ANADOLU GROUP

AG Anadolu Group Holding Annual Report 2017

Contents

Anadolu Group

The star that links Anatolia to the world and the world to Anatolia

Anadolu Group Merger

A strong future

Believing in the importance of sustainability and institutionalization, we have taken a step which represents a significant milestone in our corporate history and which will carry Anadolu Group into the future.

The

The shareholders of Anadolu Group; i.e.

- Yazıcılar Holding A.Ş.
- Özilhan Sınai Yatırım A.Ş. (ÖSYAŞ)
- Anadolu Endüstri Holding A.Ş. (AEH)

have merged under the name AG Anadolu Grubu Holding A.Ş. with equal representation and management rights of the founding Yazıcı and Özilhan families.

Having made transparency, ethical behavior, and accountability integral parts of its management and executive processes since the day it was founded, Anadolu Group has further strengthened its corporate and statutory management structure by taking this key step while also ensuring that it will continue to exist and be able to create even more stakeholder value for many generations yet to come.

Active in beer, soft drinks, retail, agriculture, automotive, stationery, quick-service restaurants, real estate, and energy sectors, AG Anadolu Group Holding will continue to advance confidently across many different fronts.

Strengthened by a merger that enhances our effectiveness and productivity, we as Anadolu Group are focused on pursuing sustainable growth, working and producing on behalf of our country, and contributing to an even better future.

A STRONGER FUTURE
2017 2017
ANADOLU GROUP MERGER

merger

Why did we merge?

In undertaking this merger, our objectives were:

To strengthen Anadolu Group's corporate structure and general management principles and make them more sustainable in every respect

To simplify and achieve greater transparency with respect to the control and structure of the group

To clarify issues related to joint control and equal representation by the founding families

To create higher shareholder value by generating more added no point mark

Our Ultimate Objective

To create and maximize shareholder value

Anadolu Group Merger

The Merger Process

Yazıcılar Holding A.Ş., ÖSYAŞ, and AEH were merged under AG Anadolu Grubu Holding A.Ş. (AGHOL).

AG Sınai Yatırım ve Yönetim A.Ş. (Anadolu Management Company) was structured so as to give the Yazıcı and Özilhan families equal shareholding interests and voting rights.

Kamil Yazıcı and the Özilhan families were given control of four seats each on the AGHOL board of directors. As required by Capital Markets Board regulations, there are also four independent directors.

Share classes were reduced from four to two, consisting now of "A" class tradable/non-tradable bearer shares representing 80% of the company's paid-in capital and "B" class non-tradable registered shares representing the remaining 20%. Subject to the constraints of CMB regulations concerning independent directors, B-class shareholders continue to be entitled to designate the candidates for six of the twelve seats on the AGHOL board of directors.

Anadolu Management Company now owns all B-class shares along with some A-class shares. The A-class shares that do not belong to Anadolu Management Company are either held by individual Yazıcı and Özilhan family members or else are part of AGHOL's free float.

The Impact of the Merger on Corporate Governance

- Founding families' representatives are serving on the board of the companies to participate in strategic decision making.
- Yazıcı and Özilhan families have each been given equal rights of control and representation on the boards of companies in Anadolu Group.
- The great majority of seats on Anadolu Group companies' boards are held by professionals or independent directors, thus strengthening those companies' professional and independent governance.
- As a matter of principle, all key management positions (holding company CEO, business and function presidents, and all general managers) continue to be held by professional executives.
- The employment of junior members of the founding families in group companies is limited by quotas.

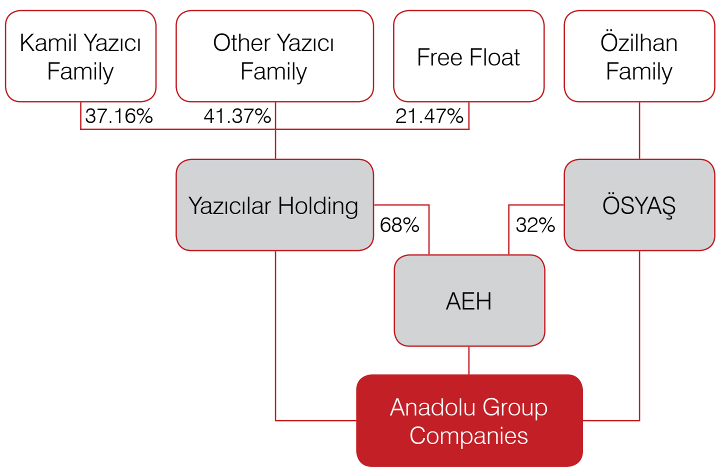
All to be more agile, more flexible, and stronger…

As a Result of This Merger

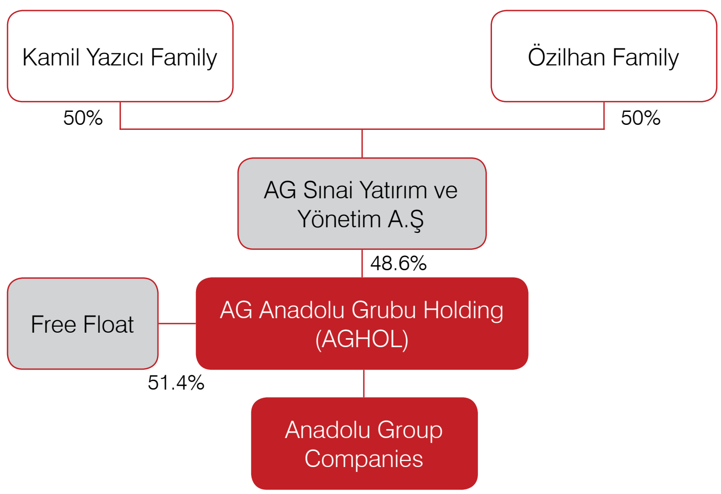
- Financial markets' perceptions and awareness of the group will be improved due to greater clarity of management control, enhanced transparency at the holding company level, and more meaningful consolidated results thanks to the full consolidation of Anadolu Efes.
- Management of funds in line with the group's strategic aims will be more efficient at the holding company level.
- A single overarching corporate structure will allow for easier access to new funding resources and to strategic partnerships.
- AGHOL's standing as a publicly-traded company will provide greater scope for the implementation of corporate governance principles.

Pre- and Post Merger Shareholder Structure

Pre-merger



Post-merger - Final Structure



Anadolu Group in Brief

Undertaking strategic investments in beer, soft drinks, retail and agriculture, Anadolu Group's operations embrace a broad range of sectors that also include automotive, stationery, quick-service restaurants, real estate, and energy.

A global player

The star that links Anatolia to the world and the world to Anatolia

1950

Founded
Established by the Yazıcı and Özilhan families

50,000+

Employees

19

Countries
Turkey, Germany, Azerbaijan, Belarus, Georgia, Netherlands, Iraq, Kazakhstan, Kyrgyzstan, Turkish Republic of Northern Cyprus, Macedonia, Moldova, Pakistan, Russia, Syria, Tajikistan, Turkmenistan, Ukraine, Jordan

59

Production facilities

9

Sectors
Beer, soft drinks, retail, agriculture, automotive, stationery, quick-service restaurants, real estate, energy

80+

Countries exported to

Originally established in 1950 by the Yazıcı and Özilhan families and advancing into the future with its vision of being "the star that links Anatolia to the world and the world to Anatolia", Anadolu Group employs more than 50 thousand people in nearly 80 companies and 59 production facilities located in 19 countries. With assets totaling TRL 46.0 billion in value in 2017, the group booked a total turnover of TRL 32.2 billion on its operations.

Anadolu Group nourishes rapid and healthy growth by creating added value for Turkey in line with its goals of globalizing internationally as a regional player, entering into partnerships with the world's biggest companies in keeping with its commitment to a partnership culture, and developing branded consumer products.

Undertaking strategic investments in the areas of beer, soft drinks, retail, and agriculture, Anadolu Group conducts its operations across a broad range of sectors embracing automotive, stationery, quick-service restaurants, real estate, and energy. As a corporate citizen mindful of its social responsibilities, Anadolu Group also contributes to the wellbeing of the community in the areas of education, health, and sports through Anadolu Foundation, Anadolu Medical Center, and Anadolu Efes Sports Club.

As of year-end 2017

TRL **32.2** billion

Turnover
As of end-2017 including the proforma consolidation of Migros

7

Companies
Quoted on Borsa İstanbul (BIST)

Global player with strong local presence

Partnership culture with global brands

Anadolu Group

Expertise in branded consumer products

Strong ownership ties coupled with high corporate governance standards

Milestones

Anadolu Group was set up in 1950 by the Yazıcı and Özilhan families.

ANADOLU GROUP

1950

1960
Çelik Motor established.

1965
Anadolu Motor established.

1969
Anadolu Efes established.

1969
Adel Kalemcilik established.

1976
Anadolu Efes established.

2005
McDonald's licensing agreement was received.

2007
Stake acquired in Aslancık Elektrik.

2008
AEH Insurance Agency established.

2008
AES Electricity Wholesale established.

2009
Anatolian Caucasia Energy established.

ANADOLU VAKFI

1979
Anadolu Foundation established.

ISUZU

1983
Licensing agreement entered into with ISUZU Motors.

EFES TUR

1984
EfesTur established.

CCI

1995
Coca-Cola production and distribution operations commenced in Kazakhstan.

ANADOLU
In Affiliation with JOHNS HOPKINS MEDICINE

2005
Anadolu Medical Center established.

ANADOLU ETAP

2009
Anadolu Etap established.

AND GAYRİMENKUL

2011
AND Real Estate established.

MiGROS

2015
Migros stake acquired.

ANADOLU LANDINI

2015
Anadolu Landini established.

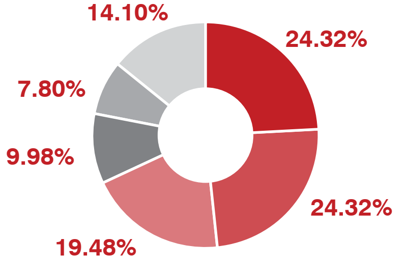
ANADOLU GROUP

2017
Anadolu Group holding companies merged under one roof

2017

A STRONGER FUTURE
2017 2017
ANADOLU GROUP MERGER

Capital and Shareholding Structure



- AG Sınai Yatırım ve Yönetim A.Ş.
- AEP Anadolu Etap Penkon Pazarlama Ltd. Şti.
- Other Yazıcı Family Individuals
- Özilhan Family
- Süleyman Kamil Yazıcı and Family
- Free Float

BIST code:	AGHOL.IS
End-2017 market cap:	USD 1,000.5 million

AG Anadolu Group Holding Shareholding Structure (31 December 2017)	Capital share (TRL 1,000)	Capital share (%)	Voting rights (TRL 1,000)	Voting rights (%)
AG Sınai Yatırım ve Yönetim A.Ş. (*)	59,237	24.32	59,237	24.32
AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. (*)	59,237	24.32	59,237	24.32
Other Yazıcı Family Individuals (*)	47,443	19.48	47,443	19.48
Özilhan Family (*)	24,293	9.98	24,293	9.98
Süleyman Kamil Yazıcı and Family (*) (***)	18,988	7.80	18,988	7.80
Free Float (**)	34,332	14.10	34,332	14.10
Others	5	0.00	5	0.00
Total Capital	**243,535**	**100.00**	**243,535**	**100.00**

Class	# shares	% shareholding	Board candidate designation rights
A (bearer)	194,827,614	80.00	-
B (registered)	48,706,904	20.00	6
	243,534,518	**100.0**	

(*) As of 31 December 2017, 14.32% of AG Sınai Yatırım ve Yönetim A.Ş. shares amounting TRL 34,883 and 14.32% of Anadolu Etap Penkon Pazarlama Ltd. Şti. shares amounting TRL 34,883, 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.
(**) The shares only consist of the shares traded on the stock exchange which do not belong to family members.
(***) TRL 218 of TRL 18,988 belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş. Anadolu Ecopack Üretim ve Pazarlama A.Ş.'s 26.85% shares belong to Kamil Yazıcı Yönetim ve Danışma A.Ş. and 73.15% shares belong to Yazıcı Family Members.

The holding companies of Anadolu Group have merged under the name AG Anadolu Grubu Holding A.Ş. with equal representation and management rights of founding Yazıcı and Özilhan families.

AG Sınai Yatırım ve Yönetim A.Ş. is a wholly-owned subsidiary of Kamil Yazıcı Yönetim ve Danışma A.Ş. and was set up to manage AG Anadolu Grubu Holding A.Ş. (AGHOL) as well as AGHOL's equity stakes. AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. is a company that manages the stakes of Özilhan family members in AGHOL and its shareholding interests and is a wholly-owned subsidiary of İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş., a company that was set up by the Özilhan family. Before the end of March 2018, AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. will be merged into AG Sınai Yatırım ve Yönetim A.Ş. As a result of this merger, AG Sınai Yatırım ve Yönetim A.Ş.'s shareholders will be Kamil Yazıcı Yönetim ve Danışma A.Ş. (of which the Süleyman Kamil Yazıcı family is the ultimate controlling party) and İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. (of which the Özilhan family is the ultimate controlling party), with each party controlling an equal (50%) stake. Upon the completion of this merger, AG Sınai Yatırım ve Yönetim A.Ş. will be managed indirectly by Süleyman Kamil Yazıcı and the Özilhan families on the basis of equal representation and equal management principle.

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. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. Class A shares are all bearer type shares; belonging to AG Sınai Yatırım ve Yönetim A.Ş. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. and also Yazıcılar Families, Özilhan Families and publicly traded shares are included in Class A.

Our Principal Business Lines

Beer
Anadolu Efes

Soft Drinks
Coca Cola İçecek

Migros
Migros

Automotive
Anadolu Isuzu
Çelik Motor
Anadolu Motor

Retail
Adel Kalemcilik
Anadolu Restoran
Efestur Turizm İşletmeleri

Others
Anadolu Etap
Energy (Aslancık Electricity, Anatolian Caucasia Energy, AES Electricity Wholesale)
Real estate (AND Anadolu Real Estate, AND Kartal Real Estate, AND Ankara Real Estate)
Insurance (AEH Insurance Agency)

Social Entities
Anadolu Foundation
Anadolu Medical Center
Anadolu Efes Sports Club

International Business Partners

Anadolu Group continues to create value in all of the territories in which it has operations through its partnerships with leading global brands and its joint ventures with multinational companies.

