in Russia, whose 100% shares are owned by Anadolu Efes and AB InBev's all beer operations in Russia and Ukraine, has been merged under AB InBev Efes BV (AB InBev Efes) as 50%-50% ownership of Anadolu Efes and AB InBev. As a result of this process, the Group's share in AB Inbev Efes B.V. has been 21,53%.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

Joint Ventures

The joint ventures included in consolidation by equity method and its shareholding percentages at September 30, 2018 and December 31, 2017 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			September 30, 2018	December 31, 2017
Migros Ticaret A.Ş. (Migros) (*)	Turkey	Sales of food and beverage and durable goods	50,00	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Turkey	Tractor production	50,00	50,00
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	33,33	33,33
LLC Faber-Castell Anadolu	Russia	Trading of all kinds of stationery	28,44	28,44
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap) (**)	Turkey	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	15,53	14,35
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	10,82	10,82
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (***)	Turkey	Development, production and trade of all kinds of electrical motor vehicles	19,00	-

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

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

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

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

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

In the scope of the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), the Group has prepared interim condensed consolidated financial statements as at September 30, 2018 in accordance with TAS 34, "Interim Financial Reporting". The interim condensed consolidated financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

Basis of Preparation of Financial Statements (cont'd)

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

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

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

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

Comparative Information and Restatement of Prior Period Financial Statements

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

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

Therefore, the interim consolidated statement of profit or loss for the period ended September 30, 2017 has been restated. Anadolu Isuzu and Anadolu Efes, which were accounted through equity method in formerly Yazıcılar Holding A.Ş., with its corporate name AGHOL, have been started to be consolidated according to the full consolidation method after the merger.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

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

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

	January 1 - September 30, 2017
Consolidated net profit of Yazıcılar (1)	293.578
Net profit of the companies included in the merger (2)	667.179
Changes in share of gain/loss from investments accounted through the equity method (3)	(193.826)
Other	1.947
AGHOL restated net profit for the period	768.878

- (1) Represents the net profit in the interim condensed consolidated financial statements prepared by Yazıcılar as of September 30, 2017 and published on Public Disclosure Platform ("PDP") on November 9, 2017.
- (2) The balance consists of net profit of Anadolu Efes amounting TRL 596.526, net loss of Anadolu Isuzu amounting TRL 32.041 and net profit of Özilhan amounting TRL 102.694 for the period ended September 30, 2017.
- (3) Refers to the sum of shares of profits/losses of entities that are fully consolidated in AGHOL but have been previously accounted through the equity method in Yazıcılar and Özilhan.

Seasonality of Operations

Due to higher consumption of beverage during the summer season, the interim condensed consolidated financial statements of Anadolu Efes, a subsidiary of the Group, may include the effects of the seasonal variations. Therefore, the results of Beverage group for the first nine months up to September 30, 2018 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

Adel, a subsidiary of the Group, starts sales campaigns for specific products at the beginning of each year and then carries out "dealer fairs" for the sales of the brands produced and imported in February. At these sales campaigns and dealer fairs, cheques are received in the amount of orders from the customers and the received orders are met in the first half of the year.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

New standards and interpretations

a) Amendments and interpretations applicable as of year 2018

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

TFRS 9 Financial Instruments

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

Key requirements of TFRS 9:

- All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

New standards and interpretations (cont'd)

TFRS 9 Financial Instruments (cont'd)

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

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

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

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

New standards and interpretations (cont'd)

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

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

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

TFRS Interpretation 22 *Foreign Currency Transactions and Advance Consideration*

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

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

The Interpretations Committee came to the following conclusion:

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

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

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

The amendments to TAS 40:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a)–(d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

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

Annual Improvements to TFRS Standards 2014–2016 Cycle

- **TFRS 1:** Deletes the short-term exemptions in paragraphs E3-E7 of TFRS 1, because they have now served their intended purpose.
- **TAS 28:** Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

New standards and interpretations (cont'd)

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

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

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

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

TFRS 16 Leases

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

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

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

TFRS Interpretation 23 Uncertainty over Income Tax Treatments

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

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

Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the comparative period are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively. The Group’s changes in accounting policies in the current year are as follows:

Transition to TFRS 9 Financial instruments

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

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

IFRS 9 Financial Instruments Standard: Classification and Measurement

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

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

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

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

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

Impairment

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

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

Transition to IFRS 15 Revenue from Contracts with Customers

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

Revenue recognition

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

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

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

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

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

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

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

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

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

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

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

Çelik Motor, a subsidiary of the Group, recognizes assets used in renting activities at fair value on a prospective basis in the context of TAS 16, a revaluation model. The fair value of assets is determined based on the average sales prices in the market and sales prices of the vehicles sold through İkinciye.com in previous periods, the estimates made by Çelik Motor Management using independent data and valuation studies conducted by Türkiye Sınai ve Kalkınma Bankası A.Ş.. In this context, revaluations are made every three months utilizing reliable and independent data sources. As of September 30, 2018, valuation was also calculated under this policy and revaluation increase of TRL 203.008 after deferred tax was recognized under Revaluation and Remeasurement Gain (Loss). As of September 30, 2018, the net book value of the assets used in operational leasing before valuation amounts to TRL 2.022.091.

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

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

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

NOTE 3 - BUSINESS COMBINATIONS

Transactions for the period of September 30, 2018

Business combination

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

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

As a result of this merger, ABI InBev Efes's direct effective shareholding and voting rights have been 100,00%, 98,34% and 100,00% on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH respectively (Anadolu Efes' share 50,00%, 49,17% and 50,00%). In accordance with the clauses of the shareholders agreement between EBI and AB InBev, EBI has acquired the control on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. Accordingly; JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH have been consolidated in consolidated financial statements of the Group for the period ended September 30, 2018.

Additionally, as a result of this merger ABI InBev Efes's direct effective shareholding and voting rights have been 100% in Efes Moscow and Euro-Asien. Accordingly, Anadolu Efes' share in these subsidiaries have been changed to 50,00% with retained control (Before this merger, the effective shareholding and voting rights were 100% for these two companies). In accordance with TFRS 10, as a result of the change in effective shareholding rates in Efes Moscow and Euro-Asien with retained control, TRL 824.763 amount has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated interim financial statements of Anadolu Efes (Group's share amounts to TRL 355.060).

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

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

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

In June 2018, AB Inbev made a cash payment of Million USD 39,4 to EBI regarding to the commitments determined within the scope of this business combination (equivalent TRL 179.856).

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to IFRS 3 "Business Combinations" is in progress. IFRS 3 "Business Combinations" permits fair value appraisal works to be completed in one year period. The Group has accounted the acquisition based on the carrying values of identifiable assets, liabilities and contingent liabilities on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH's financial statements at the acquisition date in accordance with IFRS 3 "Business Combinations". The difference between the total consideration of business combination and Anadolu Efes's share in the carrying value of acquiree's identifiable assets, liabilities and contingent liabilities amounting to TRL 3.750.873. Provisional goodwill arising from acquisition is temporarily recorded as goodwill in the condensed consolidated interim financial statements as of September 30, 2018.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
 SEPTEMBER 30, 2018**

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

NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the period of September 30, 2018 (cont'd)

Business combination (cont'd)

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

	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	JSC Sun InBev	PJSC Sun InBev Ukraine	Bevmar GmbH
Cash and Cash Equivalents	13.759	11.774	1.985	-
Trade and Other Receivables	231.333	203.884	27.449	-
Due from Related Parties	26.259	24.183	4.703	277.237
Inventories	286.496	232.342	54.154	-
Other Current Assets	48.660	25.439	23.222	-
Tangible Assets	908.270	635.092	273.178	-
Intangible Assets	68.380	66.200	2.180	-
Other Non - Current Assets	281	252	29	-
Deferred Tax Assets	338.416	286.932	51.484	-
Financial Liabilities to Related Parties	(596.047)	(873.201)	-	-
Financial Liabilities to Third Parties	(120.293)	-	(119.938)	(355)
Trade payables	(748.718)	(560.950)	(187.768)	-
Due to Related Parties	(194.070)	(129.307)	(67.230)	(244)
Other Liabilities	(184.569)	(123.948)	(60.621)	-
Carrying Value of Net Assets Acquired	78.157	(201.308)	2.827	276.638
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Group's share in Net Assets	78.110	(201.308)	2.781	276.638
Total consideration	4.143.067			
Shareholder loans transferred, net	(134.228)			
Cash inflows due to commitments determined within the scope of the business combination	(179.856)			
Group's share in Net Assets	(78.110)			
Provisional goodwill arising from acquisition (Note 10)	3.750.873			