Key Financial Indicators

Total sales
TRL 17.4 billion, up 23%
Total proforma sales TRL 32.2 billion, up 30%

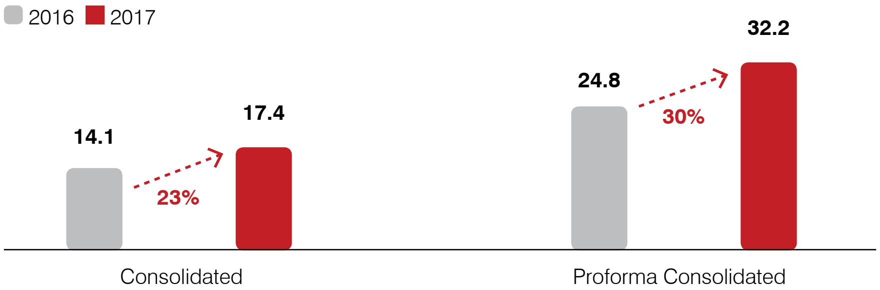
EBITDA
TRL 2.7 billion, up 29%, EBITDA margin 15.4%
Proforma EBITDA TRL 3.5 billion, Proforma EBITDA margin 10.9%

Total assets
TRL 38.1 billion, up 15%
Total proforma assets, TRL 46.0 billion

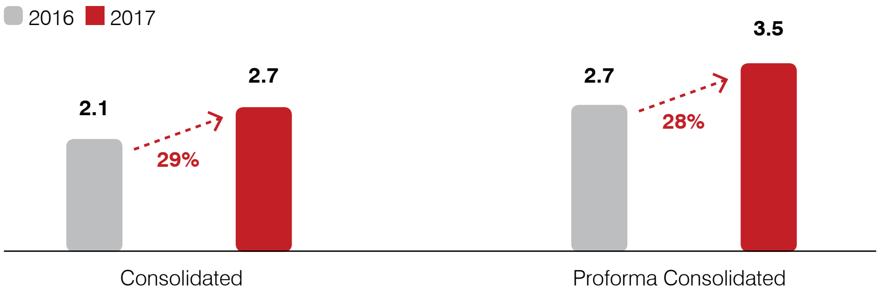
	Consolidated			Proforma Consolidated (*)		
(TRL million)	2016	2017	Change	2016	2017	Change
Net Sales	14,150	17,378	23%	24,793	32,196	30%
EBITDA	2,072	2,670	29%	2,733	3,507	28%
Pre-tax Profit	-358	157	-144%	-434	409	-194%
Net Profit (**)	-376	-130	-65%	-376	-130	-65%
Total Assets	32,987	38,067	15%	38,217	46,036	20%
Total Shareholders' Equity	16,694	17,427	4%	15,944	16,916	6%
Parent Company Equity	5,710	5,751	1%	5,710	5,751	1%
Net Debt	6,922	8,204	19%	8,729	10,489	20%
Total Liabilities/Total Equity	0.98	1.18	0.2	1.40	1.72	0.3
Short-term Liabilities/Long-term Liabilities	0.54	0.86	0.3	0.67	1.05	0.4
Net Debt/EBITDA	3.34	3.07	-0.3	3.19	2.99	-0.2
ROIC (***)				7.0%	8.4%	1.4
EBITDA Margin	14.6%	15.4%	0.7	11.0%	10.9%	-0.1
Pre-tax Profit Margin	-2.5%	0.9%	3.4	-1.7%	1.3%	3.0
Net Profit Margin (Parent Company)	-2.7%	-0.7%	3.4	-1.5%	-0.4%	1.1

(*) "Proforma" reflects the full consolidation of Migros's results.
(**) Shows the net profit of the parent company.
(***) ROIC: Return on investment capital.

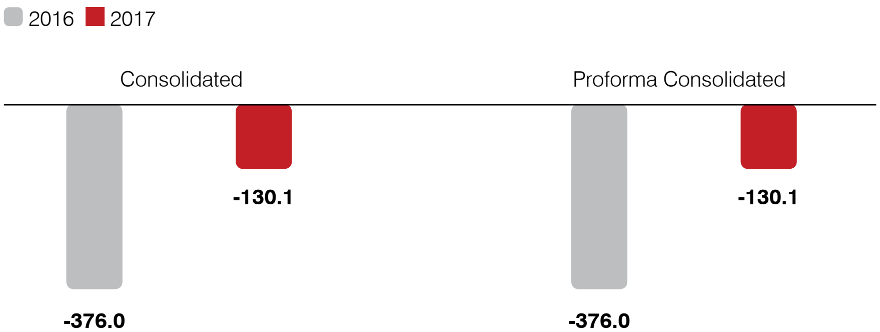
Net Sales (TRL billion)



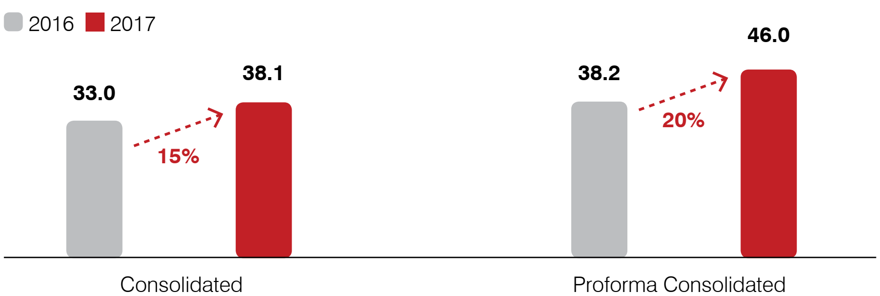
EBITDA (TRL billion)



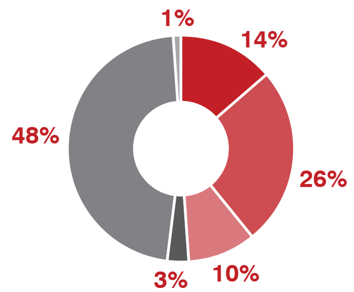
Net Profit (TRL billion)



Total Assets (TRL billion)



Net Sales Breakdown (*)

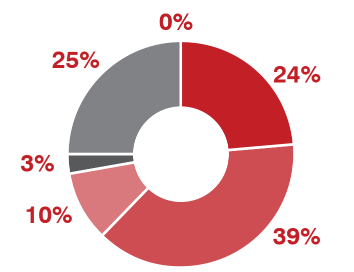


Based on 2017 proforma results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

(*) Sum of segmental percentages may exceed 100% due to eliminations.

EBITDA Breakdown (*)



Based on 2017 proforma results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

(*) Sum of segmental percentages may exceed 100% due to eliminations.

Chairman's Message

For Anadolu Group, 2017 was a year in which noteworthy growth was registered and expectations were fulfilled.

For the sake of an even stronger future, we shall also continue to contribute to social wellbeing and to create value for our country, for our business partners, and for all the communities in which we do business in 2018 as well.

Keeping our fingers on the pulse of markets in every business line in which we are active, we connected with consumers, we enlarged our talent pool and intensified our team spirit, and we ensured that the efficiencies and opportunities made possible by digitization had a favorable impact on our business.

Valued stakeholders:

Looking at the latest economic indicators with 2017 now behind us, we may conclude that, notwithstanding all of the year's difficulties and uncertainties, the momentum in our country's growth has achieved stability. For Anadolu Group, 2017 was also a year in which noteworthy growth was registered and expectations were fulfilled.

Last year we also experienced the excitement of realizing an important breakthrough that will be shaping our Group's future. Some time ago, in the light of our vision of being "The star that links Anatolia to the world and the world to Anatolia", we made a decision to revise our management requirements taking into account not only processes that are being accelerated by globalization but also the structure of our group, which has been growing with pride for nearly seven decades. In this regard, we set out with the goal of unifying our group on a single corporate and legal platform in order to further bolster the deep-rooted shared wisdom whose foundations were laid by our honorary presidents Kamil Yazıcı and İzzet Özilhan and which derives its power from a belief in the strength of common sense. As 2017 drew to a close, the lengthy efforts of our teams were successfully concluded when all of the constituent elements of the Anadolu Group were brought together under a single umbrella company whose legal name is AG Anadolu Grubu Holding A.Ş. Speaking on behalf of all of our stakeholders, it is my earnest belief that this important merger will enable our group to prosper and endure for many generations yet to come.

In a year in which global economic volatilities and political turbulences waned somewhat but nonetheless continued and in which security anxieties in our part of the world were never off the agenda, Anadolu Group showed that it had the flexibility and dynamism to quickly adapt to changing needs and to withstand the pressures of market conditions. We confronted 2017 with a financially robust structure and continued to make resolute progress in net profit and cashflow generation during the year. Keeping our fingers on the pulse of markets in every business line in which we are active, we connected with consumers, we enlarged our talent pool and intensified our team spirit, and we ensured that the efficiencies and opportunities made possible by digitization had a favorable impact on our business. We saw that our international operations and export activities contributed more to our business volumes and turnover in the sectors in which our group is active than ever before. We shall be devoting even more attention on this issue.

For the sake of an even stronger future, we shall also continue to contribute to social wellbeing and to create value for our country, for our business partners, and for all the communities in which we do business in 2018 as well. In keeping with our sense of corporate social responsibility and social contribution, we shall continue to invest in education, health, and sport through our foundation, our hospital, and our sports club.

I offer my appreciation to all of our stakeholders for contributing to, standing by, and having confidence in Anadolu Group in 2017.

Tuncay Özilhan
Chairman of the Board of Directors

CEO's Assessment

We have recently completed 2017, a year in which we made important progress in line with our strategic plans.

We closed our books for 2017 with an increase of 23% in consolidated sales as compared with 2016. On a proforma basis, which includes Migros results as fully consolidated into our financials (to be realized latest by June 2019), our total sales were actually up by 30%.

Valued stakeholders:

In line with its vision of being "The star that links Anatolia to the world and the world to Anatolia", our group conducts its operations with nearly 80 companies, 59 production plants, and more than 50 thousand employees across a broad region of the world that spans 19 countries. We have recently completed 2017, a year in which we made important progress in line with our strategic plans.

Despite political uncertainties and geopolitical risks in different parts of the world during 2017, global growth outperformed most expectations: so much so in fact that the International Monetary Fund found it necessary to revise its global growth projections upwards on three separate occasions last year. The fact that the economic recovery witnessed in 2017 had its origins in both developed and developing countries was seen as an especially hopeful sign for the period ahead. Two other factors that added impetus to worldwide growth were increases in investment outlays and in manufacturing output as well as improvements in real-sector and consumer confidence.

In the Euro Area, elections in some of Europe's major countries, an independence referendum in Spain's Catalonia region, and EU-UK "Brexit" negotiations were the main issues on what was a generally fraught political agenda. The Euro Area for its part registered the strongest performance it has witnessed since the 2008 global crisis.

A relentlessly hearty global appetite for risk accelerated capital flows in the direction of developing countries in 2017. It is expected that these countries' economies will continue to fuel the global economy's recovery at least for the foreseeable future as well.

Benefitting from government incentives (not least of them the Credit Guarantee Fund) designed to support domestic economic activity as well as from low-base effects, the Turkish economy performed strongly in 2017 and registered an aggregate 7.4% rate of growth during the first nine months of the year. Although the budget deficit grew wider in parallel with increased public-side support for the economy, economic growth on such a scale helped keep its ratio to national income low. The return of double-digit inflation suggests a resumption of tighter money and interest rate policies may be in the offing while the growth in the country's

Our new structure will give rise to substantial benefits from the standpoints of corporate governance, transparency, and management sustainability and clarity.

foreign trade deficit and a worsening current balance are expected to remain important issues for yet some time to come.

Distinguished shareholders,

During the last week of 2017 we took a very important step in the history of Anadolu Group with the merger of the holding companies of the group under a single entity whose legal name is AG Anadolu Grubu Holding A.Ş. Immediately after that merger, our group embarked upon the new year with a corporate structure that is now stronger than ever before. Besides giving rise to substantial benefits from the standpoints of corporate governance, transparency, and management sustainability and clarity, we already sense that the financial consequences of having a single holding company structure are having a favorable impact on financial markets' perceptions and awareness of our group insofar as Anadolu Group's portfolio is now more accurately presented.

Given that context, we closed our books for 2017 with TRL 17.4 billion in consolidated sales, a 23% increase as compared with 2016. On a proforma basis, which includes Migros results as fully consolidated into our financials (to be realized latest by June 2019), our total sales were actually up by 30% reaching TRL 32.2 billion in 2017. In addition to a 39% year-on-year growth in Migros operations, which account for about a 50% share in our total turnover, the 31% and 21% year-on-year increases respectively in our beer and soft drinks operations were two other big contributors to the growth in our proforma consolidated proceeds.

As a result of improved operational profitability in our international beer operations (especially in Russia) and soft drinks segments and of a greater contribution to total sales revenues made by more-profitable operational leasing in automotives, our consolidated proforma EBITDA grew by 28% and reached TRL 3.5 billion, while our EBITDA margin was on the order of 11%.

Turning to our balance sheet, our total consolidated assets increased by 15% and rose to TRL 38.1 billion, while our proforma total assets topped TRL 46 billion in value, largely because of Migros's acquisition of Kipa.

Valued stakeholders:

For Anadolu Efes, one of Anadolu Group's leading companies, 2017 was a particularly important year in which it said a "Hearty" hello again to all of its consumers with a brand-new look. The company's "Efes Pilsen" won the "Brand of the Year" trophy in the 2017-2018 round of World Branding Awards. Coca-Cola İçecek, having received the highest credit rating ever assigned to a Turkish company by Fitch, floated a Eurobond issue that attracted record-breaking attention and demand. Last year CCI also opened its tenth bottling plant in Turkey.

Having decided to invest in consumers' increasingly diversifying shopping habits, Migros acquired Kipa and Tazedirekt brands and in 2017 ranked first among all of the companies in our portfolio as measured by turnover as a result of both its organic and inorganic growth.

Our operations in the automotive industry also gained additional growth momentum in many different areas. Registering a record-breaking year in its export history, Anadolu Isuzu continued the investments that it has been carrying out since 2009 with no loss

CEO's Assessment

As Anadolu Group family, we shall all continue to work and produce in order to ensure our group's existence for many generations yet to come.

of pace and once again emerged as the industry's patent-award champion in 2017. Positioning itself effectively in the face of the automotive sector's changing dynamics, Kia Turkey introduced attention-grabbing new models such as Rio and Niro Hybrid to consumers. The short- and long-term rentals fleet of Garenta, our innovative brand in the vehicle leasing market, reached 30,000, making it one of the top three players in the sector. Anadolu Motor for its part signed an agreement with Argo Tractors, an Italian manufacturer of agricultural equipment that has been in business for 133 years, to produce tractors in Turkey. In 2018 the company will begin manufacturing 50-75 HP models suitable for farming conditions in Turkey at its Şekerpınar plant.

We continue to conduct our retailing operations across a broad spectrum of endeavors. Adel Kalemcilik, Turkey's foremost manufacturer of writing instruments and stationery supplies, further strengthened its many years of consistent growth with its strong entrance into the toys market. McDonald's, which sold its one-billionth hamburger as it completed its 31st year in Turkey in 2017, registered sales and customer numbers that surpassed targets that earned it first place among the company's 119 national operations.

Anadolu Etap, our company in Turkey's high-potential agricultural industry, opened its third plant in Isparta in 2017. This new plant has a fruit-processing capacity of 100 thousand tons a year. Anadolu Etap's sales of fresh fruits and vegetables, which began in 2015, have since reached 50,000 tons a year. The company's Doal Meyveden Şeker product, a low-glycemic crystallized sugar substitute made from 100% natural fruit sugar that recently appeared on store shelves, was inaugurated as a brand-new product category.

Aslancık and Paravani hydroelectric power plant (HPP) projects, our group's first energy-industry undertakings, continue to operate successfully. We are strengthening our position in this sector with a third venture, Kheledula HPP project in Georgia which is currently at the investment stage. AND Gayrimenkul's efforts in line with its vision of bringing international standards of quality and performance to Turkey's real estate industry earned it the "Year's Best Real Estate Company" accolade at the Stevie Awards. One of its industry's most trusted players, AND Gayrimenkul continues to work on its existing Kozyatağı and Kartal projects in İstanbul while also developing new ones.

Finally I should mention how happy and proud I am that our group is putting its 67 years of knowledge and experience to work in the service of our country by having joined the "Turkey's Automobile Joint Venture Group".

I thank all of our employees for the dedicated efforts that helped make the important progress that our group achieved in 2017 a reality. I also take this opportunity to express my appreciation to all of our consumers and other stakeholders for their unfailing support and confidence.

As Anadolu Group family, we shall all continue to work and produce in order to ensure our group's existence for many generations yet to come and to create even more value for all of our stakeholders.

Hurşit Zorlu
Chief Executive Officer

Board of Directors


Tuncay Özilhan
Chairman


Kamilhan Süleyman Yazıcı
Vice Chairman


Salih Metin Ecevit
Member


Dr. Cem M. Kozlu
Member


Dr. Yılmaz Argüden
Member


Ali Galip Yorgancıoğlu
Independent Member


Talip Altuğ Aksoy
Member


Mustafa Ali Yazıcı
Member


Ahmet Boyacıoğlu
Member


Uğur Bayar
Independent Member


Can Arıkan
Independent Member


İyigün Özütürk
Independent Member

Board of Directors

Tuncay Özilhan
Chairman

Tuncay Özilhan was born in Kayseri. Mr. Özilhan studied in Saint-Joseph high school then graduated from the Faculty of Economics of İstanbul University. He has received his MBA degree from Long Island University in the United States. He has undertaken responsibilities such as General Director of Erciyas Brewery, Coordinator of the Beer Group and General Coordinator of the Anadolu Group.

Mr. Özilhan acted as the CEO of the Anadolu Group from 1984 to February 2017. He is the Chairman of the Anadolu Group since May 2007. He has also been serving as Chairman of Anadolu Foundation as well as various Group companies

Mr. Özilhan served as TÜSİAD's (Turkish Industrialist's and Businessmen's Association) Chairman from 2001 to 2003 and he is currently Chairman of its High Advisory Council. His other responsibilities include; Member of The Board and Chairman of the Turkish-Russian Business Council at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of the Anadolu Efes Sports Club. Tuncay Özilhan holds Ministerial Medal by the Ministry Foreign Affairs of the Republic of Estonia and "The Order of the Rising Sun, Gold and Silver Star", constituting one of the most important orders awarded by Japanese government.

Kamilhan Süleyman Yazıcı
Vice Chairman

Kamilhan Yazıcı holds a bachelor's degree in business administration from Emory University in USA, an MBA degree from AIBEC (American Institute of Business and Economics) in Russia and has completed the GMP program at Harvard Business School. Starting his career in Anadolu Group Finance Department in 2000, Mr. Yazıcı later worked in Anadolu Efes Russia Marketing Department between 2003-2005 and was appointed New Product Development Manager in 2005. Continuing his career in Russia as Logistic Systems Manager during 2006-2008, Mr. Yazıcı was appointed as Supply Chain Director in 2008 and as Development Director in 2010. Mr. Yazıcı assumed the role of Anadolu Efes Moldova Managing Director between 2011-2014 and was later appointed as Market Development Director in Anadolu Efes Headquarters, a position held until April 2017. Mr. Yazıcı currently serves as Board Member and Vice-Chairman in Anadolu Group companies.

Salih Metin Ecevit
Board Member

Metin Ecevit graduated from Faculty of Political Sciences in 1967. He also received a master's degree from Syracuse University in Economics in 1976. From 1967 to 1980, he worked as a Government Auditor and served as Deputy General Manager of General Directorate of Revenues at the Ministry of Finance. Mr. Ecevit joined Anadolu Group in 1980 and worked in various roles, serving as General Manager, Board Member, and Chairman in automotive companies of Anadolu Group. He retired in 2006, while he was serving as Automotive Group President, owing to the retirement age limit regulations of the Group. He served as Board Member and Chairman of the Association of Imported Car Distributors in Turkey from 1992 to 2004. He is a board member of Anadolu Group companies.

Talip Altuğ Aksoy
Board Member

T. Altuğ Aksoy received his bachelor's degree in economics from Oglethorpe University in USA. He began his career as Finance Assistant Specialist at Anadolu Group in 1995 and was appointed as a Finance Specialist in 1996. Mr. Aksoy worked as Human Resources and Treasury Specialist from 1998 to 2000. He served as Director of Sales and Marketing at Efes Invest from 2000 to 2003 and was appointed as the Director of Trade and Export at Efes Beer Group in January 2003. Continuing his career at the Group as the Director of Purchasing and Logistics from 2006, Mr. Aksoy was appointed Director of Supply Chain of Efes Beer Group in June 2008. In November 2011, he was appointed as Efes Turkey Managing Director and served in this position until January 2017. Mr. Aksoy still continues to serve as a Board Member in various Anadolu Group companies

Mustafa Ali Yazıcı
Board Member

Mustafa Ali Yazici graduated from Galatasaray High School in Istanbul and received his bachelor's degree in finance from Georgetown University in Washington D.C. After working at Morgan Stanley's London office as a financial analyst, he served as managing director of a firm specializing in e-commerce from 2005 to 2010. He served as managing director of Cloudturk, a firm that he co-founded, which specializes in cloud computing and fintech industries from 2011-2017. Since 2017, he has been serving as a member of the board of directors of Anadolu Group and its subsidiary companies

Ahmet Boyacıoğlu
Board Member

Ahmet Boyacıoğlu holds a bachelor's degree in Business Administration from the Middle East Technical University. Mr. Boyacıoğlu began his professional career with the Efes Beverage Group (Anadolu Efes) in 1973. He served in various positions from 1973 to 2005 including Bursa Region Sales Manager, Ege Biracılık ve Malt San. A.Ş. Sales Manager, Güney Biracılık ve Malt San. A.Ş. General Manager, Ege Biracılık ve Malt San. A.Ş. General Manager, Eastern Europe President, International Beer Operations Group President, and Strategy and Business Development Director. Mr. Boyacıoğlu was appointed as the President of the Efes Beer Group in May 2005 and retired on 1 February 2007. Currently, he is board member of some Anadolu Group companies

Dr. Cem M. Kozlu
Board Member

Cem Kozlu holds a B.A. and an honorary doctorate from Denison University, an MBA from Stanford University, a Ph.D degree in Administrative Sciences from Boğaziçi University. In his earlier professional life, Dr. Kozlu served as Marketing Specialist at National Cash Register Company in US, Managing Director of Komili Company for 12 years, Marketing Manager of Procter & Gamble in Switzerland. He served as CEO and Chairman of Turkish Airlines between 1988-1991 and as President of Association of European Airlines in 1990. Cem Kozlu continued his career in public services as Member of the Parliament between 1991-1995 and as Chairman of the Board of Turkish Airlines between 1997-2003. He has been holding various positions in The Coca-Cola Company since 1996. He still serves as a Board Member of Coca-Cola İçecek A.Ş., Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Hava Yolları, DO & CO Aktiengesellschaft (Vienna). He is at the advisory board of Koç University Denizcilik Forumu and at the Board of Trustees of Anadolu Sağlık Merkezi, İstanbul Modern Sanatlar Vakfı and Chairman of Global İlişkiler Forumu.

Dr. Yılmaz Argüden
Board Member

Dr. Yılmaz Argüden is a leading strategist, advisor, and board member of major public and private institutions, and NGOs. He is the Founder and Chairman of ARGE Consulting, a leading management consulting firm based in Istanbul. ARGE has been recognized at the European Parliament as one of the best three companies "shaping the future" with its commitment to corporate social responsibility. ARGE is the first Turkish signatory of the UN Global Compact and has served as the B20 Governance & Sustainability Knowledge Partner.

He is also the Chairman of Rothschild investment bank in Turkey. He has served on the boards of more than 50 companies in different jurisdictions; as an adjunct Professor of Business Strategy at the Boğaziçi University and the Koç University; an author of numerous books and a columnist focusing on business, strategy, and governance issues.

As a social entrepreneur he has founded and led numerous NGOs; initiated the National Quality Movement. As the elected Global Chair of the Local Networks he represented 100+ National Networks on the Board of the UN Global Compact, the world's largest sustainability platform.

He is a renowned governance expert and served as a member of the Private Sector Advisors of the IFC's Corporate Governance Group, and as the Vice-Chairman of the Public Governance Committee of the Business at OECD. He is also the founder of the non-profit Argüden Governance Academy operating under the aegis of Boğaziçi University Foundation.

He has a PhD in policy analysis from the RAND Graduate Institute. He is an Eisenhower, Fulbright, NATO, and TÜBİTAK fellow; and a recipient of numerous leadership, distinguished citizenship, and career awards. He was selected as a Global Leader for Tomorrow, by the World Economic Forum for his commitment to improve the state of the world.

Board of Directors

Ali Galip Yorgancıoğlu
Independent Board Member

A. Galip Yorgancıoğlu graduated from Galatasaray High School and then he studied at the Faculty of Business Administration at Boğaziçi University. He started his professional life at Phillip Morris as Marketing Manager of Marlboro Cigarettes. Later on, he worked as South East European Marketing Director at Diageo, Turkey and Eurasia Marketing Director at Coca-Cola, and then Turkey General Manager at Burger King. In April 2004, he started to work as CEO of Mey İçki, which was founded after Tekel Alcoholic Beverages section has been privatized in December 2003. He continued to work as CEO of Mey İçki / Diageo Turkey until he retired on 30 September 2017.

Mr. Yorgancıoğlu complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.

Uğur Bayar
Independent Board Member

Uğur Bayar received his Bachelor of Science degree in Applied Mathematics and Statistics from the State University of New York in 1997. Bayar began his career at Citibank Turkey in 1987, taking various positions at the treasury of the bank until 1992, when he moved to public service. Between 1992 and 1997, he served as Vice President of Public Partnership Administration of the Prime Ministry of Turkey and between 1997 and 2002 as President of Privatization Administration of the Prime Ministry of Turkey. During this period, he served as Chairman of the board of Erdemir and Petrol Ofisi and a board member of Turkish Airlines and Türk Telekom. Mr. Bayar joined Credit Suisse in 2004 and worked as Turkey's Chief Executive Officer and Head of Investment Banking until 2017. In addition, Bayar serves as Chairman of WWF Turkey (World Wildlife Foundation) while he serves as board member at Tekfen Teknoloji Yatırım ve Tic. A.Ş and at SAMUMED Biotechnology Company, based in San Diego.

Mr. Bayar complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.

Can Arıkan
Independent Board Member

Can Arıkan graduated from Istanbul Technical University, Faculty of Mechanical Engineering in 1960. After working as Construction Manager at AG Weser company in Germany between 1963 and 1965, Arıkan started to work at Çelik Montaj, one of Anadolu Group companies, then, he was appointed as General Manager at this company in 1977. After working as Anadolu Group Automotive Group Coordinator and Executive Director of Engine Group respectively, he retired in 1998 according to Anadolu Group Age Regulations. After retiring from board membership of Automotive Group companies in 1999, Can Arıkan worked as a board member at Kamil Yazıcı Yönetim ve Danışma A.Ş. between 1997 and 2007. Can Arıkan is a member of İstanbul Yüzme İhtisas Club, Turkish Chamber of Marine Engineers and Büyük Kulüp (Cercle d'Orient) Mr. Arıkan complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.

İyigün Özütürk
Independent Board Member

İyigün Özütürk, received his undergraduate degree from Academy of Economics. He started his career in 1960 in Unilever Finance Department, then, commenced to work in 1970 in Accounting department of Çelik Montaj Company, one of Anadolu Group companies, he respectively served as Chief Accountant, Human Resources Manager and Assistant General Manager for Financial and Administrative Affairs at this company. Holding the same position, he began to work at Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. between 1985 and 2001, since the foundation of the company. He retired in 2001. Mr. Özütürk complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.

Organization Chart

Hurşit Zorlu
Anadolu Group CEO

- **Can Çaka** – Anadolu Group Chief Financial Officer
- **Menteş Albayrak** – Anadolu Group Head of Audit
- **Mustafa Yelligedik** – Anadolu Group President Legal Affairs
- **Osman Alptürer** – Anadolu Group Human Resources President
- **Özlem İğdelipınar** – Anadolu Group Corporate Risk Management Coordinator
- **Serkant Paker** – Chief Information Officer
- **Kaan Ünver** – Corporate Affairs and Communication Coordinator

- **John Gavin Hudson** – Beer Group President and Anadolu Efes CEO
- **Burak Başarır** – Soft Drinks Group President and Coca-Cola İçecek CEO
- **Ö. Özgür Tort** – Migros CEO
- **Bora Koçak** – Automotive Group President
- **Serdar Bölükbaşı** – Retail Group President
- **Tuğban İzzet Aksoy** – Energy Sector Coordinator
- **Demir Şarman** – Anadolu Etap General Manager
- **Ali Baki Usta** – AND Gayrimenkul General Manager

Senior Management


Hurşit Zorlu
CEO


Can Çaka
Chief Financial Officer


Menteş Albayrak
Audit President


Serkant Paker
Chief Information Officer


Kaan Ünver
Corporate Affairs and Communication Coordinator


John Gavin Hudson
Beer Group President and Anadolu Efes CEO


Serdar Bölükbaşı
Retail Group President


Tuğban İzzet Aksoy
Energy Sector Coordinator


Demir Şarman
Anadolu Etap General Manager

Mustafa Yelligedik
Legal Affairs President

Osman Alptürer
Human Resources President

Özlem İğdelipınar
Corporate Risk Management Coordinator

Burak Başarır
Soft Drinks Group President and CCI CEO

Ö. Özgür Tort
Migros CEO

Bora Koçak
Automotive Group President

Ali Baki Usta
AND Gayrimenkul General Manager

Senior Management

Hurşit Zorlu
CEO

Mr. Zorlu holds a BSc degree in Economics from Istanbul University. Prior to joining Anadolu Group in 1984, he held various positions in Toz Metal and Turkish Airlines. Mr. Zorlu joined Anadolu Group as a Marketing Specialist at the Efes Beverage Group and held various positions including Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director. Mr. Zorlu held the position of Chief Financial Officer (CFO) for Efes Beverage Group between 2000-2008 and the position of CFO for Anadolu Group between 2008-2013. In January 2013, Mr. Zorlu was appointed as Deputy CEO and as of February 2017 he is appointed as CEO of Anadolu Group. Mr. Zorlu is also Board Member of various Anadolu Group companies, Board Member of TÜYİD (The Turkish Investor Relations Association) and served as the Chairman of TKYD (Corporate Governance Association of Turkey).

Can Çaka
Chief Financial Officer

Can Çaka received bachelor of science degree from the Electrical and Electronic Engineering Department of Middle East Technical University and his postgraduate degree from the Administrative Sciences Department of the same university. He started his career as a business analyst and systems engineer in 1994, and has worked at various companies and was involved in various projects. He joined our Group in 1997 as a Finance Specialist in the Anadolu Efes Overseas Investments Department and worked in various positions such as Finance Specialist, Finance and Administrative Affairs Manager at the Efes Ukraine Beer Factory, Efes Beer Group Strategy and Business Development Manager between 1997-2005 and as Efes Beer Group Strategy and Business Development Director between May 2005 and March 2008. Çaka worked as Chief Financial Officer (CFO) of Anadolu Efes between April 2008 and December 2012. Mr. Çaka was appointed to the position of Chief Financial Officer (CFO) of Anadolu Group in January 2013 and currently holds this position.

Menteş Albayrak
Audit President

After finishing Kadıköy Anatolian High School in 1991, Mr. Albayrak graduated from Economics department at Istanbul University in 1995. In 2007, he received his post graduate degree, Executive (MBA) from Sabancı University. He started to work in Anadolu Endüstri Holding in 1995. He served in various Anadolu Group companies and assumed finance and audit roles between 1995-2018. Starting from 2018, he has been working as Audit President of AG Anadolu Holding A.Ş. While serving profession's roles; Mr. Albayrak acted as Board Member and Vice President of Turkey Institute of Internal Auditors (TİDE) between 2010-2016. He also assumed the Chairman of the Board role at Turkey Internal Audit Institute (TİDE) between 2016-2018. Additionally he was a member of Public Affairs Committee of European Confederation of Internal Auditors (ECIIA) between 2014-2016.

Mustafa Yelligedik
Legal Affairs President

Mustafa Yelligedik finished Darrüşşafaka High School in 1990. He graduated from Ankara University Faculty of Law. He completed Sports Law Program at Kadir Has University Faculty of Law in 1994 and General Management Program as Bled School of Management in Slovenia in 2008. He started his career at Anadolu Group in 1997 as a Lawyer at Efes Beverage Group. In the Legal Affairs Department he took the positions of Lawyer, Legal Affairs Manager, Legal Affairs Assistant Coordinator and Legal Affairs Coordinator, respectively. Mr. Yelligedik has been the Legal Affairs President since 1 February 2018.

Osman Alptürer
Human Resources President

Osman Alptürer completed Moda High School in 1984. He graduated from Marmara University Economics Department in 1989 and obtained Postgraduate Diploma in Economics from University of Surrey, UK in 1992. He began his career in our Group as an operation specialist at Efestur Turizm İşletmeleri A.Ş. between 1993-1994. He continued his career in our Group, at Anadolu Endüstri Holding, Honda Türkiye and Efes Beverage Group respectively. Mr. Alptürer currently holds Anadolu Group Human Resources President position.