Transactions for the year of 2017

Migros, in line with its long-term growth strategy, signed a share sale and purchase agreement with Tesco Overseas Investments Limited (the "Seller") on June 10, 2016 to purchase approximately 95,50% of the shares of Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. ("Kipa") owned by the Seller. According to the share sale and purchase agreement and the latest financial statements of Kipa released on February 29, 2016, the purchase price of the relevant shares was TRL 302.287 as of the date of the agreement (June 10, 2016). To obtain the necessary legal permit, Migros applied to the Competition Authority on June 21, 2016 and the application was approved on February 9, 2017. According to the annual closing statement of financial position of Kipa dated on February 28, 2017, the purchase price of the shares was TRL 199.012. As of March 1, 2017 Migros has taken over the management of Kipa.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF
SEPTEMBER 30, 2018**

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

NOTE 4 - SEGMENT REPORTING

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

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

NOTE 4- SEGMENT REPORTING (cont'd)

January 1 - September 30, 2018	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	5.925.174	8.739.155	2.664.852	950.437	159.061	(20.790)	18.417.889	13.793.931	31.734.822
Inter-segment sales	(19.854)	(554)	35.072	16.017	87.944	(118.625)	-	-	-
Total Sales	5.905.320	8.738.601	2.699.924	966.454	247.005	(139.415)	18.417.889	13.793.931	31.734.822
GROSS PROFIT(LOSS)	2.658.846	3.070.170	548.212	221.607	108.828	(101.153)	6.506.510	3.826.889	10.298.640
Operating expenses	(2.455.860)	(1.820.532)	(232.687)	(129.645)	(107.881)	108.453	(4.638.152)	(3.243.601)	(7.869.008)
Other operating income (expenses), net	(27.081)	22.429	(98.329)	(6.994)	(14.662)	(17.174)	(141.811)	(282.213)	(424.358)
Gain (loss) from the investments accounted through equity method (*)	(70.238)	(306)	(15.955)	(643)	(678.644)	-	(765.786)	-	(157.853)
OPERATING INCOME (LOSS)	105.667	1.271.761	201.241	84.325	(692.359)	(9.874)	960.761	301.075	1.847.421
Income (expense) from investing activities, net	108.001	(9.966)	1.979	623	4.271	(100.817)	4.091	(15.283)	(11.192)
Financial income (expense), net	(201.443)	(827.623)	(718.995)	(46.369)	(324.150)	49	(2.118.531)	(1.684.794)	(3.803.321)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	12.225	434.172	(515.775)	38.579	(1.012.238)	(110.642)	(1.153.679)	(1.399.002)	(1.967.092)
Tax (expense) income from continuing operations, net	(72.759)	(172.150)	71.592	(13.358)	32.218	(314)	(154.771)	204.292	50.811
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(60.534)	262.022	(444.183)	25.221	(980.020)	(110.956)	(1.308.450)	(1.194.710)	(1.916.281)
Attributable to:									
- Non-controlling interest	(24.390)	83.486	(157)	-	(629)	30.058	88.368	87	(519.463)
- Equity holders of the parent	(36.144)	178.536	(444.026)	25.221	(979.391)	(141.014)	(1.396.818)	(1.194.797)	(1.396.818)
Total Assets	22.044.102	19.767.050	4.514.611	911.183	5.289.878	5.833.462	58.360.286	10.819.185	67.515.848
Total Liabilities	10.299.307	12.000.316	4.356.746	654.943	3.868.846	1.147.201	32.327.359	10.561.051	42.651.455
Net debt	1.905.858	3.026.016	3.598.662	373.477	3.167.644	(7)	12.071.650	3.319.743	15.391.391
Purchases of tangible & intangible assets, assets used in renting activities and investment property (***)	454.910	617.818	709.249	33.447	3.280	(1)	1.818.703	369.980	2.188.683
EBITDA	713.546	1.723.457	306.189	118.756	11.187	(96)	2.873.039	873.829	3.724.520
- Depreciation and amortization (***)	483.112	438.363	79.303	23.660	23.727	9.774	1.057.939	219.857	1.277.796
- Provision for employee termination benefits	10.122	12.830	5.467	4.472	903	60	33.854	55.350	89.204
- Provision for vacation pay liability	7.246	4.405	531	5.278	272	-	17.732	15.334	33.066
- Other	37.161	(4.208)	3.692	378	-	(56)	36.967	282.213	319.180

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 70.238 is recorded under 'beer' segment; loss recognized from SSSSD amounting TRL 306 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 15.955 is recorded under 'automotive' segment; loss recognized from Aslanck amounting TRL 70.303, loss recognized from TOGG amounting TRL 408 and loss recognized from Migros amounting TRL 607.933 are recorded under 'other' segment; loss recognized from LLC Faber -Castell Anadolu amounting TRL 643 is recorded under 'retailing' segment.

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

(***) TRL 4 of the tangible and intangible assets purchase and TRL 6.710 of the depreciation and amortization belong to investment properties.

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

NOTE 4 - SEGMENT REPORTING (cont'd)

January 1 - September 30, 2017	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	3.340.216	6.864.732	2.159.748	792.655	79.289	(16.466)	13.220.174	11.321.825	24.134.257
Inter-segment sales	(16.210)	(77)	27.612	16.526	88.176	(116.027)	-	-	-
Total Sales	3.324.006	6.864.655	2.187.360	809.181	167.465	(132.493)	13.220.174	11.321.825	24.134.257
GROSS PROFIT(LOSS)	1.597.950	2.355.143	400.052	194.049	71.212	(98.875)	4.519.531	3.002.100	7.485.953
Operating Expenses	(1.364.843)	(1.532.293)	(202.004)	(110.129)	(101.634)	98.367	(3.212.536)	(2.616.073)	(5.821.114)
Other operating income (expenses), net	28.750	8.090	9.930	(7.328)	8.513	(11.136)	36.819	(170.093)	(133.848)
Gain (loss) from the investments accounted through equity method (*)	(16.793)	(176)	-	(336)	344.658	-	327.353	-	(19.158)
OPERATING INCOME (LOSS)	245.064	830.764	207.978	76.256	322.749	(11.644)	1.671.167	215.934	1.511.833
Income (expense) from investing activities, net	54.476	(11.009)	731	(2.135)	30.120	(25.711)	46.472	1.064.559	1.111.031
Financial income (expense), net	(72.013)	(237.577)	(335.088)	(26.824)	(138.128)	(60)	(809.690)	(513.256)	(1.322.946)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	227.527	582.178	(126.379)	47.297	214.741	(37.415)	907.949	767.237	1.299.918
Tax (expense) income from continuing operations, net	(47.592)	(131.345)	14.092	(11.202)	34.716	2.260	(139.071)	(52.216)	(188.509)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	179.935	450.833	(112.287)	36.095	249.457	(35.155)	768.878	715.021	1.111.409
Attributable to:									
- Non-controlling interest	386	64.675	4.493	-	2.408	389.452	461.414	(3.984)	803.945
- Equity holders of the parent	179.549	386.158	(116.780)	36.095	247.049	(424.607)	307.464	719.005	307.464
Total Assets	9.343.920	13.220.040	4.141.029	802.050	5.466.857	4.631.160	37.605.056	9.213.416	45.278.682
Total Liabilities	4.593.383	7.858.270	3.695.680	534.675	2.460.379	1.114.737	20.257.124	8.247.677	28.282.630
Net debt	1.128.946	1.930.870	2.992.199	281.087	1.720.764	(5)	8.053.861	2.231.765	10.285.626
Purchases of tangible & intangible assets, purchases of assets used in renting activities, investment property (***)	247.182	380.937	968.643	18.755	4.149	(31)	1.619.635	253.031	1.872.666
EBITDA	593.080	1.208.768	275.727	101.809	1.051	(834)	2.179.601	645.828	2.796.672
- Depreciation and amortization (***)	313.536	368.208	70.922	21.923	22.463	10.777	807.829	194.738	1.002.567
- Provision for employee termination benefits	6.087	10.707	4.203	3.592	1.581	-	26.170	52.281	78.451
- Provision for vacation pay liability	4.785	1.956	191	(298)	(206)	2	6.430	12.782	19.212
- Other	6.815	(3.043)	(7.567)	-	(878)	31	(4.642)	170.093	165.451

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 16.793 is recorded under 'beer' segment; loss recognized from SSSD amounting TRL 176 is recorded under 'soft-drinks' segment; loss recognized from Aslançık amounting TRL 1.853 and income recognized from Migros amounting TRL 346.511 are recorded under 'other' segment; loss recognized from LLC Faber-Castel Anadolu amounting TRL 336 is recorded under 'retailing' segment.