Özlem İğdelipınar
Corporate Risk Management Coordinator

Özlem İğdelipınar holds a BA in Business Administration from Middle East Technical University. Ms. İğdelipınar joined The Coca-Cola System in 1999 as an Internal Audit Manager. She has 27 years of experience in Internal Audit and Finance in the banking and textile sectors. İğdelipınar is the founding member and former President of the Institute of Internal Auditors Turkey. In addition, she served as a member of the Board and Audit Committee for the Global Institute of Internal Auditors (IIA). She holds both Certified Internal Auditor (CIA) and Control Self Assessment (CCSA) certificates. Since the beginning of 2013, she is working as a Corporate Risk Management Coordinator at Anadolu Endüstri Holding.

Serkant Paker
Chief Information Officer

Having graduated from Istanbul Technical University, Department of Electronics and Telecommunication Engineering in 1995, Mr. Paker began his career at Hürriyet Gazetecilik as Technical Supervisor. Between 1998 and 2014, he served respectively, as IS&T Analyst, Business Systems Group Project Leader, Business Systems Group Infrastructure & Technology Manager and Business Solutions Group Manager at CCI. Having served as Information Technologies Director at Anadolu Efes since March 2014, Mr. Paker has been appointed as Chief Information Officer at Anadolu Efes as of 1 October 2014. As of 1 July 2015, he is assigned as Anadolu Group Chief Information Officer (CIO) and Anadolu Efes Chief Information Officer (CIO).

Kaan Ünver

Corporate Affairs and Communication Coordinator

Following his undergraduate degree at Hacettepe University Department of Business Administration, Kaan Ünver had his MBA at New York, College of Insurance, Department of Actuary. Mr. Ünver began his career as investment and finance expert at Undersecretariat of Turkish Treasury. He continued his career as Debt Management Department Head of Undersecretierat of the Treasury. Before joining our Group, Mr. Ünver was Corporate Affairs Manager at Philip Morris/Sabancı between 2004-2009, Corporate Affairs Division Head at Turkcell between 2009-2011 and Metro Group Country Representative between April 2011 and September 2017. He works as Anadolu Group Coordinator of Corporate Affairs and Communication since October 2017. Mr. Ünver holds various positions as board member and working group chairman at Turkish Industry & Business Association, Foreign Economic Relations Board, International Investors Association and Food Retailers Association.

John Gavin Hudson
Beer Group President and Anadolu Efes CEO

John Gavin Hudson is an accomplished business executive with over 24 years of experience in Marketing, Sales, Distribution and various General Management roles within SABMiller, both in South Africa, Latin America and more recently as the Managing Director of Efes Russia with a very successful and proven track record of delivering results through disciplined processes, people management and an innovative approach to leading the organization. He obtained his MBA through the Open University, London in 2000. Mr. Hudson is appointed to the position of Efes Beer Group President & Anadolu Efes CEO.

Senior Management

Burak Başarır
Soft Drinks Group President and CCI CEO

Burak Başarır was appointed to the position of CEO as 1 January 2014. He joined CCI in 1998 and assumed increasing managerial responsibilities in finance and commercial functions. He was named CFO in 2005 and has played an integral role during CCI's IPO process and effectively managed the financial integration of Efes Invest with CCI in 2006. He was recognized as Best CFO in Turkey by Thomson Reuters Extel in 2009. He led the largest operation of CCI in terms of volume and sales as the Turkey Region President between 2010 and 2013. Mr. Başarır holds a BA in business administration and a minor in computer sciences from American River College. He studied management at California State University of Sacramento between 1990 and 1992 and received a BSc degree in business administration from Middle East Technical University in 1995. Prior to joining CCI, Mr. Başarır worked for Arthur Anderson as a Senior Auditor. He has 20 years of work experience.

Ö. Özgür Tort
Migros CEO

Ö. Özgür Tort is an Industrial Engineer graduated from Istanbul Technical University and he holds an MS degree specializing in Engineering Management Missouri University of Science and Technology. Mr. Tort joined Migros Group in 1996 at Business Development Department. He leaded the services of Project Management, International Investments Coordination and Customer Relationship Management (CRM). He worked in Russia as Chief Operations Officer of Migros' subsidiary between 2002 and 2006. In 2006 moved back to Migros as Chief Human Resource Officer. Regarding his career of mastering all the dimensions of retail management, he became the Chief Executive Officer in Migros Group in 2008. Mr. Tort is a board member of the Consumer Goods Forum which is the largest retailer and brand manufacture organization in the world.

Bora Koçak
Automotive Group President

Bora Koçak graduated from the Turkish Naval Academy, Department of Mechanical Engineering. In the following years after his graduation, Mr. Koçak received education in the Advanced Management Program at Harvard Business School. Serving as Chief Technician Officer in the technical management positions at the Naval Forces between the years 1989-1996, Mr. Koçak later started working in the automotive industry. Since 1996, he gained experience in Çelik Motor as Chief Trainer, After-Sales Services Chief, and After-Sales Services Manager. He became the KIA Product Manager and then KIA-Honda-Lada Product Manager between the years 1999-2005. As for the years between 2005-2008, he served as the General Manager of Citroen Baylas Otomotiv. He was the General Manager (Turkey) of Mazda Motor Europe from 2008 to 2010. Appointed as the General Manager of Çelik Motor in April 2010, Bora Koçak continued his duty until July 2016. Since August 2016, Mr. Koçak holds the office of President for Anadolu Group, Automotive Group.

Serdar Bölükbaşı
Retail Group President

Mr. Bölükbaşı, who possesses an undergraduate diploma from the Faculty of Economic and Administrative Sciences at the Middle Eastern Technical University, has also completed the Ohio State University Manager Development Program. Mr. Bölükbaşı began his employment at the Efes Beer Group of Anadolu Endüstri Holding, as a Budget Financing Expert. In turn, he served as the Efes Beer Project Development Manager, Marketing Coordinator, and the Managing Director of Efes Pazarlama ve Dağıtım Ticaret A.Ş. In 1999, he was the General Director of

Anadolu Efes, which had been founded. From 2005, in turn he was the Chief for Russia and the Commonwealth of Independent States and Chief of Overseas Beer Operations. Since 2010 he has been carrying on the role of the Chief of the Retail Group, which comprises McDonald's, Ana Gıda, Adel, and Faber-Castell Anadolu. At the same time, he serves as a member of the Board of Directors in many Anadolu Group companies.

Tuğban İzzet Aksoy
Energy Sector Coordinator

Tuğban İzzet Aksoy, who is employed as the Energy Group Coordinator of the Anadolu Group, a well-established organization within the Turkish business world, graduated from the Management and International Finance Department of the University of Oglethorpe in the USA, following his education at the Austrian High School. Mr. Aksoy began his professional career as an Assistant Expert in the Financial Affairs Directorate at Anadolu Endüstri Holding, in 1996. In December 1998 he was appointed as a Senior Broker at the Alternatifbank Treasury Department. Following 5 years in this role, Mr. Aksoy took on the role of Manager of Corporate Financing and Risk Management at the Treasury and Risk Management Department of Anadolu Endüstri Holding A.Ş., in June 2003. In April 2008 he became Assistant Coordinator at the Business Development Directorate, and since 2009 he has been working as the Anadolu Group Energy Sector Coordinator. Mr. Aksoy, who has participated in professional training and seminars in his field, is members of energy groups of TÜSİAD, TOBB and DEİK.

Demir Şarman
Anadolu Etap General Manager

Following a financial audit and consultancy career at Arthur Andersen Turkey, Demir Şarman joined Anadolu Group's Beverage Division in 1997 as a Financial Controller. Between 1997-2009 Mr. Şarman held several positions at Anadolu Efes including CFO of Efes International and Group's Strategy and Business Development Director. Mr. Şarman is the Chief Executive Officer of Anadolu Etap since its incorporation. Mr. Şarman graduated from Middle East Technical University, Department of Economics. He has an MBA degree from University of Chicago; and is also a Certified Public Accountant.

Ali Baki Usta
AND Gayrimenkul General Manager

Ali Baki Usta graduated from Trabzon High School and got his BA degree in Economics and Finance from Ankara University, the Faculty of Political Sciences in 1982. Mr. Usta started his career in Ministry of Finance Tax Inspectors Board in 1983 as a Tax Inspector. He resigned from his post in 1995 and started working as Deputy Finance Coordinator in Anadolu Group. He worked in Deputy Finance Coordinator and Finance Coordinator positions in Anadolu Group between 1995-2011. He has overtaken General Manager positions of Anadolu Varlık Yönetim A.Ş. since 1 September 2006 and Anadolu Gayrimenkul Yatırımları A.Ş. since 1 November 2011. Mr. Usta holds Sworn-in Public Accountants License, and he is a member of Ankara University Faculty of Political Sciences Alumni Association, Tax Inspectors Association, Turkish Accounting Specialists Association, Turkish Finance Managers Association and various associations.

Operational Assessment

Beer

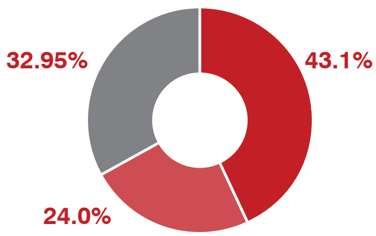
Anadolu Efes's products are consumed in more than eighty countries across a broad region spanning Europe, Central Asia, and the Middle East.

Operational Assessment
Beer

ANADOLU EFES

Anadolu Efes

Shareholding Structure



- AG Anadolu Grubu Holding
- AB Inbev Harmony Ltd
- Free Float

Founded	1969
BIST code:	AEFES.IS
2017-end market cap.	USD 3,798.9 million

2017 market shares & rankings		
Turkey	61%	1st
Russia	15%	2nd
Kazakhstan		1st
Georgia		1st
Moldova		1st

With fourteen breweries, five malteries, one hop processing, and one preform manufacturing plant, Anadolu Efes conducts its alcoholic beverages market operations in six countries: Turkey, Russia, Kazakhstan, Georgia, Moldova, and Ukraine. The company supplies nearly 60 different brands of beer to about 400 million consumers every year.

Starting out initially with two breweries in Turkey, Anadolu Efes quickly established itself as the leader of the Turkish market. An important turning-point in Anadolu Efes's history occurred in the 1990s when the company decided to expand its operations abroad. Anadolu Efes's international operations are the responsibility of Efes Breweries International NV (EBI), a wholly-owned subsidiary based in Holland. Anadolu Efes also controls a majority stake in Coca-Cola İçecek A.Ş. (CCI), which is responsible for Coca-Cola operations in Turkey and some other countries.

As measured by sales volume, Anadolu Efes is Turkey's biggest, Europe's fifth biggest, and the world's fifteenth biggest beer producer. As of end-2017 the company had annual brewing and malting capacities of 35.6 million hectoliters and 228 thousand tons respectively.

Aware of its standing as one of biggest assets Turkey has created, Anadolu Efes gives maximum attention to social responsibility and has made a point of behaving as a good corporate citizen since the day it was founded. Anadolu Efes contributes to social sustainability by supporting local development through the creation of viable models in the areas of agriculture and tourism on the one hand and by supporting social and cultural wellbeing through its activities in such areas as theater, cinema, and sport on the other.

Turkey beer operations

Anadolu Efes's Turkey beer operations commenced in 1969 at two breweries, one in İstanbul and the other in İzmir. Today the company is Turkey's leading beer producer with three breweries in Ankara, İzmir, and Adana; two malteries in Afyon and Konya; and one hop processing plant in Bilecik.

The industry's leader for almost half a century, Efes Pilsen is the beer brand that first comes to consumers' minds in Turkey.

As the Turkish brewing industry's leader for almost half a century, Anadolu Efes is the maker of Efes Pilsen, the beer brand that comes first to consumers' minds in Turkey. Anadolu Efes's annual production capacity in Turkey is 7.6 million hectoliters of beer and 118 thousand tons of malt.

The Turkish beer market in 2017 remained relatively flat, a performance that can be attributed on the one hand to high prices (caused by higher taxes) and on the other to demographic differences (as compared with previous years) in the contribution that tourist arrivals made to total consumption. Year-on-year, Anadolu Efes's domestic-market sales were down by 3.1% as measured by volume in 2017 and amounted to 5.4 million hectoliters. With the inclusion of export sales, the total sales volume was 5.8 million hectoliters. Anadolu Efes's Turkey beer sales account for a 28% share of its total sales.

International beer operations

Anadolu Efes's Russian operations, which began with the onset of production at the Moscow-Efes Brewery in 1999, make the biggest contribution to the company's international operations. That performance was augmented by the acquisition of the Krasny Vostok beer group (at the time Russia's 7th biggest beer producer) in 2006 and by a strategic collaboration with SABMiller that it entered into in 2012. As a result of the acquisition of SABMiller by Anheuser-Busch Inbev (ABInBEV) in 2017, the latter company now controls a 24% stake in Anadolu Efes. Carrying out its international operations in Russia with six breweries (in Kaluga, Kazan, Novosibirsk, Ufa, Ulyanovsk, and Vladivostok) and three malteries (all in Kazan), Anadolu Efes is the second biggest player in the Russian beer market today. The company's annual production capacity in Russia is 20.0 million hectoliters of beer and 110 thousand tons of malt.

The second biggest important market in Anadolu Efes's international beer operations after Russia is Kazakhstan. Anadolu Efes first entered the Kazakhstani market when it acquired a newly-privatized brewery in Karaganda in 1996. The company expanded its operations in the country with the opening of a new brewery in Almaty in 2003. Today Anadolu Efes remains the country's market leader with both breweries still in operation. Anadolu Efes's annual production capacity in Kazakhstan is 2.5 million hectoliters of beer.

Anadolu Efes has been conducting beer operations in Moldova ever since entering the country in 2003 with its acquisition of a brewery in the city of Chisinau. Today the company is the undisputed leader of the Moldovan market with an annual production capacity of 1.3 million hectoliters.

Anadolu Efes entered the Georgian market in 2008 when it acquired Lomisi, the country's leading local brewery at the time. Continuing its operations at its brewery in Natakhtari, Anadolu Efes is the market leader in the country with an annual production capacity of 1.0 million hectoliters.

EBI's total sales in 2017 were up by 9.3% year-on-year and amounted to 15.2 million hectoliters. Owing to a number of regulatory changes concerning PET containers as well as to poor weather conditions in Russia, the country's beer market was projected to suffer a contraction in the mid-single-digit range in 2017. Thanks however both to increased penetration in the modern trade channel and to bigger market share and effective marketing in the popular segment, Efes Russia outperformed the market by a wide margin and succeeded in registering double-digit growth last year

Aided by macro-level improvements in the economies in which the company has operations on the one hand and thanks to effective marketing on the other, our performance in other international beer operations was also up on a sales-volume basis. Focusing on continuously optimizing our brand portfolio with the support of successful marketing and effective sales and distribution techniques, we remain the leader in these markets as well.

Operational Assessment

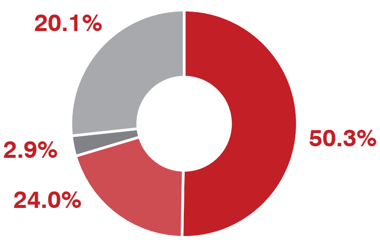
Soft Drinks

CCI engages in the production, sale, and distribution of sparkling and non-sparkling beverages in ten countries under The Coca-Cola Company (TCCC) brand.

Operational Assessment
Soft Drinks

Coca-Cola İçecek (CCI)

Shareholding Structure



- Anadolu Efes
- TCCC
- Özgörkey Holding
- Free Float

Founded	1969
BIST code:	CCOLA.IS
2017-end market cap.	USD 2,307.7 million

2017 sparkling beverages market shares & rankings

Turkey	63%	1st
Pakistan	37%	2nd
Iraq		2nd
Jordan		2nd
Kazakhstan	49%	1st
Kyrgyzstan	68%	1st
Azerbaijan	75%	1st
Turkmenistan	61%	1st

Source: Nielsen for Turkey, Pakistan, Kazakhstan; Ipsos for Azerbaijan, Turkmenistan, Kyrgyzstan
* As of December 2017 (October 2017 for Turkmenistan)

Anadolu Efes controls a 50.3% stake in Coca-Cola İçecek (CCI), which is primarily responsible for carrying out domestic and international soft drinks operations. This company engages in the production, sale, and distribution of sparkling and non-sparkling beverages bearing The Coca-Cola Company (TCCC) brand in ten countries: Turkey, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria, Pakistan, and Tajikistan. With 25 bottling plants and an annual bottling capacity of 1,507 million unit cases, CCI is the sixth biggest bottler in the Coca-Cola system as measured by total sales.

Besides supplying 400 million consumers with sparkling beverages, CCI also offers a broad portfolio of non-sparkling beverages consisting of fruit juices, water, energy and sports drinks, iced teas, and teas. The company employs nearly 9 thousand people in the conduct of its operations.

In 2017 CCI opened its 10th Turkish bottling plant in Isparta and also began construction work on a new plant located in Faisalabad, Pakistan. The Faisalabad plant will have two high-speed PET and one returnable glass bottle production lines.

CCI's consolidated sales in 2017 were up by 4.1% year-on-year and amounted to 1,237 million unit cases. An analysis of sales by product category shows year-on-year rises of 3.3% in sparkling beverages, 8.5% in non-sparkling beverages, and 20.9% in all teas. Half of the company's total sales in 2017 were generated by its Turkish operations while all of its international operations combined contributed the other half.

Turkey soft drinks operations

Total sales in the company's Turkey soft drinks operations were up by 3.3% as measured by volume in 2017, the biggest

Supplying 400 million consumers with a rich portfolio of products, CCI employs nearly 9 thousand people in the conduct of its operations.

twelve-month increase registered in the most recent five years. Contributing to this growth were year-on-year rises of 1.7% in sparkling beverages, 4.1% in non-sparkling beverages, and 20.7% in teas. In the case of water, sales were down by 6.8% as measured by volume but this was in line with the company's strategy of improving this category's profitability. Sales in the sparkling beverages category registered positive growth for the first time in five years as a result of efforts to increase revenues and nourish better-quality growth. The growth trend in the small-pack sparkling beverage portfolio continued, going from 20% of total sales in 2016 to 22% in 2017. The 9% rise in number of packaging units sold was higher than the increase in volume.

International soft drinks operations

As measured by volume, sales in the Kazakhstan, Pakistan, Azerbaijan, and Iraq markets grew by an aggregate 4.9% in 2017. Although sales in Pakistan increased by only 3.5%, total sales in all Middle East operations were up by 5.5%. Nourished by strong performances in Kazakhstan and Azerbaijan, sales in our Central Asian operations were up by 7% last year.

Operational Assessment

Migros

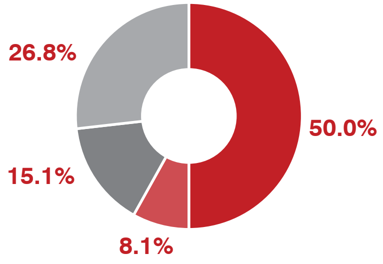
Migros has been pioneering modern retailing in Turkey ever since the day it was founded.

Operational Assessment
Migros

MiGROS

Migros

Shareholding Structure



- MH Perakendecilik
- Moonlight Capital
- Kenan Investments
- Free Float

Founded	1954
BIST code:	MIGRS.IS
End-2017 market cap:	USD 1,300.9 million

First opening its doors in 1954, Migros conducts its food and household necessities retailing operations through its Migros, Macrocenter, 5M, Migros Virtual Market, and Migros Wholesale formats and its Kipa subsidiary in Turkey as well as under the Ramstore brand through its subsidiaries based in Kazakhstan and Macedonia. As the pioneer of modern retailing in Turkey, Migros sells not only food and household necessities but also cosmetics, stationery, glassware, electronics, books, textiles and similar products in spacious stores that are designed to appeal to customers and to meet their needs.

In 2017 Migros opened 193 new stores in Turkey, bringing the number in the country (with the inclusion of those in the Kipa chain) to 1,858. With the addition of the 39 stores that it operates through its Kazakhstani and Macedonian subsidiaries, the total number of stores in the company's portfolio is 1,897. As of December 2017, Migros was serving customers in 73 of Turkey's 81 provinces.

According to figures published by Nielsen, Migros's market shares in Turkey increased year-on-year in 2017 both in the overall fast-moving consumer goods (FMCG) market and in the organized retailing market, where rapid growth is being fueled by discount retailing chains that are opening new stores. As of end-December 2017, Migros (together with its Kipa subsidiary) controlled a 17.2% share of FMCG sales and a 7.1% share of the overall FMCG market.

Focused on satisfying customers' expectations ever since it opened its first store, Migros is synonymous with retailing-industry innovation and progress in Turkey.

The strategic investment that Migros undertook in 2017 by acquiring a majority stake in Kipa further strengthened the company's already solid position in the Turkish retailing industry.

Besides having confidence in its human resources, Migros also strives to give its customers the benefit of technological advances by always keeping one step ahead through the attention that it gives to information technology and through the retailing-sector investments that it undertakes.

Serving online shopping customers for nearly two decades, Migros Virtual Market is not only Turkey's biggest and most innovative food-retailing website but also the one with the most extensive physical reach. Owning and operating its own distribution fleet and network, Migros's service footprint encompassed 27 provinces with the addition of Çanakkale, Isparta, and Manisa in 2017.

With nearly 9.3 million cards issued, Migros's Moneycard loyalty program serves 6.7 million families throughout Turkey. This program gives Migros the ability to keep its finger on the pulse of the country's retailing trends.

Having decided to undertake a strategic investment aimed at leveraging its strength in the Turkish retailing industry, in 2017 Migros acquired a majority stake in Kipa, thereby combining that retailing chain's strong local knowledge and presence with its own national retailing experience. As of end-2017, Kipa continued to serve its customers through stores at 162 locations.

Continuing to maintain the double-digit growth achieved in previous years in 2017 as well, Migros further accelerated that growth with the consolidation of Kipa's financial results into its own as of 1 March 2017. Migros's consolidated growth last year was 37%, but even when Kipa's results are factored out, Migros continued to grow strongly owing to the robust performance of its existing stores and to the opening of new ones.

Operational Assessment

Automotives

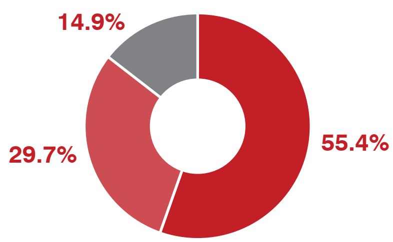
Anadolu Group’s automotive division collaborates with world-leading names Isuzu, Kia, Lombardini, Honda, Honda Marine, and Landini.

Operational Assessment

Automotives

Anadolu Isuzu

Shareholding Structure



- AG Anadolu Grubu Holding
- Isuzu&Itochu
- Others

Founded	1980
BIST code:	ASUZU.IS
End-2017 market cap:	USD 202.7 million

Founded in 1965, Anadolu Isuzu manufactures trucks, vans, midibuses, buses, and pickups for the commercial vehicle segment. Anadolu Isuzu's solid product line, high added-value after-sales services, and extensive dealership and technical services organization have ensured its effective operation in the Turkish automotive industry for many years.

Beside manufacturing commercial vehicles, Anadolu Isuzu also markets them. Located on 300 thousand m^2 of grounds in Çayırova's Şekerpınar district east of İstanbul, the company's plant has a single-shift annual production capacity of 19 thousand vehicles.

Anadolu Isuzu continued to make progress in line with its global vision in 2017 despite the year's unsettled and occasionally surprising market conditions. As of end-2017, the company captured a 21% share of Turkey's midibus market as well as significant shares of the country's truck (9.7%), pickup (8.8%), bus (6.0%), and van (4.9%) markets.

While continuing to engage in strategic efforts aimed at strengthening its own shareholder value, the company recognizes that exports are an important anchor-point in any healthy-growth roadmap. Serving customers in Turkey through 29 sales and 103 services outlets, Anadolu Isuzu is also a distributor in more than 30 other countries. The company actively engages in international marketing and sales activities through its Isuzu Euro Tour and by taking

Total export sales of EUR 57 million that Anadolu Isuzu achieved in 2017 was the company's best export performance in 23 years.

part in numerous fairs. The 599 vehicles that Anadolu Isuzu shipped abroad in 2017 as a result of such efforts generated revenues worth EUR 57 million, the best export performance registered by the company in 23 years.

Anadolu Isuzu's product, service, and R&D endeavors earned it the appreciation of its stakeholders in 2017 as well as awards and front-row positions in independent rankings. Anadolu Isuzu achieved an operationally successful performance last year by optimally balancing the conduct of its domestic and international activities.

The Isuzu Manufacturing Management (IMM) certifications that the company's truck plant and pickup production lines have held since 2008 and 2015 respectively were renewed last year and its quality certification was also extended to cover the operations of its bus plant. The last makes Anadolu Isuzu's bus plant in Turkey the only one located outside Asia to have been awarded such a certificate.

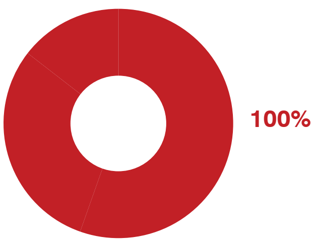
Operational Assessment
Automotives

ÇELİK MOTOR

Garenta

Çelik Motor

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1960

One of the Anadolu Group's oldest companies, Çelik Motor has been making important contributions to the Turkish automotive industry since 1960. Çelik Motor serves customers with its Kia and Garenta brands and its ikinciyeni.com, bulur.com, and praticar.com websites.

South Korea-based Kia's distributor in Turkey since 2001, Çelik Motor is the hub of a network of 41 authorized dealers that sell Kia-made Rio, Picanto, Ceed, Cerato, Soul, Niro, Sorento, and Sportage cars and the Kia Bongo cabover pickup truck. In addition to sales, the network also provides spare-part and after-sales services.

In 2017 Çelik Motor sold 14,528 Kia-badged vehicles, a performance that earned the company a 1.5% share of Turkey's combined automobile and light commercial vehicle market. The company sold a total of 10,937 cars and 3,591 light commercial vehicles last year.

Adopting a freshly innovative and entrepreneurial vision in 2005, Çelik Motor began expanding into new consumer business lines. Çelik Motor Filo, the company's fleet leasing brand, has since become one of the most important players in that market. Garenta, which entered Turkey's corporate rent-a-car market in 2014 as the country's first domestically-owned national brand in that business line, brought all of its leasing operations together under the Garenta name in 2016, with a decade of vehicle-leasing experience under its belt.

Having increased the size of its leasing park seven-fold in the previous seven years, in 2017 Garenta ranked among the sector's top three firms with 35 thousand vehicles for rent.

Garenta continues to shape the Turkish vehicle rentals sector with its GarentaPRO (long-term leasing) and GarentaDAY (short-term leasing) brands.

Taking a "new-generation" approach in the conduct of its vehicle leasing services, Garenta strives to be a one-stop shop for all of its customers' vehicle-rental needs. Customer-focused service approaches and solution-focused attitudes backed by a technological infrastructure that allows services to be customized for each individual and organization enabled Garenta to join the leaders of the vehicle-leasing sector in very little time.

In 2010 Garenta had a leasing park of 5 thousand vehicles and in the short space of seven years, the company increased that number seven-fold. In 2017 Garenta ranked among the sector's top three firms with 35 thousand vehicles available for short- or long-term rental. The company's long-term rental division, GarentaPRO, increased the size of its fleet by 5.1% year-on in 2017 while the fleet size of its short-term rental division GarentaDAY remained relatively unchanged.

Taking its ten years of experience into the digital domain, in 2013 Çelik Motor launched ikinciyeni.com, an online auction website for secondhand cars. Providing buyers and sellers with the assurance of a seven-day guaranteed return period, ikinciyeni.com is recognized as a fast and reliable resource for those who want to buy and sell secondhand cars.

Opening its platform to private sellers as well as to professional dealers and car lots etc. for the first time in 2017, ikinciyeni.com mediated the auction sale of more than 18,000 vehicles, 4,900 of them by individual owners, last year. Acknowledged to be one of the most successful examples of the used-car sector's digital transformation, ikinciyeni.com has developed an operational network of branches with locations in İstanbul, İzmir, Ankara, Kocaeli, Bursa, and Gaziantep. The website's sales are supported by Carwizz, an app that allows users to get an idea of what the market value of a vehicle they want to buy or sell ought to be.

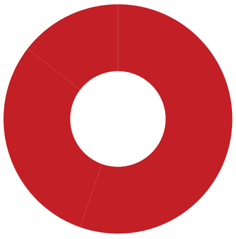
Operational Assessment

Automotives

ANADOLU MOTOR

Anadolu Motor

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1965

One of its sector's leading firms with more than half a century of experience in engine manufacturing and marketing, Anadolu Motor started out in life building engines under an Italian Lombardini license. Today the company produces engines under its own brand, Antor, which it exports to nearly fifty countries, one of which is Italy.

Anadolu Motor also has an extensive lineup of manufactured and imported hoeing machines, motor-pumps, and both gasoline- and diesel-powered generators that it offers under the Antrac brand. The company is additionally the Turkish distributor for Honda power products, Honda Marine outboard motors, and Lombardini diesel engines.

Seeking to make life easier for customers by providing them with advanced-technology solutions, Anadolu Motor serves them through a network of 200 dealers and 400 authorized services embracing all 81 of Turkey's provinces.

Suffering from rising costs, loss of arable land, less convenient access to labor, and the effects of climate change, Turkey's agricultural sector found itself in greater need of productivity-boosting technology products and services than ever before in 2017.

Founded in a partnership with Italy-based Argo SpA in 2017, Anadolu Landini is the Turkish distributor of Landini tractors and will also be making four different models of Landini's Globe series in Turkey.

Taking such developments into account, Anadolu Motor continues to pursue growth by entering into new business partnerships with global firms in order to expand its own product portfolio.

One example of this is Anadolu Landini, a joint venture of Anadolu Motor and Italy-based ARGO Tractors that was set up in 2017. Besides acting as the Turkish distributor of Landini tractors, the company will also be making four different models of Landini's Globe series of three-cylinder 50-75 hp tractors in Turkey. Domestic production of these models is planned to begin in the first quarter of 2018 and the Landini Globe tractors will be sold both in Turkey and abroad.

Operational Assessment

Retail



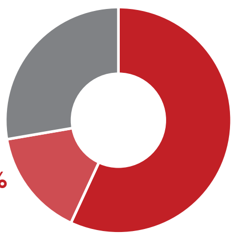

The retail division of Anadolu Group consists of companies with operations in the writing instrument & stationery supplies, quick-service restaurant, and tourism sectors.

Operational Assessment
Retail

ADEL

Adel Kalemcilik

Shareholding Structure



- AG Anadolu Grubu Holding
- Faber-Castell AG
- Free Float

Founded	1969
BIST code:	ADEL.IS
End-2017 market cap:	USD 103.1 million

One of the best-recognized names in stationery supplies and a beloved national tradition in Turkey, Adel Kalemcilik commenced operations with the opening of its factory in Kartal outside İstanbul in 1969. The well-known superior quality of Adel-manufactured writing instruments and stationery supplies has made them an important and indispensable part of the education of many successive generations. Since its inception, Adel Kalemcilik has been working in tandem with Faber-Castell, the world's oldest maker of pens, pencils, and other office supplies. Since the strengthening of that partnership in 1995, the company has been continuing to undertake value-adding investments in Turkey without letup ever since.

As the leader of Turkey's stationery supplies industry, Adel Kalemcilik manufactures blacklead pencils, coloring and copying pencils, ballpoint pens, mechanical pencils and leads, fineliners, highlighters, markers, oil pastels, crayons, watercolors, erasers, finger paints, modelling compounds, gouaches, and more at its plant in Çayırova. Besides supplying its home market with some 4,500 different items in a host of stationery and toy categories, the company also exports goods to nearly 50 other countries.

Turkish consumer research surveys have shown that the company's Faber-Castell brand commands a 99% level of market recognition and that it is positioned as the sector's leading name by an unassailably wide margin that exceeds only the 84% level of market recognition that the Adel brand enjoys.

Since 2015, the company has been conducting its manufacturing operations at a new plant that was the culmination of the biggest single investment ever undertaken in its history. At this plant, the company makes nearly 1,000 different products in eight primary categories, a feat that very few other members of its industry are able to pull off.