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

(***) TRL 95 of the tangible and intangible assets purchases and TRL 5.778 of the depreciation and amortization belong to investment properties.

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

NOTE 4- SEGMENT REPORTING (cont'd)

July 1 - September 30, 2018	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros
Sales	2.723.776	3.715.334	981.709	340.065	58.633	(9.124)	7.810.393	5.330.549	12.925.853
Inter-segment sales	(8.562)	(439)	13.623	4.021	48.626	(57.269)	-	-	-
Total Sales	2.715.214	3.714.895	995.332	344.086	107.259	(66.393)	7.810.393	5.330.549	12.925.853
GROSS PROFIT(LOSS)	1.227.513	1.299.165	221.853	81.122	30.495	(32.861)	2.827.287	1.488.880	4.302.929
Operating expenses	(1.059.269)	(672.472)	(77.419)	(44.505)	(34.846)	43.839	(1.844.672)	(1.188.862)	(3.034.981)
Other operating income (expenses), net	(20.358)	(15.751)	(44.719)	10.157	(2.388)	(14.152)	(87.211)	(127.924)	(215.253)
Gain (loss) from the investments accounted through equity method	(42.788)	(130)	(10.369)	(218)	(386.946)	-	(440.451)	-	(99.952)
OPERATING INCOME (LOSS)	105.098	610.812	89.346	46.556	(393.685)	(3.174)	454.953	172.094	952.743
Income (expense) from investing activities, net	4.531	207	189	172	1.891	12	7.002	(15.483)	(8.481)
Financial income (expense), net	(102.342)	(434.240)	(365.148)	(22.496)	(155.017)	50	(1.079.193)	(1.053.206)	(2.132.396)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	7.287	176.779	(275.613)	24.232	(546.811)	(3.112)	(617.238)	(896.595)	(1.188.134)
Tax (expense) income from continuing operations, net	(79.336)	(95.633)	30.869	(5.927)	(2.317)	(1.595)	(153.939)	233.377	79.852
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(72.049)	81.146	(244.744)	18.305	(549.128)	(4.707)	(771.177)	(663.218)	(1.108.282)
Attributable to:									
- Non-controlling interest	(18.952)	43.907	(14)	-	(2.795)	(29.727)	(7.581)	3.380	(344.686)
- Equity holders of the parent	(53.097)	37.239	(244.730)	18.305	(546.333)	25.020	(763.596)	(666.598)	(763.596)
Purchases of tangible & intangible assets, assets used in renting activities and investment property	165.062	178.490	210.496	7.720	1.499	(1)	563.266	98.863	662.129
EBITDA	377.110	799.107	128.736	56.151	2.116	411	1.363.631	387.560	1.736.388
- Depreciation and amortization	201.671	166.480	25.419	8.015	9.014	3.577	414.176	78.020	492.196
- Provision for employee termination benefits	3.306	5.374	1.794	2.035	239	2	12.750	14.144	26.894
- Provision for vacation pay liability	(2.151)	(800)	(640)	(673)	(398)	(2)	(4.664)	(4.622)	(9.286)
- Other	26.398	17.111	2.448	-	-	8	45.965	127.924	173.889

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

NOTE 4- SEGMENT REPORTING (cont'd)

July 1 - September 30, 2017	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros
Sales	1.263.032	2.749.671	908.560	272.809	25.005	(6.406)	5.212.671	4.284.883	9.383.096
Inter-segment sales	(6.267)	(28)	9.489	7.217	22.313	(32.724)	-	-	-
Total Sales	1.256.765	2.749.643	918.049	280.026	47.318	(39.130)	5.212.671	4.284.883	9.383.096
GROSS PROFIT(LOSS)	644.645	954.057	164.615	66.406	19.596	(32.532)	1.816.787	1.170.242	2.977.388
Operating expenses	(467.088)	(558.113)	(69.792)	(38.576)	(31.115)	29.797	(1.134.887)	(948.930)	(2.081.028)
Other operating income (expenses), net	21.658	(4.280)	(2.829)	2.479	1.413	(699)	17.742	(58.154)	(40.413)
Gain (loss) from the investments accounted through equity method	(6.464)	(73)	-	(56)	(41.186)	-	(47.779)	-	(9.578)
OPERATING INCOME (LOSS)	192.751	391.591	91.994	30.253	(51.292)	(3.434)	651.863	163.158	846.369
Income (expense) from investing activities, net	23.912	(4.962)	370	(146)	544	(74)	19.644	(639)	19.005
Financial income (expense), net	(49.357)	(76.074)	(126.243)	(10.864)	(84.099)	2	(346.635)	(193.075)	(539.710)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	167.306	310.555	(33.879)	19.243	(134.847)	(3.506)	324.872	(30.556)	325.664
Tax (expense) income from continuing operations, net	(32.899)	(36.172)	(7.224)	(2.562)	12.493	700	(65.664)	(41.035)	(105.761)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	134.407	274.383	(41.103)	16.681	(122.354)	(2.806)	259.208	(71.591)	219.903
Attributable to:									
- Non-controlling interest	332	33.539	(14)	-	(1.895)	258.892	290.854	(1.104)	251.549
- Equity holders of the parent	134.075	240.844	(41.089)	16.681	(120.459)	(261.698)	(31.646)	(70.487)	(31.646)
Purchases of tangible & intangible assets, assets used in renting activities and investment property	49.833	123.248	287.737	8.157	815	(9)	469.781	98.775	568.556
EBITDA	305.374	518.296	118.207	38.565	(5.422)	35	975.055	297.360	1.265.564
- Depreciation and amortization	104.680	121.271	24.757	7.301	7.143	3.453	268.605	67.960	336.565
- Provision for employee termination benefits	2.029	3.808	1.612	1.658	(493)	-	8.614	13.853	22.467
- Provision for vacation pay liability	(2.300)	(2.467)	(384)	(703)	(1.088)	1	(6.941)	(5.765)	(12.706)
- Other	1.750	4.020	228	-	(878)	15	5.135	58.154	63.291

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	September 30, 2018	December 31, 2017
Cash	16.567	9.434
Banks	8.852.691	5.633.926
- Time deposits	7.857.497	5.085.203
- Demand deposits	995.194	548.723
Other cash and cash equivalents (*)	340.139	146.160
Cash and cash equivalents in the consolidated cash flow statement	9.209.397	5.789.520
Interest income accruals	17.452	10.795
	9.226.849	5.800.315

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

As of September 30, 2018, the Group has designated its bank deposits amounting to TRL 1.392.010, equivalent of thousand USD 223.300 and thousand EUR 3.961 and thousand RUR 294.179 for the future raw material purchases, operational and interest expense related payments (December 31, 2017: TRL 884.724, equivalent of thousand USD 215.230 and thousand EUR 15.855).

As of September 30, 2018, cash and cash equivalents of AGHOL amount to TRL 52.130 (December 31, 2017: TRL 74.251).

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

NOTE 6 - BORROWINGS

	September 30, 2018	December 31, 2017
Bank borrowings	3.606.265	1.488.820
Current portion of long term borrowings	6.590.259	4.141.615
Financial leasing payables	131.105	48.001
Factoring payables	190.584	-
Short term borrowings	10.518.213	5.678.436
Bank borrowings	10.589.185	8.206.059
Financial leasing payables	207.865	228.025
Long term borrowings	10.797.050	8.434.084
Total borrowings	21.315.263	14.112.520

As of September 30, 2018 AGHOL's total borrowings amount to TRL 1.875.081 (December 31, 2017: TRL 1.142.891).

Some of the Group's borrowings are subject to covenants. According to the mentioned provisions, certain performance criteria have to be fulfilled by the Group.

Lessee - Finance Lease

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

As of September 30, 2018, net book value of property, plant and equipment obtained by financial leasing of the Group is TRL 44.867 (December 31, 2017: TRL 50.345). Sale and leaseback process have been applied for the property, plant and equipment amounting TRL 43.888 (December 31, 2017: TRL 49.239) acquired by financial leasing. The Group has continued to record these tangible assets based on previous net book values assuming no leaseback transactions.

The movement of borrowings as of September 30, 2018 and 2017 is as follows:

	September 30, 2018	September 30, 2017
Opening balance	14.112.520	10.234.194
Interest expense	913.632	431.169
Interest paid	(777.524)	(348.149)
Addition through business combination	418.554	-
Shareholder loans transferred as a result of business combination	163.549	-
Proceeds from borrowings	11.008.682	7.372.765
Repayments of borrowings	(11.040.852)	(4.698.630)
Foreign exchange gain (loss), net	5.637.732	550.904
Currency translation differences	833.231	64.870
Capitalised interest	45.739	5.760
Closing balance	21.315.263	13.612.883

Net interest expense on cross currency swap contracts for the nine month period ending as of September 30, 2018 is TRL 36.004 (September 30, 2017: None).