Supplying its home market with 22 brands of about 4,500 different stationery and toy items, Adel Kalemcilik also exports goods to nearly 50 other countries.

Adel Kalemcilik today supplies about 13% of all of the wood-encased pencils made in Europe.

An important turning-point in Adel Kalemcilik's international operations took place in 2011 with the formation of LLC Faber-Castell Anadolu, a Russia-based joint venture in which Faber-Castell and the Anadolu Group each controls a 50% stake. This company draws on the centuries-long experience of one partner and the Russian-market familiarity of the other.

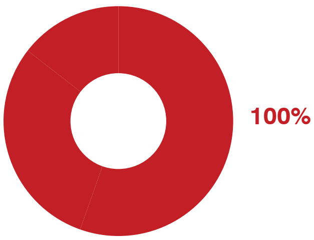
In the conduct of all of its operations since the day it was founded, Adel Kalemcilik has also been supporting sustainable projects whose aim is to be beneficial to its stakeholders and to society at large. As one of the biggest supporters of education and educational creativity, the company engages in numerous sponsorship and social responsibility projects that are in keeping with its core value of "goodness".

Operational Assessment
Retail

McDonald's®

Anadolu Restoran İşletmeleri (McDonald's)

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1986

Having opened its first restaurant in Turkey in 1986, McDonald's has been a subsidiary of the Anadolu Group since 2005. The McDonald's chain in Turkey today employs around 6 thousand people and serves nearly 100 thousand people through about 260 restaurants in 40 provinces.

The world's number-one quick service restaurant (QSR), McDonald's ranks second in Turkey's fast-food industry. As a member of an intensely-competitive sector characterized by a host of restaurant, stand, and other brands that offer internationally-standardized meals as well as local specialties, McDonald's remains a brand whose excellent supply chain processes, adherence to strict food safety and hygiene policies, innovative approach, and dynamic corporate culture which is both customer-focused and keeps pace with the needs of the times continue to make it a recognizable and preferred choice among consumers everywhere.

Ever since it entered the Turkish market, McDonald's has always worked with the country's most respected and reputable food suppliers. Today some 98% of the products and services that its restaurants offer are locally sourced. Indeed by requiring its local suppliers to conform to its own high standards, some of them are now exporting goods to McDonald's chains in other countries.

McDonald’s Turkey chain today employs around 6 thousand people and serves nearly 100 thousand people in about 260 restaurants in 40 provinces.

McDonald’s is also the biggest benefactor of McDonald’s Çocuk Vakfı, a foundation that was set up in 1999 in order to create, develop, and support projects that are directly beneficial to children’s health and happiness. Today about a million and a half children have benefited from 45 projects that this foundation has undertaken in 29 hospitals and other locations in 24 of Turkey’s provinces.

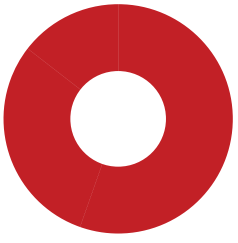
Believing that healthy living needs to be supported by an active lifestyle, McDonald’s not only encourages the regular and balanced consumption of safe foods but also is a worldwide sponsor of FIFA and the World Cup and of UEFA and the European Football Championship.

McDonald’s Turkey completed 2017 with year-on-year rises of 15% and 14% in its total-sales and customer-numbers performance. The numbers for same store increases (stores that remain open for at least 13 consecutive months), were 16% and 15%, respectively.

Operational Assessment
Retail

Efestur

Shareholding Structure



■ AG Anadolu Grubu Holding

Founded	1984

A member of IATA since 1984 and of the Association of Turkish Travel Agencies (TÜRSAB), Efestur Turizm İşletmeleri is a Group A travel agency, qualified to offer and perform all travel and organizational services in B2B and B2C channels.

Efestur is a provider of services such as domestic and international airline reservations, hotel reservations, vehicle leasing, train reservations, visas, transfers, and corporate events.

Efestur manages an extensive portfolio of clients ranging from small- and medium-sized businesses to multinational companies. Working within client-specified budget constraints, the company plays an active role in all aspects of travel and event-organization processes from start to finish.

Coming up with quick, practical and appropriate solutions whose aim is to ensure customer satisfaction, Efestur's more than thirty years of experience and effective supply management enable it to devise and execute flawless projects.

With many years of knowledge and experience as a leader of the business lines in which it is active, Efestur will continue to support customers in all of their travel and corporate event requirements in keeping with the Anadolu Group's underlying philosophy.

Efestur comes up with quick, practical and appropriate solutions whose aim is always to ensure customer satisfaction.

Operational Assessment

Other Companies

Anadolu Etap leads the way in the development of agriculture and agri-industry in Turkey.

Anadolu Group regards its involvement in the energy sector as a matter of strategic importance.

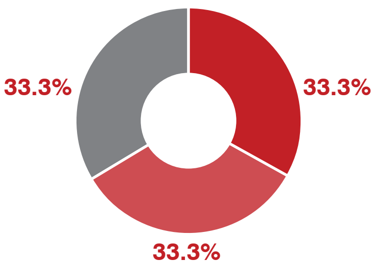
AND Real Estate's vision is to develop real estate projects that conform to the highest international standards.

Operational Assessment
Other Companies - Agriculture

ANADOLU ETAP

Anadolu Etap

Shareholding Structure



- Anadolu Efes
- Burlingtown LLP (Cutrale)
- Özgörkey Holding

Founded	2010

Set up in 2010 as a joint venture of Anadolu Group, Özgörkey Holding, and the Brazil-based Cutrale Group, Anadolu Etap's mission is to provide superior-quality fruit and fruit juices. In keeping with this, the company planted its first fruit tree on 23 April 2011 and by 2017, it had increased that number to 3.5 million on a total of 25 thousand decares of land in six different regions of Turkey.

As a company that leads the way in the development of agriculture and agri-industry in Turkey, Anadolu Etap today employs 2,800 people in the conduct of its operations at three factories, one packaging plant, and seven farms located in Mersin, Denizli, and Isparta.

Anadolu Etap's portfolio contains more than a hundred varieties of fruit. As the largest-scale producer of fruit concentrate in Turkey today, the company abides by recognized good agricultural practices and adheres to GLOBALG.A.P. standards in the conduct of its operations. Anadolu Etap continues to advance confidently towards becoming one of Europe's leading suppliers of fresh fruit and fruit juices as well.

Having invested a total of USD 350 million, which is the largest investment in its sector by a company so far, Anadolu Etap launched "Doal", the country's first fruit brand in 2015; "Doal" is certified by Ege University's Faculty of Food Engineering as being "residue-free. In a market where the concept of branded agricultural produce is still in its infancy, Doal has gained an 8% level of market recognition in just two years' time. Running banana

By 2017 Anadolu Etap had 3.5 million fruit trees growing on a total of 25 thousand decares of land in six different regions of Turkey.

operations with its Brazilian partner Cutrale, Anadolu Etap gained a 7% market share with its “Chiquita” banana brand in just 18 months.

In 2017 the company continued to be a source of market innovation with the introduction of its “Doal Meyveden Şeker” product, a low-glycemic crystallized sugar substitute for consumers who want to avoid refined sugar and derivatives. This brand-new product category was being used by 20 thousand households within just four months of its appearance on store shelves.

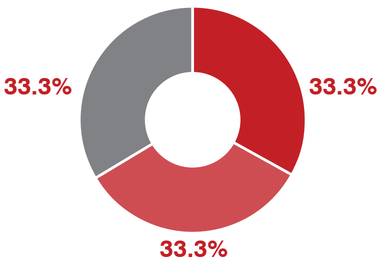
Anadolu Etap today exports half of its extensive portfolio of products ranging from fruit juice concentrates and purees to hundreds of varieties of fresh fruit to destinations across a broad region that includes Europe, Japan, and the USA. In addition to its own farms in Çanakkale, Balıkesir, Denizli, Konya, Adana, and Urfa, the company also procures fresh fruit from about 3,000 villages around the country. In 2017 Anadolu Etap ranked first among Turkey’s fruit processors and fruit-juice producers with 230 thousand tons of exports.

In 2017 Anadolu Etap also expanded both the volume and range of its operations with the opening in Isparta of a third plant with an annual fruit-processing capacity of 100 thousand tons a year. With the commissioning of this investment, the total volume of fruit juice produced in all of the company’s plants has reached 230 thousand tons. Anadolu Etap’s fresh fruit sales, which began with just 5 thousand tons in 2017, reached 50 thousand tons in only two years’ time. 2017 also saw the commencement of operations at the company’s new fruit processing, packaging, and storage facility. Located in Balıkesir’s Gönen township, this plant is one of the most modern of its kind in Turkey today.

Operational Assessment
Other Companies - Energy

Aslancık Electricity Generation & Trading Company

Shareholding Structure

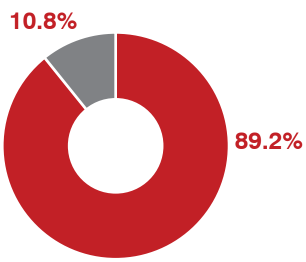


- AG Anadolu Grubu Holding
- Doğuş Group
- Doğan Group

Founded	1999

Anatolian Caucasia Energy Investments

Shareholding Structure

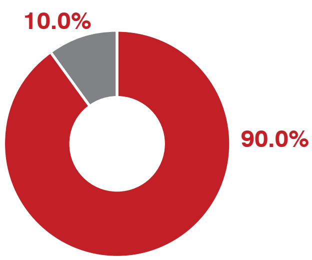


- AG Anadolu Grubu Holding
- Paravani Energy

Founded	2007

Georgia Urban Energy

Shareholding Structure

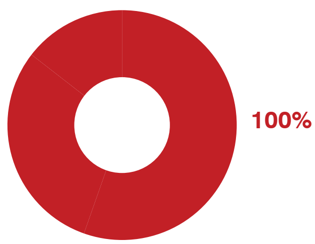


- Anadolu Kafkasya Enerji Yatırımları
- EBRD

Founded	1999

AES Electricity Wholesale & Trading Company

Shareholding Structure



- AG Anadolu Grubu Holding

Founded	2008

Aslancık HPP and Paravani HPP, Anadolu Group's first ventures in the energy sector, continue to carry out their operations successfully.

Anadolu Group regards it as a strategic priority to be involved in the energy sector, which has expanded very rapidly in Turkey with the onset of the sector's liberalization in the 2000s and has been one of the fastest growing markets in the neighboring countries and the region, as well.

That being so, the group continues its efforts to create and manage a competitive and balanced energy sector portfolio and to number among the most reliable corporate groups that are proactively and dynamically engaged in energy markets.

Anadolu Group's energy-sector operations are conducted in Turkey by the Aslancık Electricity Generation & Trading Company (Aslancık HPP) and the AES Electricity Wholesale & Trading Company; in Georgia they are being conducted by Anatolian Caucasia Energy Investments Inc, which operates the Paravani HPP, and by Kheledula Energy LLC, which is carrying out the Kheledula HPP project that is scheduled for commissioning in 2021.

Anadolu Group's first energy sector investment was the 120 MW installed-capacity Aslancık Dam & Hydroelectric Power Plant, a joint venture undertaken together with the Doğan Group and the Doğuş Group. After an initial construction period of four years, the plant became operational in March 2014. Located on Harşıt Çayı, a river in the province of Giresun, the Aslancık HPP generated 293.6 MWh of electricity in 2017, all of which it sold under Turkey's Renewable Energy Source Support Mechanism (YEKDEM).

Construction work on the group's Paravani Regulator and Hydroelectric Power Plant investment in Georgia began in 2010 and this 90 MW installed-capacity plant became operational in September 2014. This is Turkey's first cross-border investment involving the tapping of a neighboring country's natural resources to meet its own energy requirements. Located on the Paravani river in Georgia about 25 kilometers from the border with Turkey, the 90 MW installed-capacity Paravani HPP generated 384.2 MWh of electricity in 2017. The electricity generated by the plant is sold to Georgia for nine months of the year and to Turkey for the remaining three.

New energy-industry investment opportunities in Georgia are currently being explored. One that is already materializing is the construction of a hydroelectric power plant on the Kheledula river in Georgia's Lentekhi district. A memorandum of understanding concerning this USD 80 million, 51 MW installed-capacity project was signed with the Georgian government in May 2015. A preliminary field assessment of the project's technical and environmental issues was completed in eighteen months. Construction work, which is due to begin in the second half of 2018, is scheduled to take three years. Upon completion and commissioning in 2021, the plant will generate 240 thousand MWh of electricity a year, enough to supply the energy needs of about 30 thousand households. As is the case with the Paravani HPP project, the electricity generated by the Kheledula HPP plant will also be sold to meet energy requirements both in Georgia and in Turkey.

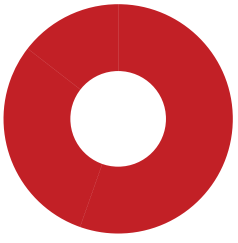
AES Electricity Wholesale & Trading Company is responsible for selling the electricity generated by Anadolu Group-owned power plants in Turkey. The company was awarded its wholesaling license by the Energy Market Regulatory Authority in 2009. In addition, the company also provides Anadolu Group companies with support on energy-consumption issues.

Operational Assessment
Other Companies - Real Estate

AND GAYRİMENKUL

AND Real Estate

Shareholding Structure



AG Anadolu Grubu Holding

Founded	2011

AND Real Estate is active in the areas of real estate development, investment, and management. The company's operations are informed by its vision of leading both institutionalization and adherence to international standards in Turkey's real estate industry.

AND Real Estate engages in real estate project development activities in line with the fundamental strategies of innovative business models, distinguished products and services, and sustainable brand and balanced portfolio management that it has identified. Remaining conscious of its responsibilities even after a project's construction work has been completed, the company undertakes the management of completed and new projects that it carries out under its property-management brand "GRID".

Instead of the "Build It & Leave It" attitude that is the generally-accepted practice in Turkey's real estate industry, AND Real Estate takes a "Build It & Live It" approach to the projects that it carries out. Regarding real estate properties as a service rather than as just a "product", the company's mission is to construct not just buildings but trust-based relationships that last for many years.

During 2017 AND Real Estate continued to lease properties in its AND Kozyatağı building. Located in the Kozyatağı/Ataşehir area, one of the most vibrant business districts on the European side of İstanbul, this Class-A+ office building has 35,000 m^2 of leasable space, 77% of which was occupied as of end-2017.

AND Real Estate is continuing to work on its AND Pastel project in the Kartal district of İstanbul. One of the biggest undertakings of its kind in the area, the project calls for the creation of 1,243 dwelling units in different configurations ranging from 1+1 to 1+4 in seven towers. 55% of the units in this project, had already been sold as of end-2017. Deliveries are scheduled to take place in two phases during 2018, with the first beginning in June and the second in December.

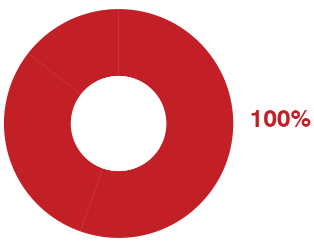
Last year work began on the development of a project to create commercial spaces in 9,779 m^2 of properties that AND Real Estate owns in Ankara. In November 2017, the company entered into a Revenue Sharing Agreement with Anagün İnşaat, a construction company, to share the proceeds from the project. Under this agreement AND Ankara will receive half of the proceeds from the sale of the units that Anagün builds on the properties that AND Real Estate owns. Project development and design work is currently in progress.

Other Companies - Insurance

AEH Sigorta Acenteliği A.Ş.

AEH Insurance Agency

Shareholding Structure



AG Anadolu Grubu Holding

Founded	2008

Originally set up in 2008 to provide corporate insurance products and services to members of Anadolu Group, AEH Insurance Agency subsequently began to offer individual insurance coverage to non-group clients as well. In addition to its corporate insurance business line, the company also sells policies providing comprehensive and compulsory vehicle coverage, homeowner's coverage, and mandatory earthquake-risk coverage in the individual insurance business line.

The company acts as the agent for many insurance companies. Among the corporate agencies working with the Anadolu and Allianz insurance companies in Turkey, AEH Insurance Agency has consistently ranked among the top three from the standpoint of both portfolio and technical profitability for many years.