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

NOTE 6 - BORROWINGS (cont'd)

Short term	September 30, 2018			December 31, 2017		
	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	2.886.867	12,6% - 39,0%	-	1.263.531	12,6% - 16,8%	TRLibor + 2,5%
Borrowing in foreign currency (EUR)	2.919.329	1,0% - 8,0%	Euribor + (0,9%-5,1%)	1.863.506	1,8% - 4,4%	Euribor + (0,8%-5,1%)
Borrowing in foreign currency (USD)	3.810.245	3,0% - 5,0%	Libor + (1,0% - 5,0%)	2.438.077	3,4% - 6,6%	Libor + (1,0% - 5,0%)
Borrowing in foreign currency (Other)	580.083	6,0% - 18,5%	Kibor + (-0,1%-0,5%) & Mosprime + (7,4%)	65.322	6,0%	Kibor + (0,2%-0,5%)
Financial leasing payables in Turkish Lira	95.487	12,6% - 28,0%	-	23.706	13,0% - 14,1%	-
Financial leasing payables in foreign currency (EUR)	33.331	2,8% - 3,7%	-	22.702	3,7%	-
Financial leasing payables in foreign currency (Other)	2.287	-	-	1.592	-	-
Factoring payables in Turkish Lira	190.584	29,0% - 40,0%	-	-	-	-
	10.518.213			5.678.436		
Long term	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	255.668	15,4% - 24,5%	-	371.602	13,3% - 17,0%	-
Borrowing in foreign currency (EUR)	2.412.417	1,8% - 5,0%	Euribor + (1,4%-5,1%)	2.571.675	1,1% - 3,8%	Euribor + (1,5%-5,1%)
Borrowing in foreign currency (USD)	7.910.835	3,4% - 4,4%	Libor + (3,9% - 5,0%)	5.243.379	3,4% - 4,5%	Libor + (3,9% - 5,0%)
Borrowing in foreign currency (Other)	10.265	6,0%	-	19.403	6,0%	-
Financial leasing payables in Turkish Lira	90.249	12,5% - 26,4%	-	134.003	13,0% - 14,1%	-
Financial leasing payables in foreign currency (EUR)	114.081	2,8%-3,7%	-	90.298	3,7%	-
Financial leasing payables in foreign currency (Other)	3.535	-	-	3.724	-	-
	10.797.050			8.434.084		
	21.315.263			14.112.520		

Repayments schedules of long-term borrowings are as follows:

	September 30, 2018	December 31, 2017
1-2 years	1.692.502	2.166.793
2-3 years	1.489.033	795.515
3-4 years	233.308	613.950
4-5 years	3.247.892	2.071.645
5 years and more	4.134.315	2.786.181
	10.797.050	8.434.084

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

NOTE 7 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Joint Ventures

Entity	Principle activities	Country	September 30, 2018		December 31, 2017	
			Carrying value	Effective shareholding and voting rights (%)	Carrying value	Effective shareholding and voting rights (%)
Migros (*)	Sales of food and drinks along with durable goods	Turkey	1.685.212	50,00	2.297.857	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Tractor production	Turkey	6.897	50,00	1.603	50,00
Aslancık LLC Faber-Castell Anadolu	Production of electricity	Turkey	(83.568)	33,33	(13.266)	33,33
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap)	Trading of all kinds of stationery	Russia	21	28,44	667	28,44
(**)	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	Turkey	9.677	15,53	46.309	14,35
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Distribution and sales of Coca-Cola products	Syria	-	10,82	-	10,82
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	Development, production and trade of all kinds of electrical motor vehicles	Turkey	3.392	19,00	-	-
			1.621.631		2.333.170	

Entity	January 1 - September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2018	July 1 - September 30, 2017
	Group's interest in net income/ (loss)			
Migros (*)	(607.933)	346.511	(340.499)	(38.201)
Anadolu Landini	(15.955)	-	(10.369)	-
Aslancık LLC Faber-Castell Anadolu	(70.303)	(1.853)	(46.039)	(2.985)
Anadolu Etap	(643)	(336)	(218)	(56)
SSDSD	(70.238)	(16.793)	(42.788)	(6.464)
TOGG	(306)	(176)	(130)	(73)
	(408)	-	(408)	-
(765.786)				

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

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

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

	September 30, 2018	December 31, 2017
Anadolu Landini		
Total Assets	213.539	77.942
Total Liabilities	199.745	74.737
Net Assets	13.794	3.205
Group's share in net assets	6.897	1.603
	January 1 - September 30, 2018	July 1 - September 30, 2018
Revenue	98.950	54.590
Net loss	(31.910)	(20.736)
Group's share in net loss	(15.955)	(10.369)

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

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

	September 30, 2018	December 31, 2017		
Migros				
Current assets	4.136.783	3.776.275		
Non-current assets	6.682.402	6.526.400		
Total assets	10.819.185	10.302.675		
Short-term borrowings	990.234	1.038.037		
Other current liabilities	5.190.053	4.478.059		
Long-term borrowings	4.187.393	2.874.437		
Other non-current liabilities	193.371	384.994		
Total liabilities	10.561.051	8.775.527		
Net assets	258.134	1.527.148		
Attributable to:				
Non-controlling interests	1.772	56.654		
Net assets of the equity holders of the parent	256.362	1.470.494		
Group's share in net assets	1.685.212	2.297.857		
	January 1 -	January 1 -	July 1 -	July 1 -
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Revenue	13.793.931	11.321.825	5.330.549	4.284.883
Net (loss) / profit for the period	(1.194.710)	715.021	(663.218)	(71.591)
Non-controlling interests	87	(3.984)	3.380	(1.104)
Equity holders of the parent	(1.194.797)	719.005	(666.598)	(70.487)
Acquisition accounting and fair value adjustments	(21.069)	(25.983)	(14.400)	(5.915)
Net (loss) / profit per consolidation	(1.215.866)	693.022	(680.998)	(76.402)
Group's share in net (loss) / profit	(607.933)	346.511	(340.499)	(38.201)

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

	September 30, 2018	September 30, 2017
Balance at the beginning of the period	2.297.857	2.104.941
Group's share in net (loss)/income (*)	(607.933)	346.511
Treasury shares (**)	(62.718)	-
Recorded due to the business combination (**)	22.623	-
Group's share in currency translation differences	37.674	5.082
Group's share in remeasurement fund	(2.291)	356
Balance at the end of the period	1.685.212	2.456.890

(*) Bargain purchase gain amounting to TRL 1.071.462 has been calculated in respect of Migros, a joint venture of the Group acquiring shares of Kipa in accordance with TFRS 3 "Business Combinations" as a result of accounting within the scope of acquisition accounting. The Group's share of the calculated bargain purchase gain amounts to TRL 535.731 which has been reflected in the interim condensed consolidated financial statements as of September 30, 2017.

(**) Migros, a joint venture of the Group, merged with its subsidiary Kipa on August 31, 2018. As a result of the merger, the public shares of Kipa, which have been recorded within non-controlling interests line in the consolidated financial statements of Migros, have been transferred to retained earnings or losses and the share of Group amounts to TRL 22.623. In the meantime, due to the merger transaction, Migros shares with a nominal value of TRL 2.962 corresponding to the former Kipa share with a nominal value of TRL 48.998 has been taken over by Migros in exchange for a total of TRL 125.435 as separation fund and the share of the Group amounts to TRL 62.718.