As of end-2017, the company had agency relationships with the Anadolu Sigorta, Allianz Sigorta, Ak Sigorta, Ergo Sigorta, AXA Sigorta, Anadolu Hayat Emeklilik, Generali Sigorta, Gulf Sigorta, Eureko Sigorta, and Dubai Sigorta companies.

The company plans to develop its agency operations in the area of online insurance as well with particular attention being given to pursuing growth in its individual coverage business line.

Anadolu Group and

Social Responsibility

A STRONGER FUTURE
2017 2017
ANADOLU GROUP MERGER

Anadolu Foundation undertakes substantive investments in health and education.

Anadolu Group and Social Responsibility

Anadolu Foundation has granted more than 27 thousand educational scholarships and also built schools, dormitories, hospitals, gymnasiums, and social facilities.

ANADOLU VAKFI

ANADOLU
In Affiliation with
JOHNS HOPKINS MEDICINE

Anadolu Foundation

Established in 1979 by the Yazıcı and Özilhan families, the founders of Anadolu Group, in order to give something of what they had gained back to their country, Anadolu Foundation undertakes substantive investments in health and education.

Anadolu Foundation's goal is to be a socially beneficial and charitable platform that believes in the principle of investing in people, takes a common-sense approach, makes a strong social impact, manages its resources as befits a social entrepreneur, and constantly creates enduring solutions in support of the society. The foundation has granted more than 27 thousand educational scholarships to date and has also built schools, dormitories, hospitals, gymnasiums, and social facilities. Since 2013, Anadolu Foundation has provided social-entrepreneurship and project-management training to more than 35 thousand teachers. Supporting the development of many practicable educational projects and continuing to regularly conduct training programs and seminars under its "My Precious Teacher" project, the foundation remains committed to contributing to the futures of young people and their teachers and thus to that of the country as well.

Through Anadolu Medical Center, which is affiliated with Johns Hopkins Medicine, Anadolu Foundation extends a helping hand to tens of thousands of people who are in need of medical care. Under its "Social Responsibility In Health" project, the foundation provided a total of 512,137 instances of free healthcare (including 126,724 examinations and 9,400 surgical interventions) to 41,471 people between 2005 and the end of 2017.

All of the funding needed to pay for such charitable medical assistance and services comes from donations made by members of Anadolu Group companies. These companies donate between 1% and 5% of their profits to the foundation every year. The foundation uses these resources to finance new undertakings and to support the raising of healthier and better-educated new generations of young people.

Anadolu Medical Center

Established in 2005 as part of Anadolu Foundation, Anadolu Medical Center provides world-class medical and health services whose aim is to improve the quality of people's lives.

Occupying about 188 thousand m^2 of grounds and with 50 thousand m^2 of enclosed space in İstanbul, Anadolu Medical Center operates a 201-bed hospital. Operating with the vision of "Being the center of health", Anadolu Medical Center provides distinguished healthcare services.

The center employs state-of-the-art technology in its urologic-oncology, bone-marrow transplant, and breast-health units in the provision of services that focus largely on oncology-related issues. Indeed Anadolu Medical Center's cancer-treatment experience and resources have earned it the status of an oncological reference center among medical professionals. The center also has a strong reputation in the treatment of cardiovascular diseases and in brain surgery.

Under the social responsibility projects which Anadolu Foundation has undertaken since the Anadolu Medical Center opened its doors in 2005, more than 41 thousand people have been provided with free healthcare consisting of 126,724 medical examinations and 9,400 surgical interventions.

In 2017, Anadolu Medical Center performed nearly 200 thousand medical examinations and 8 thousand surgical interventions to patients both from Turkey and from abroad.

Under the heading of hematological oncology, 216 bone-marrow transplants were performed during 2017, thereby bringing the total number of patients receiving such treatment at the hospital to 1,700.

To date, Anadolu Medical Center has provided medical and health services to people from 65 other countries. The majority of these patients come from Romania, Bulgaria, Russia, Azerbaijan, Georgia, CIS countries, and Middle Eastern and North African countries.

Anadolu Medical Center also provides medical and health services at its Ataşehir Medical Center on the European side of İstanbul. Opening its doors in 2008, this center occupies 3,700 m^2 of grounds.

Located in the Gebze Organized Industrial Zone (GOSB) not far from Çayırova is the GOSB Medical Center. Supported by Anadolu Health Center, this center opened its doors on 15 January 2018 after work was completed on it in 2017. Located within the zone, the GOSB Medical Center occupies 900 m^2 of space and provides emergency, internal, ENT, and general-surgery care and treatment services under its agreement with the Turkish Social Security Corporation.

Anadolu Medical Center is accredited by Joint Commission International (JCI) and has been awarded a bronze-level Planetree Person-Centered Care Designation. It also holds Turkish Health Ministry Quality-Standard, European Society for Medical Oncology (ESMO), ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, and Turkish Health Ministry "Baby-Friendly Hospital" certifications.

Anadolu Medical Center is the first and only hospital in Turkey and its neighboring region to have been awarded a bronze-level Planetree Person-Centered Care Designation.

Anadolu Efes Sports Club

Originally founded in 1976 as the Efes Pilsen Sports Club after Anadolu Group chairman Tuncay Özilhan took over as president of the former Kadıköyspor club, Anadolu Efes Sports Club has played a big role in promoting the popularity of basketball in Turkey.

Successfully competing in the İstanbul League and Second League games in the 1976-77 season, the club won the Turkish second-division national championship undefeated at the end of the 1977-78 season, a performance that earned its promotion to the Turkish first division. In its first top-tier season (1978-79), Efes Pilsen SK won the Turkish national league title. In the years since then, the club earned a deserved reputation as a team that was responsible for many firsts in the history of Turkish basketball.

In May 2011, the club's name was changed to Anadolu Efes SK in order to comply with Turkish Tobacco and Alcohol Market Regulatory Authority regulations published earlier that year.

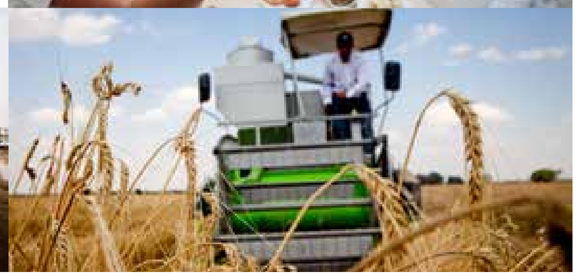
Sustainability

at Anadolu Group

Anadolu Group's sustainability efforts are structured so as to encompass economic, social, and environmental-impact issues. Three members of the group –Anadolu Efes, Coca-Cola İçecek, and Migros–were among the first companies whose shares were included in Borsa İstanbul (BIST) Sustainability Index. All three companies prepare sustainability reports conforming to internationally-recognized standards and publish them for the benefit of all of their stakeholders. A fourth member, Anadolu Etap, is the first agri-industry company in Turkey to have published a set of Sustainable Agriculture Principles in recognition of its awareness to leave a livable world for future generations and to commit itself to abiding by those principles in the conduct of its operations.

Sustainability at Anadolu Group

Sustainability at Anadolu Efes



ANADOLU EFES

Placing quality and sustainability at the foundation of its business model at all times, Anadolu Efes's sustainability efforts are informed by the Positive Impact Plan that the company formulated in 2011. Under this plan, Anadolu Efes takes a people- and environment-aware approach as it strives to contribute to the socioeconomic development and to safeguard the futures of the communities in every locality where its operations have an impact.

Anadolu Efes is seeking to further increase the positive impact of its operations as it continues to engage in such efforts in line with the objectives of the second stage of its Positive Impact Plan covering the five-year period from 2016 to 2020. Working together with international initiatives in aspects of six of the areas set out in the United Nations Sustainable Development Goals that it has identified as being priority issues for itself, Anadolu Efes has already made significant progress in its social, environmental, and economic performance.

- **Protection of water resources:** As water is used at every stage of its value-creation chain from growing barley and hops to the production and packaging of its products, Anadolu Efes seeks to conserve water resources by effectively managing its water usage.

- **Environment and climate:** Seeking to minimize the environmental and climatic impact of its operations, Anadolu Efes strives to reduce its carbon footprint by making more efficient use of energy resources.

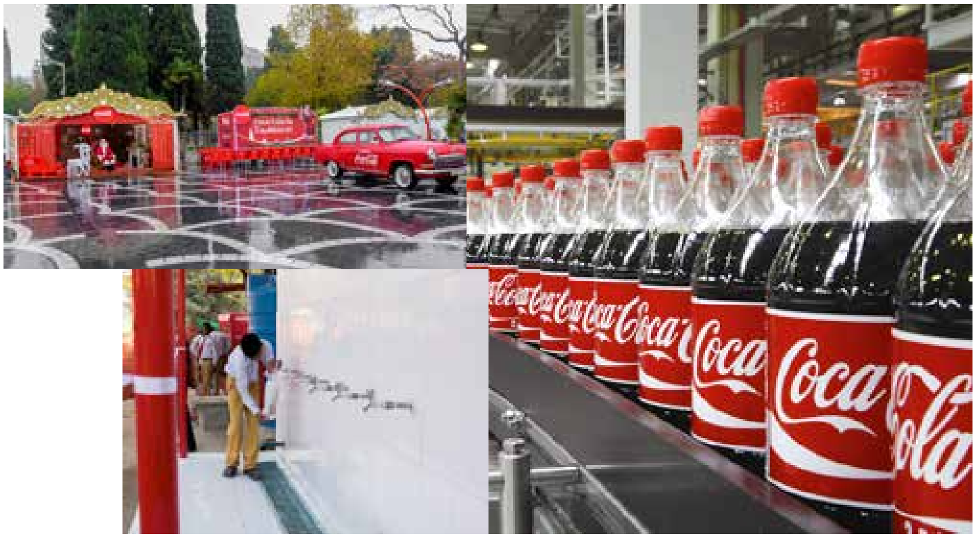
- **Value-creation chain partnerships:** By providing its dealers, distributors, suppliers, and all other business partners with a business model that is both sustainable and profitable, Anadolu Efes reinforces the sustainability of its value-creation chain by helping all of its stakeholders to improve their own positive impact.

- **Workforce:** Anadolu Efes provides its employees with a fair, equitable, and safe workplace environment in which productivity and creativity are supported, opportunities to develop one's talents are created, and human rights are protected.

- **Product responsibility:** While supplying consumers with superior-quality products that satisfy their expectations, Anadolu Efes also encourages them to consume those products conscientiously and responsibly.

- **Social progress:** Through its efforts to contribute to community wellbeing and through the social responsibility projects that it undertakes, Anadolu Efes supports social and cultural progress.

As a signatory to such collaborative efforts as the United Nations Global Compact, CEO Water Mandate, and Women's Empowerment Principles, Anadolu Efes has given its environmental and social commitments with an international dimension. Anadolu Efes's sustainable agriculture practices earned it the right to represent Turkey at the Rio+20 United Nations Conference on Sustainable Development that was held in Brazil 2012. The first Turkish company whose stock qualified for admission to the Dow Jones Sustainability Index, Anadolu Efes's shares have also been included in the Borsa İstanbul Sustainability Index since 2015.



Sustainability at Coca-Cola İçecek

CCI

Coca-Cola İçecek's (CCI) shareholders and other stakeholders as well as CCI itself regard sustainability as one of the most important strategic issues that the company needs to pay attention to. In line with this, CCI has identified six basic sustainability focal points that it seeks to proactively manage.

- **Environmental footprint:** One of CCI's priorities is to reduce the environmental impact of the company by using fewer natural resources and by creating less waste. CCI believes that such an approach is essential not only for the conduct of its own business but also for the sustainability and welfare of the communities that it serves.
- **Social development:** CCI strives to create value for everyone living in the community while also growing its business. The company's objective in this is to be recognized by all of its stakeholders as one of the most responsible of corporate citizens. CCI's efforts on behalf of social development focus especially on young people and women. The company likewise encourages its employees to voluntarily take part in such activities.
- **Economic development:** The Coca-Cola System is a global business operation that has a local-community impact wherever it may have a presence. CCI creates jobs at every link in its value-creation chain. Besides being a source of local employment opportunities wherever its operations take place, CCI also contributes to their economic development by paying taxes, by procuring goods, services, and equipment from local suppliers, and by supporting socially-beneficial investments.
- **Workplace rights:** At CCI, respect for human rights is a matter of fundamental concern. Valuing its relationships with its employees, the company creates workplace environments for them that are open and participatory. The CCI Workplace Rights Policy adheres to the same international human rights standards set forth in the United Nations Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact.
- **Consumer health:** Because it provides consumers with a wide range of products, CCI always gives priority to product safety and quality in order to protect human health. The company takes every opportunity to be sure that it is supplying its consumers with products that are economically priced, available, liked, innovative, and in the best way possible. CCI scrupulously conforms to standards aimed at safeguarding product safety and quality.
- **Customer value:** CCI seeks to be a business partner that customers prefer to work with. In order to hold onto and to gain new customers, the company makes use of a customer-focused supply chain, works collaboratively with its customers, and seeks to maximize quality in customer-related practices.

CCI was the first–and is still the only–company in Turkey to qualify for inclusion in the Global Compact 100 Index introduced by the United Nations Global Compact in 2013. CCI is also one of the companies in Turkey whose shares are being included in the Borsa İstanbul Sustainability Index during the November 2017-October 2018 period. Based on its assessment of the company's corporate governance, environmental, and social performance in 2016-2017, Morgan Stanley Capital International (MSCI) included CCI in its 2017 MSCI ESG Leaders Index with a score of "AA".

Sustainability at Anadolu Group

Sustainability at Migros

MiGROS

With its deep-rooted past and responsibilities as one of Turkey's leading retailers, Migros regards sustainability as a concept that must serve as a guide in the conduct of all of its activities and operations. Treating sustainability and productivity as two issues that nourish each other, the company is conscious of its responsibilities towards people, nature, and future generations. By setting responsible and sustainable development targets for the future, Migros also makes its operations more productive while simultaneously supporting its sustainable growth strategies as well. Besides its efforts on behalf of preventing climate change, reducing food loss, waste management, and efficient use of energy and natural resources, the company also focuses on the issues of public health and social progress through the "Good Life" approach that it takes.

Migros regularly issues reports of its sustainability efforts and performance. These reports, which conform to Global Reporting Initiative standards, are published on its corporate website.

- **Responsible management and economic sustainability:** Migros sets sustainable growth and productivity targets whose aims are to create value for all stakeholders and to be a driving force in social development.
- **Environmental sustainability:** Migros assumes responsibility for minimizing the environmental impact of its activities and it conducts its operations with this attitude in mind.
- **Responsible procurement:** Migros expects all of its suppliers, business partners, and third-party concerns to comply with its product safety and quality standards as well as with its ethical guidelines.
- **Product safety and quality:** At every stage from initial production to final appearance in stores, Migros carries out all essential checks and inspections in order to ensure that all products conform to Migros quality standards. Migros also seeks to expand the range of private-label goods that support its "Good Life" message.
- **Responsible human resources management:** Migros provides its employees with a safe and decent workplace environment while striving also to provide them with equal training and career-progression opportunities in line with its "continuous development" principle. Migros similarly conducts programs for its employees as part of its overall "Good Life" approach.
- **Corporate social responsibility:** Migros marshals both its own corporate resources and the voluntary efforts of its employees in order to undertake many different projects in areas in which it perceives there to be social benefit. Under its "Good Life" banner, the company also engages in a variety of efforts that are aimed at improving public health by drawing attention to the importance of balanced nutrition and physical activity.

In 2017, Migros's shares continued to be included in Borsa İstanbul's BIST Sustainability Index, which made it the first and only Turkish retailer to qualify for inclusion in that index for four years in a row. Last year Migros joined the ranks of CDP Turkey's "Climate Leaders" with the second report that it submitted to the Carbon Disclosure Project about its efforts to combat climate change. Having been admitted to the FTSE4Good Emerging Markets Index when it was launched in 2016, Migros qualified for inclusion once again in 2017.