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

Joint Ventures (cont'd)

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

	September 30, 2018	December 31, 2017
Aslançık		
Total assets	472.784	454.386
Total liabilities	719.907	490.579
Net assets	(247.123)	(36.193)
Fair value adjustment	(3.609)	(3.523)
Net assets included in consolidation	(250.732)	(39.716)
Group's share in net assets	(83.568)	(13.266)

	January 1 - September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2018	July 1 - September 30, 2017
Aslançık				
Revenue	93.217	71.001	35.758	16.833
Net loss for the period	(210.930)	(5.560)	(138.131)	(8.956)
Group's share in net loss of the joint venture	(70.303)	(1.853)	(46.039)	(2.985)

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

	September 30, 2018	December 31, 2017
LLC Faber-Castell Anadolu		
Total assets	19.452	10.782
Total liabilities	19.410	9.448
Net assets	42	1.334
Group's share in net assets	21	667

	January 1 - September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2018	July 1 - September 30, 2017
LLC Faber-Castell Anadolu				
Revenue	17.161	14.523	6.438	5.260
Net loss for the period	(1.286)	(673)	(436)	(114)
Group's share in net loss of the joint venture	(643)	(336)	(218)	(56)

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

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

Joint Ventures (cont'd)

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

	September 30, 2018		December 31, 2017	
Anadolu Etap				
Total assets		1.310.638		1.212.852
Total liabilities		1.283.820		1.073.925
Net assets		26.818		138.927
Group's share in net assets		9.677		46.309

	January 1 - September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2018	July 1 - September 30, 2017
Anadolu Etap				
Net loss for the period	(194.651)	(50.379)	(118.579)	(19.392)
Group's share in net loss of the joint venture	(70.238)	(16.793)	(42.788)	(6.464)

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

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

Movements of property, plant and equipment for the period ended on September 30, 2018 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2018	716.373	3.119.270	7.260.781	204.012	1.371.923	2.005.359	174.083	178.397	15.030.198
Additions	585	4.492	91.624	37.623	149.301	249.119	3.374	594.222	1.130.340
Addition through business combination	1.435	234.872	358.545	-	14.648	214.256	379	84.135	908.270
Disposals (-)	(767)	(516)	(103.594)	(39.426)	(37.074)	(219.824)	(1.136)	-	(402.337)
Currency translation differences	164.605	1.190.244	2.716.157	96.656	43.536	848.152	470	175.931	5.235.751
Transfers (*)	605	86.155	233.298	2.308	16.945	165.787	6.183	(516.378)	(5.097)
September 30, 2018	882.836	4.634.517	10.556.811	301.173	1.559.279	3.262.849	183.353	516.307	21.897.125
Accumulated depreciation									
January 1, 2018	105.376	726.389	3.625.166	105.658	964.496	1.050.731	93.073	2.721	6.673.610
Depreciation charge for the period (**)	9.021	100.917	398.069	21.841	122.643	298.298	10.459	-	961.248
Disposals (-)	-	(218)	(95.831)	(19.688)	(35.679)	(209.201)	(1.136)	-	(361.753)
Currency translation differences	26.689	222.399	1.251.640	60.915	23.301	466.724	437	-	2.052.105
Impairment / (impairment reversal), net	-	-	4.306	-	-	11.931	-	-	16.237
Transfers (*)	-	(203)	201	-	3	-	-	-	1
September 30, 2018	141.086	1.049.284	5.183.551	168.726	1.074.764	1.618.483	102.833	2.721	9.341.448
Net carrying amount	741.750	3.585.233	5.373.260	132.447	484.515	1.644.366	80.520	513.586	12.555.677

(*) TRL 5.107 of PP&E is transferred to other intangible assets under intangible assets, TRL 9 of investments properties is transferred to PP&E.

(**) TRL 585.490 of the depreciation charge for the period has been added to cost of sales, TRL 316.908 has been added to marketing expenses, TRL 56.248 has been added to general administrative expenses, TRL 1.354 has been added to other expenses and TRL 431 has been added to research and development expenses. TRL (387) of the depreciation charge for the period is related to inventories, and TRL 1.204 of the depreciation charge is reflected on construction in progress.

As of September 30, 2018, there are mortgages on PP&E amounting TRL 150.237 (December 31, 2017: TRL 104.763) for the loans that CCI and GUE, the Group's subsidiaries borrowed. As of September 30, 2018, TRL 608.604 of the PP&E is pledged (December 31, 2017: TRL 398.335) for the loans that GUE, the Group's subsidiary borrowed. The GPM position table of the "Commitments" note includes this amount (Note 14).

Çelik Motor and Adel, subsidiaries of the Group, have signed a sell and lease back agreement for property, plant and equipment amounting TRL 43.888 and continued to record these PP&Es by previous net book values assuming no leaseback transactions (September 30, 2017: TRL 32.444 Adel – Çelik Motor: None).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

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

Movements of property, plant and equipment for the period ended on 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	679.040	2.862.336	6.686.200	209.633	1.227.321	1.826.547	154.837	240.508	13.886.422
Additions	8.859	16.980	104.158	12.701	112.569	161.847	7.147	240.017	664.278
Disposals (-)	(3.171)	(287)	(157.377)	(31.851)	(26.379)	(109.448)	(2.914)	(37)	(331.464)
Currency translation differences	6.344	59.680	148.756	4.375	1.970	18.099	6.011	4.531	249.766
Transfers (*)	280	54.421	193.976	1.204	7.771	49.384	1.918	(315.000)	(6.046)
September 30, 2017	691.352	2.993.130	6.975.713	196.062	1.323.252	1.946.429	166.999	170.019	14.462.956
Accumulated depreciation									
January 1, 2017	91.558	576.400	3.157.158	101.252	852.182	874.445	78.500	-	5.731.495
Depreciation charge for the period (**)	7.800	69.791	300.568	20.762	106.057	208.323	10.676	-	723.977
Disposals (-)	(2.723)	(137)	(148.822)	(25.144)	(23.538)	(105.517)	(1.138)	-	(307.019)
Currency translation differences	2.964	11.942	88.975	2.794	776	14.758	1.562	-	123.771
Impairment / (impairment reversal), net	-	2	3.407	318	-	7.878	-	-	11.605
Transfers (*)	-	-	109	1	(110)	72	-	-	72
September 30, 2017	99.599	657.998	3.401.395	99.983	935.367	999.959	89.600	-	6.283.901
Net carrying amount	591.753	2.335.132	3.574.318	96.079	387.885	946.470	77.399	170.019	8.179.055

(*) TRL 6.227 of PP&E is transferred to other intangible assets under intangible assets, TRL 109 of non-current assets used in renting activities is transferred to PP&E.

(**) TRL 422.024 of the depreciation charge for the period has been added to cost of sales, TRL 243.960 has been added to marketing expenses, TRL 44.238 has been added to general administrative expenses, TRL 11.157 has been added to other expenses and TRL 359 has been added to research and development expenses. TRL 1.308 of the depreciation charge for the period is related to inventories, and TRL 931 of the depreciation charge is reflected on construction in progress.

NOTE 9 - INTANGIBLE ASSETS

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

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
Cost					
January 1, 2018	8.378.797	1.352.039	587.423	432.923	10.751.182
Additions	-	-	-	52.521	52.521
Addition through business combination	-	-	-	68.380	68.380
Disposals (-)	-	-	-	(684)	(684)
Currency translation differences	1.774.077	525.789	305.842	88.115	2.693.823
Transfers (*)	-	-	-	5.107	5.107
September 30, 2018	10.152.874	1.877.828	893.265	646.362	13.570.329
Accumulated amortization					
January 1, 2018	-	19.224	-	227.073	246.297
Amortization charge for the period (**)	-	23	-	41.743	41.766
Disposals (-)	-	-	-	(164)	(164)
Currency translation differences	-	37	-	38.123	38.160
September 30, 2018	-	19.284	-	306.775	326.059
Net carrying amount	10.152.874	1.858.544	893.265	339.587	13.244.270

(*) TRL 5.107 of PP&E is transferred to other intangible assets.

(**) TRL 11.371 of the amortization charge for the period has been added to cost of sales, TRL 4.326 has been added to marketing expenses, TRL 24.509 has been added to general administrative expenses and TRL 276 has been added to research and development expenses. TRL 83 of the amortization charge for the period is the amortization on inventories, and TRL 1.201 of it is on construction in progress.

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

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
Cost					
January 1, 2017	8.127.529	1.199.378	537.669	353.633	10.218.209
Additions	-	-	-	36.222	36.222
Disposals (-)	-	-	-	(5.597)	(5.597)
Currency translation differences	32.714	65.925	17.422	5.350	121.411
Transfers (*)	-	-	-	6.227	6.227
September 30, 2017	8.160.243	1.265.303	555.091	395.835	10.376.472
Accumulated amortization					
January 1, 2017	-	27	-	176.126	176.153
Amortization charge for the period (**)	-	21	-	34.539	34.560
Disposals (-)	-	-	-	(3.352)	(3.352)
Currency translation differences	-	-	-	2.932	2.932
September 30, 2017	-	48	-	210.245	210.293
Net carrying amount	8.160.243	1.265.255	555.091	185.590	10.166.179

(*) TRL 6.227 of property, plant and equipment is transferred to other intangible assets.

(**) TRL 11.661 of the amortization charge for the period has been added to cost of sales, TRL 3.228 has been added to marketing expenses, TRL 18.910 has been added to general administrative expenses, TRL 349 has been added to research and development expenses and TRL 138 has been added to other expenses. TRL 96 of the depreciation charge for the period is related to inventories and TRL 178 of the depreciation charge is reflected on construction in progress.

NOTE 10 - GOODWILL

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

	September 30, 2018	September 30, 2017
At January 1	1.834.897	1.669.307
Addition through business combination (Note 3)	3.750.873	-
Currency translation differences	1.932.303	58.782
Balance at the end of the period	7.518.073	1.728.089

NOTE 11 - OTHER ASSETS AND LIABILITIES

11.1 Other Current Assets

	September 30, 2018	December 31, 2017
Assets used in renting activities	577.798	414.094
VAT receivable	445.274	438.261
Other current assets from related parties (Anadolu Efes Spor Kulübü)	18.600	-
Other current assets	67.420	21.789
	1.109.092	874.144

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

Current Assets Used in Renting Activities

	September 30, 2018	September 30, 2017
Cost		
Balance at January 1	420.585	374.985
Additions	453.044	338.678
Disposals	(723.877)	(587.824)
Transfers	430.981	386.904
Revaluation increases	3.828	-
Balance at the end of the period	584.561	512.743
Accumulated depreciation		
Balance at January 1	6.491	5.386
Depreciation charge for the period (*)	71	71
Disposals	(33.455)	(35.905)
Transfers	33.656	37.187
Balance at the end of the period	6.763	6.739
Net carrying amount	577.798	506.004

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

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

11.2 Other Non-Current Assets

	September 30, 2018	December 31, 2017
Assets used in renting activities (*)	1.709.903	1.715.251
VAT receivable and other taxes	104.375	66.038
Other non-current assets	21.044	27
	1.835.322	1.781.316

(*) As of 30 September 2018, assets used in renting activities include assets, amounting to net book value of TRL 209.020, acquired through financial leasing payables (December 31, 2017: TRL 144.017).

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

Non-Current Assets Used in Renting Activities

	September 30, 2018	September 30, 2017
Cost		
Balance at January 1	1.795.616	1.532.948
Additions	185.783	580.243
Transfers (Note 11.1) (**)	(430.981)	(387.086)
Revaluation increases	256.439	-
Balance at the end of the period	1.806.857	1.726.105
Accumulated depreciation		
Balance at January 1	80.365	71.094
Depreciation charge for the period (*)	50.245	45.956
Transfers (Note 11.1) (**)	(33.656)	(37.260)
Balance at the end of the period	96.954	79.790
Net carrying amount	1.709.903	1.646.315

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

(**) TRL 109 amount of the non-current assets used in renting activities is transferred to PP&E.

11.3 Other Current Liabilities

	September 30, 2018	December 31, 2017
Other payables	30.163	15.315
Put option liability (Note 14)	14.137	8.902
	44.300	24.217

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

11.4 Other Non-Current Liabilities

	September 30, 2018	December 31, 2017
Put option liability (Note 14)	186.716	117.572
Deferred VAT and other taxes	87.746	47.940
	274.462	165.512

NOTE 12 - DEFERRED INCOME

12.1 Short-term Deferred Income

	September 30, 2018	December 31, 2017
Advances taken	436.015	432.937
Other deferred income	93.312	48.105
	529.327	481.042

12.2 Long-term Deferred Income

	September 30, 2018	December 31, 2017
Other deferred income	26.921	21.508
	26.921	21.508

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

13.1 Employee Benefits Obligations

	September 30, 2018	December 31, 2017
Social security and withholding tax liabilities	60.961	64.692
Payables to personnel	64.111	29.814
	125.072	94.506

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

13.2 Short Term Provision for Employee Benefits

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

	September 30, 2018	December 31, 2017
Short-term	245.967	127.731
Provision for employee termination benefits	642	-
Provision for bonus	141.528	58.784
Provision for vacation pay liability	54.179	28.408
Other short-term employee benefits	47.579	38.087
Other	2.039	2.452
Long-term	195.602	167.865
Provision for employee termination benefits	176.209	157.904
Provision for incentive plan	19.393	9.961
	441.569	295.596

13.3 Other Provisions

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

	September 30, 2018	December 31, 2017
Warranty provisions (*)	15.561	13.429
Provision for litigations	9.825	9.452
Other provisions	17.675	1.007
	43.061	23.888

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018
(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

NOTE 14 - COMMITMENTS

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

September 30, 2018	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	TRL Equivalent of Other Currency
Letter of guarantees, pledge and mortgages provided by the Company								
A. Total amount of GPMs given on behalf of the Company's legal personality	1.917.816	317.909	184.868	33.477	2.091	38.077	2.667.000	122.971
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	1.002.698	-	53.000	87.188	-	-	1.081.291	27.076
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	226.428	14.559	26.667	7.500	-	-	-	-
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	226.428	14.559	26.667	7.500	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	3.146.942	332.468	264.535	128.165	2.091	38.077	3.748.291	150.047
December 31, 2017	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	TRL Equivalent of Other Currency
Letter of guarantees, pledge and mortgages provided by the Company								
A. Total amount of GPMs given on behalf of the Company's legal personality	1.427.757	410.566	189.170	42.857	3.275	40.952	2.667.000	13.281
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	701.877	-	59.498	96.165	-	-	468.836	27.202
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Total amount of other GPM's	124.370	12.609	29.630	-	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	124.370	12.609	29.630	-	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	2.254.004	423.175	278.298	139.022	3.275	40.952	3.135.836	40.483

As of September 30, 2018, the ratio of other GPMs over the Group's equity is 0,9%. (December 31, 2017: 0,7%).

CCBPL, a subsidiary of the Group has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited (Banks). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of September 30, 2018, CCBPL has USD 4,5 Million sugar purchase commitment from the Banks until the end of March 2019, and USD 12,6 Million sugar purchase commitment until the end of September 2019.

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

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

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.

NOTE 14 – COMMITMENTS (cont'd)

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

GUE, which is a subsidiary of the Group, has a guarantor for the long term loan for construction of a hydroelectric power plant with a capacity of 87 MW in Georgia for the period until start of electricity production following the fulfillment of specified conditions. As of September 30, 2018, the remaining amount of the related loan is thousand USD 97.760.

The Company, has acted as a guarantor in the proportion of its capital (33,33%), to its joint venture Aslancık's long term project finance loan which was taken in 2011 amounting to USD 160.000.000 in relation to its 120 MW hydro power plant under construction in Giresun. As of September 30, 2018, the balance of the loan is thousand USD 80.000 and the warranty per the Group is thousand USD 26.667 (December 31, 2017: thousand USD 88.889).

The obligation of TRL 14.137 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL amount is reflected under "other current liabilities". The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the share purchase (December 31, 2017: TRL 8.902).

According to the put option signed with European Refreshments ("ER"), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCİ will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V. This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TRL 186.716 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2017: TRL 117.572).

Kartal Gayrimenkul, the subsidiary of the Group, in accordance with the contract terms based on the guarantorship agreements and in the case of the customer does not make loan payments on time, commits to pay the unpaid installments to the bank and all other installments that have not become due yet with its interest and expenses. The total limit committed by Kartal Gayrimenkul, the subsidiary of the Group, in guarantorship agreements amounts to TRL 249.000. As of September 30, 2018, there are no defaulting installments (December 31, 2017: None).

In line with Kartal Gayrimenkul's preliminary sales contract regarding AND Pastel housing project started in İstanbul Province Kartal District; if Kartal Gayrimenkul is late upon delivery of the relevant real estate, if the delay exceeds the expected due date by 180 days then Kartal Gayrimenkul is obliged to pay the monthly delay penalty of 0,1% of the price paid by the buyer in accordance with the contract until then. This obligation is valid except the force majeure. As of September 30, 2018, Kartal Gayrimenkul has no penalty for delay (December 31, 2017: None).

NOTE 15 - EQUITY

Share Capital

As of September 30, 2018 and December 31, 2017, the Company's shareholders and their respective shareholding percentages are stated in Note 1 - Organization and Nature of Activities of the Group.

Movements of paid capital for the period ended September 30, 2018 and December 31, 2017 are as follows (the amounts are historical):

	September 30, 2018		December 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the period	243.534.518	243.535	182.000.000	182.000
-Capital Increase	-	-	61.534.518	61.535
Balance at the end of the period	243.534.518	243.535	243.534.518	243.535

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

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

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

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

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

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

NOTE 15 – EQUITY (cont'd)

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

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

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

	September 30, 2018	December 31, 2017
Restricted reserves allocated from net profit	846.793	909.511
- Legal reserves	89.844	89.844
- Gain on sales of real estate and associates (*)	819.667	819.667
- Treasury shares (Note 7)	(62.718)	-

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

Retained Earnings

As of September 30, 2018 and December 31, 2017 the summary of equity reserves, extraordinary reserves, other profit reserves and retained earnings are as follows:

	September 30, 2018	December 31, 2017
Equity reserves	2.422	2.422
Extraordinary reserves	1.600.425	1.625.425
Other profit reserves	5.119	5.119
Retained earnings	977.771	611.385
	2.585.737	2.244.351

Non-Controlling Interest

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

NOTE 16 - OTHER OPERATING INCOME/EXPENSES

16.1 Other Operating Income

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Foreign exchange gains arising from trading activities	272.752	116.998	153.769	18.998
Income from scrap and other materials	30.830	20.431	16.927	6.587
Rent Income	16.145	8.781	6.533	2.713
Rediscount gain from trading activities	15.016	7.667	4.144	1.440
Insurance compensation income	1.726	1.554	780	604
VAT adjustment income	-	10.574	-	-
Other	82.867	92.907	26.278	38.434
	419.336	258.912	208.431	68.776

16.2 Other Operating Expenses

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Foreign exchange losses arising from trading activities	386.221	124.185	241.486	29.582
Donations	43.192	3.046	1.399	1.042
Rediscount loss from trading activities	19.491	12.802	(2.605)	(5.137)
Provision for doubtful receivables	18.912	10.434	8.614	2.726
Depreciation and amortization expense on tangible and intangible assets	4.524	13.897	2.204	3.879
Other	88.807	57.729	44.544	18.942
	561.147	222.093	295.642	51.034

NOTE 17 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

17.1 Income from Investing Activities

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Gain on sale of property, plant and equipment	28.378	21.586	11.932	7.432
Rent income	3.767	4.145	1.322	1.067
Dividend income	15	17	-	-
Subsidiary liquidation profit (Note 1)	-	19.145	-	19.145
Gain on sale of joint ventures (*)	-	21.280	-	-
	32.160	66.173	13.254	27.644

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

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

17.2 Expenses from Investing Activities

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Provision for impairment on tangible assets (Note 8)	16.237	11.605	963	5.652
Loss on sale of tangible & intangible assets	11.281	8.055	4.738	2.348
Other	551	41	551	-
	28.069	19.701	6.252	8.000

NOTE 18 - FINANCIAL INCOME

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Foreign exchange gain	2.570.247	736.795	1.554.397	182.251
Interest income	253.712	106.379	108.267	41.074
Derivative transactions income	16.382	255	16.382	-
	2.840.341	843.429	1.679.046	223.325

NOTE 19 - FINANCIAL EXPENSES

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Foreign exchange loss	3.996.428	1.183.179	2.309.645	398.115
Interest expense	913.632	431.169	423.446	163.260
Loss on derivative transactions	468	2.312	389	39
Revaluation expense of put option liability	-	8.431	-	-
Other expense	48.344	28.028	24.759	8.546
	4.958.872	1.653.119	2.758.239	569.960

NOTE 20 - TAX ASSETS AND LIABILITIES

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

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

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Amendment of Certain Taxes and Laws and Other Acts", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of September 30, 2018 and December 31, 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

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

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

20.1 Current Income Tax Assets and Tax Provision

	September 30, 2018	December 31, 2017
Current income tax assets	210.362	132.368
Income tax payable (-)	(135.585)	(7.826)
Net tax asset/(liability)	74.777	124.542

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

20.2 Deferred Tax Assets and Liabilities

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

	September 30, 2018	December 31, 2017
Deferred tax asset	1.619.863	551.155
Deferred tax liability (-)	(2.340.684)	(1.915.078)
Total deferred tax asset/(liability), net	(720.821)	(1.363.923)

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

	Balance December 31, 2017	Recorded to profit or loss	Balance September 30, 2018
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(2.180.213)	(371.581)	(2.551.794)
Tax losses carried forward	646.038	887.304	1.533.342
Employee termination benefit and other employee benefits	36.566	20.879	57.445
Inventories	73.861	(18.240)	55.621
Investment incentive	51.827	11.641	63.468
Other provisions and accruals	28.873	155.329	184.202
Derivative financial instruments	(28.448)	(48.020)	(76.468)
Other	7.573	5.790	13.363
Net deferred tax liability	(1.363.923)	643.102	(720.821)
Addition through business combination	-	(338.436)	-
Currency translation difference	-	127.738	-
Recognised in other comprehensive income	-	(282.663)	-
	(1.363.923)	149.741	(720.821)

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

	Balance December 31, 2016	Recorded to profit or loss	Balance September 30, 2017
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(2.163.627)	26.535	(2.137.092)
Tax losses carried forward	506.843	17.882	524.725
Employee termination benefit and other employee benefits	15.808	28.674	44.482
Inventories	87.552	(25.572)	61.980
Investment incentive	32.426	15.127	47.553
Other provisions and accruals	77.191	(7.918)	69.273
Derivative financial instruments	(31.322)	13.540	(17.782)
Other	18.270	(14.925)	3.345
Net deferred tax liability	(1.456.859)	53.343	(1.403.516)
Currency translation difference	-	8.283	-
Recognised in other comprehensive income	-	(17.911)	-
	(1.456.859)	43.715	(1.403.516)

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

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

20.3 Tax Expense

	January 1- September 30, 2018	January 1 - September 30, 2017	July 1 - September 30, 2018	July 1 - September 30, 2017
Income tax expense (-) (*)	(304.512)	(182.786)	(136.185)	(75.599)
Deferred tax income (expense)	149.741	43.715	(17.754)	9.935
	(154.771)	(139.071)	(153.939)	(65.664)

(*) As of September 30, 2018, as a result of the increase in the tax base within the scope of the "Law on Restructuring of Certain Receivables" numbered 7143, there is income tax expense related to prior periods amounting TRL 5.129 within the income tax expense of the period.

NOTE 21 - RELATED PARTY BALANCES AND TRANSACTIONS

21.1 Trade Receivables from Related Parties

	September 30, 2018	December 31, 2017
Migros Group Companies (1) (*)	282.346	177.342
Anadolu Landini (1)	57.149	74.613
Syrian Soft Drink Sales & Dist. LLC (1)	5.250	3.505
Anadolu Etap (1)	4.274	1.466
LLC Faber-Castell Anadolu (Russia) (1)	3.323	1.250
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	1.044	1.207
Other	620	206
	354.006	259.589

(*) Migros Group Companies consist of Migros, Kipa Ticaret A.Ş. which merged with Migros as of August 31, 2018, Sanal Merkez Ticaret A.Ş., Ramstore Kazakhstan LLC, Ramstore Macedonia DOO and Ramstore Bulgaria E.A.D..

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

21.2 Trade Payables to Related Parties

	September 30, 2018	December 31, 2017
Anadolu Efes Spor Kulübü (4)	18.600	45
Anadolu Landini (1)	2.945	-
Migros Group Companies (1)	157	657
Other	152	24
	21.854	726

As of September 30, 2018 there is no long term trade payables due to related parties (December 31, 2017: None).

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

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

21.3 Related Party Transactions

Terms and conditions of transactions with related parties

Outstanding balances at the end of the period are unsecured, interest free and will be settled in cash. There have been no guarantees given or received for any related party receivables or payables. For the period ended September 30, 2018, the Group has not provided for any doubtful receivables, relating to amounts due from related parties (December 31, 2017: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

Significant transactions with related parties during the period ended as of September 30, 2018 and 2017 are as follows:

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Sales of goods and services, net				
Migros Group Companies (1)	475.284	406.308	216.109	113.818
Anadolu Landini (1)	9.533	-	335	-
Anadolu Etap (1)	4.455	2.791	1.393	935
Anadolu Efes Spor Kulübü (4)	2.378	2.215	930	496
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	1.364	1.739	541	420
Other	3.056	1.699	2.670	1.120
	496.070	414.752	221.978	116.789
	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Purchases of goods, property, plant & equipment and other charges				
Anadolu Efes Spor Kulübü (4)	44.866	38.524	18.846	12.509
Anadolu Eğitim ve Sosyal Yardım Vakfı (4)	41.603	2.551	1.110	900
Migros Group Companies(1)	4.943	1.952	2.723	844
Other	1.642	215	684	130
	93.054	43.242	23.363	14.383

(1) A joint venture

(2) A Company controlled by a joint venture

(3) Shareholder of the Company

(4) Other

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

21.3 Related Party Transactions (cont'd)

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Various sales included in other income (includes dividends received)				
Anadolu Landini (1)	6.859	-	3.970	-
Migros Group Companies (1)	331	-	116	-
Other	137	303	84	262
	7.327	303	4.170	262

(1) A joint venture

(2) A Company controlled by a joint venture

(3) Shareholder of the Company

(4) Other

Compensation of Key Management Personnel of the Group

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

The details of benefits provided to the key management personnel for the periods ended on September 30, 2018 and 2017 are as follows:

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Short term benefits provided to key management personnel	49.117	33.252	21.934	11.456
Post-employment benefits	3.228	1.132	2.711	128
Total gain	52.345	34.384	24.645	11.584
Social Security employer share	1.463	959	818	287

Other

The Company and its subsidiaries other than McDonald's donate 1% - 5% of their profit before corporate tax and such fiscal obligations to Anadolu Eğitim ve Sosyal Yardım Vakfı as stated in the entities' foundation agreements as long as these donations are exempt from tax. As of September 30, 2018, donations amount to TRL 41.603 (September 30, 2017: TRL 2.551).

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

Financial Risk Management Objectives and Policies

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

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

Fair Value Hedge Accounting

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

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

Level 3: Valuation techniques not containing observable market inputs

	September 30, 2018	Level 1	Level 2	Level 3
Derivative financial assets	458.281	-	458.281	-
Derivative financial liabilities	1.389	-	1.389	-
Put option liability	200.855	14.137	-	186.718

	December 31, 2017	Level 1	Level 2	Level 3
Derivative financial assets	95.093	-	95.093	-
Derivative financial liabilities	-	-	-	-
Put option liability	126.474	8.902	-	117.572

Foreign currency risk

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

		Exchange buying rate at December 31, 2017	Average exchange buying rate in the period	Exchange buying rate at September 30, 2018
USD/TRL	Turkey	3,7719	4,6020	5,9902
EUR/TRL	Turkey	4,5155	5,4737	6,9505

Foreign currency risk arises from the EUR and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's functional currency. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities. Anadolu Efes, a subsidiary of the Group, as mentioned in Note 5, reserves a certain portion of its bank deposits for future purchases of raw materials, operating expenses and interest payments. Anadolu Efes, the subsidiary of the Group, also executes currency forward and cross currency swap transactions. Anadolu Efes's foreign currency liability consists of mainly long term liabilities. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited. 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).

Efes Breweries International NV, the subsidiary of the Group, has a cross currency swap agreement in order to hedge foreign currency risk arising from Russian Ruble receivables arising from shareholder loans which was taken over following the business combination mentioned in Note 3 amounting to TRL 404.685.

CCI, the subsidiary of the Group, has a cross currency swap contract with a total amount of USD 150 Million (nominal amount: TRL 898.530) signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term (December 31,2017: None)

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

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

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

September 30, 2018	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1. Trade receivables	369.881	18.856	29.617	51.077
2a. Monetary financial assets (cash and cash equivalents included)	5.111.011	829.464	10.795	67.325
2b. Non - monetary financial assets	1.355	-	195	-
3. Other	15.777	532	1.792	135
4. Current assets (1+2+3)	5.498.024	848.852	42.399	118.537
5. Trade receivables	1.366	228	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	29.399	226	4.035	-
8. Non - current assets (5+6+7)	30.765	454	4.035	-
9. Total assets (4+8)	5.528.789	849.306	46.434	118.537
10. Trade payables	1.113.222	104.447	32.531	261.457
11. Short - term borrowings and current portion of long - term borrowings	6.743.009	635.459	422.485	1
12a. Monetary other liabilities	33.027	(334)	3.212	12.703
12b. Non - monetary other liabilities	18.216	2.360	522	451
13. Current liabilities (10+11+12)	7.907.474	741.932	458.750	274.612
14. Trade payables	7.013	-	1.009	-
15. Long - term borrowings	10.508.279	1.332.474	363.498	1
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	186.715	31.170	-	-
17. Non - current liabilities (14+15+16)	10.702.007	1.363.644	364.507	1
18. Total liabilities (13+17)	18.609.481	2.105.576	823.257	274.613
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	8.654.691	931.279	442.579	-
19a. Total hedged assets	8.654.691	931.279	442.579	-
19b. Total hedged liabilities	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(4.426.001)	(324.991)	(334.244)	(156.076)
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(12.922.292)	(1.223.498)	(782.323)	(155.760)
22. Total fair value of financial instruments used to manage the foreign currency position	199.084	33.235	-	-

NOTE 22 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**Financial Risk Management Objectives and Policies (cont'd)****Foreign Currency Risk (cont'd)**

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

Information related to export and import as of September 30, 2018 and 2017 are as follows:

	January 1- September 30, 2018	January 1- September 30, 2017	July 1- September 30, 2018	July 1- September 30, 2017
Total Export Amount	746.404	339.537	254.143	117.675
Total Import Amount	3.313.157	2.634.550	1.360.876	952.896

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

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

Foreign currency position sensitivity analysis		
September 30, 2018 (*)		
	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	(752.531)	752.531
2- USD denominated hedging instruments(-)	557.855	(557.855)
3- Net effect in USD (1+2)	(194.676)	194.676
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(539.931)	539.931
5- Euro denominated hedging instruments(-)	307.614	(307.614)
6- Net effect in Euro (4+5)	(232.317)	232.317
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	(15.608)	15.608
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(15.608)	15.608
TOTAL (3+6+9)	(442.601)	442.601

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	(381.465)	381.465
2- USD denominated hedging instruments(-)	252	(252)
3- Net effect in USD (1+2)	(381.213)	381.213
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(441.452)	441.452
5- Euro denominated hedging instruments(-)	54.555	(54.555)
6- Net effect in Euro (4+5)	(386.897)	386.897
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	(2.475)	2.475
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(2.475)	2.475
TOTAL (3+6+9)	(770.585)	770.585

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2018

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

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

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

Foreign Currency Hedge of Net Investments in Foreign Operations

Anadolu Efes, the subsidiary of the Group, designated denominated bond issued amounting to USD 500 Million as of January 1, 2018 and EURO 100 Million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries).

As of April 1, 2018, CCI, the subsidiary of the Group, designated USD 281 Million out of USD denominated bond issued amounting to USD 500 Million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, CCI Holland and Waha B.V.

The Company designated loans amounting to EURO 253 Million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments of Anadolu Efes in breweries).

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL 2.418.077 (TRL 1.896.629 - including deferred tax effect) is recognized as “Gains (Losses) on Hedge” under Equity and to “Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations” under Other Comprehensive Income (December, 31 2017: None).

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

- 1) Capital of Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (TOGG), a joint venture of the Group, has been increased on October 17, 2018 by TRL 20.000 to TRL 50.000. All shareholders participated in the capital increase in proportion to their shares.
- 2) Mr. Can Çaka, who has been working as the Chief Financial Officer of AG Anadolu Grubu Holding A.Ş. (Anadolu Grubu) will leave his position and assume the role of Beer Group President and Chief Executive Officer (CEO) of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes) as of January 1, 2019. Mr. Onur Çevikel, who has been working as Chief Financial Officer (CFO) of Anadolu Efes, will also leave his position and be appointed as Anadolu Group CFO, as of the same date.

Mr. Onur Çevikel, who joined Efes Beer Group in 1995, continued his career at Coca-Cola Kuban Bottlers, Coca-Cola Rostov Bottlers and Efes Russia holding positions such as Finance Manager, Finance Director and Operations Director. Following the announcement of the strategic alliance with SABMiller Plc. in 2011, he was appointed as Integration Director leading the integration team coordinating the integration activities in Russia. Mr. Çevikel has been serving as Anadolu Efes Chief Financial Officer since January 1, 2013.

- 3) In line with the CMB's approval dated June 7, 2018 and numbered 25/699 regarding one of the Group's joint ventures Migros' application of bond issuance ceiling; the sale of bond with ISIN code TRSMGTIE2015 and maturity date of October 21, 2020 (2 years, i.e. 728 days) worth of TRL 46.000 nominal value has been completed on October 22, 2018. The sale was only for qualified investors. The issue date of the aforementioned bond is October 24, 2018. The first coupon rate of the bond with ISIN code TRSMGTIE2015 has been determined 8,2265%.
- 4) Based on the approval of the CMB dated October 4, 2018 and numbered 49/1109, Çelik Motor, a subsidiary of the Group has been granted to issue a bond/bill up to TRL 200.000 for a year.
- 5) CCI's, the subsidiary of the Group, bonds issued to investors outside of Turkey on October 1, 2013 with a total nominal value of USD 500 Million and the maturity of 5 years, have matured and the amount of interest and principal has been redeemed on October 1, 2018.

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