Sustainability at Anadolu Etap

ANADOLU ETAP

Turkey's biggest fruit-grower and producer of fruit juices, Anadolu Etap seeks to safeguard life today and tomorrow in such a way as to contribute to the development of the places where it conducts its operations and to meet the needs of future generations without exhausting natural resources. The company does this by focusing on maintaining a balance between people and nature.

As the first agribusiness in Turkey to publish its own set of Sustainable Agriculture Principles back in August 2014, Anadolu Etap regards social, economic, and environmental sustainability as the most important aspect of all of its operations. In line with those principles, Anadolu Etap engages in nature-friendly and controlled-environment agriculture (CEA) in awareness of its responsibility to safeguard a more livable world for future generations. To this end, the company seeks to grow wholesome, good-quality crops and to support sustainable ecosystems by using energy and water resources properly.

Combining its sustainable agriculture principles with the principles that it abides by in the conduct of its farming operations while also soliciting the opinions of government agencies, shareholders, employees, suppliers, customers, and academicians, Anadolu Etap undertakes projects that can serve especially as models for socially- and environmentally-sustainable approaches.

Regarding the seasonal migrant farmworkers that it employs as guests on its farms rather than just as "hired hands", Anadolu Etap provides them and their families with good-quality living accommodations which are healthy and safe and which are equipped with all necessities. Under the MİÇO (Guest-Workers' Children) Project that it launched in 2015, Anadolu Etap provides substantial support in order to ensure that the children of seasonal migrant farmworkers have uninterrupted access to the resources needed for their education and development.

In 2012 Anadolu Etap set up AgroAkademi, a training center whose aims are to develop new and much more advanced standards for fruit-growing that will help contribute to ecosystem sustainability. As of end-2017, training concerned with fruit-growing issues and sustainable agricultural practices had been provided to 565 growers, 75% of whom were women.

Believing that farming is a critically important way to encourage women to participate in the formal workforce, Anadolu Etap supports the employment of women in the conduct of its operations. Some 70% of the people employed in its orchards are women. The company also provides regular training programs for women through AgroAkademi in order to increase the number of formally-qualified women in agriculture.

For Anadolu Etap, the most important quality-standard criterion is that the harvested fruit which it raises on its own farms and which is procured from CEA orchards be certified as being free of the 600 active substances for which control analyses are performed. Anadolu Etap does not just comply with health and agricultural standards in effect in Turkey: the company grows fruit that conforms to internationally-accepted health and agricultural standards. It is because of this that Anadolu Etap has been awarded both international and Turkish good agricultural practices (GAP) certifications.

Anadolu Etap uses drip irrigation systems on its farms in order to achieve the most efficient use of water. Moisture-detectors buried at different depths in the ground ensure that only as much water as the soil actually needs is being provided to crops.

Anadolu Etap even takes advantage of Nature's helping hand when protecting its fruit trees from the effects of wind. For this purpose, the company has had 17 thousand leylandii and 20 thousand paulownia trees planted around its Tahirova and Kumkale farms. The company also helps conserve the local natural heritage by protecting the venerable Macedonian oak and oriental plane trees on its farms. Anadolu Etap likewise contributes to its farms' healthy ecosystems naturally by protecting birds' nests (100 in the most recent count), maintaining 4 thousand beehives, and using pheromone traps rather than insecticides to combat pests.

Human Resources at Anadolu Group

In the management of its human resources, Anadolu Group has developed an organization that goes beyond the requirements of being a preferred employer in today's world. Anadolu Group believes that success can be achieved only through a joint and united effort which advances along the same path to the same goal and which is guided by the "Common Sense" approach that is inherent in its DNA. For this reason, the group gives great importance to team spirit and to teamwork.

As an employer of more than 50 thousand people in 19 countries and 9 different sectors that social entities and as a consequence of its strong values and deep-rooted corporate culture, Anadolu Group makes diversity a core tenet of its human resources policies and practices.

An "AG Equality of Opportunity" policy has been formulated which provides guidance and which must be referred to whenever dealing with such matters. As a matter of principle, whenever recruiting, hiring, or interacting with personnel, there is to be absolutely no discrimination whatsoever based on such considerations as age, gender, race, religion, language, ethnicity, sexual orientation, creed, (marital, social, or economic) status, disability, political opinion, trade union membership or participation in trade union activities, pregnancy, or military service obligations.

The same equality of opportunity policy applies to the employment of all personnel in all Anadolu Group companies. In an annual survey conducted by Capital, a financial magazine published in Turkey, Anadolu Group has had more women in management positions than any other holding company in Turkey during the most recent five years. Anadolu Group is a member of the 30% Club, an international nonprofit organization of volunteers which was founded in the UK in 2010 by company directors and executives who campaign for greater representation of women on corporate boards.

Because diversity is inherent in Anadolu Group, the group also gives importance to ensuring equality of opportunity in the workplace environment as well. In line with this, the group launched its "Just An Idea" digital innovation program in which group employees in Turkey and abroad share their ideas with one another. Just An Idea is an important initiative providing Anadolu Group employees with a common platform on which to make their dreams a reality in keeping with the importance which the group gives to creativity and innovation as a way of creating new business lines and of making it possible for new business ideas to see the light of day.

With operations in 19 countries and with 35 companies based outside Turkey, and as a consequence of its strong values and deep-rooted corporate culture, Anadolu Group makes diversity a core tenet of its human resources policies and practices.

Anadolu Group supplies its employees with all of the material and other support they need to devise career plans that are both achievable and compatible with their own aims by providing them with an innovative working environment in which they are able to make technology an integral part of their professional lives.

AG Academy is an online training system that has been set up for employees. Since 2015, this platform has been regularly providing training opportunities for the employees of Anadolu Group companies based in Turkey.

Under the "Plan Your Career At Anadolu Group" program, activities are organized at universities in which the group and the career opportunities that it offers are described. These events are promoted on social media platforms through announcements that are targeted at all university students, thereby ensuring access to all campuses.

During these events, potential and future Anadolu Group employees are given opportunities to communicate and interact with existing Anadolu Group employees at every level and with the different cultures that the group's personnel represent.

Emphasis is placed on the equal participation of every employee in the workforce. Female employees are provided with flexible work schedule opportunities to allow them to balance their personal and working lives before and after giving birth. The employees of all Anadolu Group companies are provided with private health insurance coverage that also includes their family members. In the conduct of employee selection and promotion processes, attention is given only to candidates' satisfaction of the position's experience, knowledge, and ability criteria and all such decisions are made solely on the basis of organizational needs.

Anadolu Group's management approach is rooted in the commonsense wisdom of four successive generations: 6% of the group's employees are below the age of 20; 39.50% are in the 21-30 age group; 37% are in the 31-40 age group; 14% are in the 41-50 age group; and 3% are in the 51-60 age group. Of the company's senior managers, 1% are in the 21-30 age group and 41% are in the 31-40 age group. Forty-four nationalities are represented among Anadolu Group's employees. Newly-graduated university students are recruited and join the group's ranks every year.

With operations in 19 countries and with 35 companies based outside Turkey, Anadolu Group provides its employees with opportunities to work in different nations and cultures. "Ability to establish cooperative relationships" is one of the criteria on which Anadolu Group employees' performance evaluations have been based for nearly a decade. It is thanks to its "global skills" that the group is able to effectively manage cultural differences.

Anadolu Group believes in the importance of ensuring the continuity of its in-house culture of working globally and therefore conducts its operations with an eye on ensuring that all employees individually regard themselves and behave as ambassadors for the group's values.

Adherence to the principles of diversity and equality of opportunity at every level and the maintenance of a demographic structure that successfully embraces different generations are two outstanding qualities that will enable Anadolu Group to advance confidently into the future.

Corporate Governance Principles Compliance Report 2017

Part I - Declaration of Compliance with Corporate Governance Principles

AG Anadolu Grubu Holding A.Ş. ("the Company") has espoused it as a key management principle to comply with the Corporate Governance Principles ("the Principles") published by the Capital Markets Board of Turkey ("CMB"). All of our Company's activities are carried out in conformity with the said Principles, as well as all applicable regulations and directives.

A crucial step has been taken in terms of consummating our corporate governance practices as a result of the merger realized at the level of holding companies at Anadolu Group by year-end 2017, which resulted from the take-over of Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. by Yazıcılar Holding A.Ş. Its ultimate goal being the consolidation of the institutional structure of Anadolu Group, this merger served to attain progress in a significant degree of simplification and transparency with respect to control and organization, increased clarity with respect to joint control and representation of shareholder families, and improved sustainability with respect to governance and structures. This progress has been a major indicator of the Company administration's faith in corporate governance, and in its impact on creating and maximizing shareholder value.

The activities carried out for many years at our Company to increase the level of corporate governance compliance were first subjected to corporate governance rating in 2010. In the light of the findings therefrom and our own evaluations, the infrastructure and harmonization work necessary to achieve alignment with additional considerations have been our constant agenda items, making up as an important component of our management systems. Assigned a corporate governance rating of 8.04 on 08 November 2010 as a result of the assessment by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA), our Company consistently increased its score in the years that followed in view of the importance we attach to corporate governance principles, our willingness to maintain it as a continuous and dynamic process, and the improvements carried out since the assignment of our previous rating score. Hence, our corporate governance rating was most recently updated as 9.20 (on a scale of 10) as of 06 October 2017.

The breakdown of our corporate governance rating on the basis of subsections are presented below:

Subsections	Weight	Rating
Shareholders	25%	86.36
Public Disclosure and Transparency	25%	96.70
Stakeholders	15%	97.40
Board of Directors	35%	90.39
Total		**92.01**

The present Corporate Governance Principles Compliance Report provides information about the Company's practices in relation to each heading incorporated in the Corporate Governance Principles; explanations and grounds for unimplemented principles, if any; conflicts of interest resulting from failure to achieve full compliance with these principles, if applicable, and whether there are any plans for future changes in the Company's administrative practices within the frame of these principles.

Based on the operating year covering the period from 01 January 2017 through 31 December 2017, our Company complied with the Corporate Governance Principles, save for some non-compulsory principles, whereas there are no conflicts of interest arising from the non-implemented points summarized below:

- A donations and grants policy has not been established due to the fact that some individual donations in small amounts are made each year at the Company. Shareholders are provided information about the amount of these donations during the ordinary general assembly within the frame of a dedicated agenda item.

- Our Company espouses the principle of constituting at least 25% of the Board of Directors from women members as a corporate governance principle; however, currently, there are no woman members on the Board due to the fact that contacts carried out in this regard did not yield a positive outcome as yet. In this respect that is identified as an internal policy, our independent woman Board member nominee has been identified, and the CMB's approval has been obtained for the said nomination, which will be laid down for the approval of shareholders in the first general assembly to be convened in 2018.

- Pursuant to Article 4.6.6 of the "Corporate Governance Principles", remunerations and all other benefits provided to the Board of Directors members and senior executives are publicly disclosed in the annual report. The said disclosure is not on the basis of individuals, but is differentiated on the basis of the entire Board of Directors and senior management.

- Disclosures of material events and financial statements excluding the notes thereto, which are required to be publicly disclosed pursuant to the capital market legislation, have not been simultaneously disclosed on the KAP (Public Disclosure Platform) in Turkish and in English during 2017, but they have been posted solely on the Company's website. However, since our Company joined among the 1. Group of companies with respect to compliance with the Corporate Governance Principles established by the CMB as at 2018, our Company achieved alignment in this respect as at 12 march 2018 on which year-end 2017 financial statements are published.

- Our Company has an officers' liability insurance policy covering the Board members and executives in our Company and in our subsidiaries, in order to provide coverage for any losses that such individuals may cause to the company as a result of their faults during the performance of their duties. However, total annual liability limit of the said policy is below the amount specified in the Corporate Governance Principles. Total annual liability limit is determined based on the decision adopted by the Company administration, and at present, the limit is envisaged to continue at its current level.

Uğur Bayar
Corporate Governance Committee President

Kamilhan Süleyman Yazıcı
Corporate Governance Committee Member

Recep Yılmaz Argüden
Corporate Governance Committee Member

İrem Çalışkan Dursun
Corporate Governance Committee Member

Corporate Governance Principles Compliance Report 2017

Part II - Shareholders

2.1. Shareholder Relations Unit

At the Company, there is the Investor Relations Unit reporting to Can Çaka, the Chief Financial Officer. The unit is staffed by the following individuals who hold CMB Advanced Level and CMB Corporate Governance Rating licenses.

İrem Çalışkan Dursun - Corporate Governance and Investor Relations Coordinator
Tel: 0 216 5788559
Fax: 0 216 5737464
E-mail: irem.caliskan@anadolugroup.com

Burak Berki - Investor Relations Manager
Tel: 0216 5788647
Fax: 0216 573 58 02
E-mail: burak.berki@anadolugroup.com

As per the requirements of Corporate Governance Principles, İrem Çalışkan Dursun is also assigned as a member of the Corporate Governance Committee.

Investor Relations Unit is responsible primarily for ensuring the communication between the Board of Directors and shareholders, and exercise of shareholders' rights. In this context, Investor Relations Unit is assigned with making the material event disclosures on topics prescribed pursuant to the Capital Market legislation, preparing periodic information sheets about operations in order to keep the investors informed, providing the Company website's content, creating the annual report, fulfilling shareholders' written/verbal information requests and so on.

During 2017, the Investor Relations Unit held 15 face-to-face meetings and eight teleconferences about the Company's operating results, performance and other events during the reporting period. Furthermore, information requests received from investors and analysts via e-mail directly, information forms on the website or phone were responded to within the shortest time possible.

An annual report on the activities of the Investor Relations Unit is prepared and presented to the Corporate Governance Committee within the first two months of the subsequent year. The report summarizing the investor relations activities during 2017 were submitted in the Corporate Governance Committee's first meeting held on 01 February 2018. In that meeting, detailed information was provided about the action plans for investors relations, which were quickly enforced in the aftermath of the AG Anadolu Group Holding reorganization, along with information about our increased activities and the plans for the period ahead.

When necessary, the Corporate Governance Committee provides information to the Board of Directors about the content of the investor relations report during the Board meetings. In addition, feedback is sought from the Board of Directors at relevant times about our corporate governance rating report, our weaknesses and improvement areas regarding corporate governance.

2.2 Exercise of Shareholders' Right to Information

In line with the Company's Disclosure Policy, special emphasis is placed on conveying all necessary information in a timely and complete manner to all shareholders so as to ensure due exercise of their shareholding rights. Information requests from shareholders are considered within this framework and information is disclosed within the scope of the content made public previously.

During the reporting period, contact was established with domestic and international institutional and individual investors, shareholders and analysts about the Company's operating results, performance and other developments in 2017, and all matters prescribed as per the Capital Market Legislation have been disclosed to the public by way of material event disclosures and press releases.

The up-to-date versions of material event disclosures and the Company presentation summarizing the latest developments concerning the Company are posted on the corporate website, thereby enabling investors to exercise their right to obtain information electronically in the easiest fashion. On the other hand, each and every question of individual investors who contact us through the contact form available on the Company website is responded to as soon as possible in line with the publicly disclosed information.

The Company's Articles of Association contains no provisions that complicate the conduct of a special audit, and the Company administration avoids any transactions that might complicate the same. The Company acts in accordance with the relevant provisions of the Turkish Commercial Code (TCC) with respect to the exercise of the right to request a special audit. During 2017, the shareholders did not request the appointment of a special auditor.

2.3 General Assembly Meetings

1. Ordinary General Assembly - 28 April 2017

The Ordinary General Assembly of Yazıcılar Holding for 2016 calendar year was convened at 28 April 2017 at 14:00 hours at the address Esenkent Mahallesi, Deniz Feneri Sokak, No: 4, Ümraniye 34776 İstanbul, under the supervision of Feyyaz Bal, T.R. Ministry of Customs and Trade representative assigned by İstanbul Provincial Directorate of Customs and Trade letter dated 27 April 2017 no. 24584322. The meeting quorum was 90.57%.

The invitation for the meeting including the agenda as set forth in the TCC and the Company's Articles of Association was made within due time by being promulgated in the Turkish Trade Registry Gazette issue 9304 dated 12 April 2017, in the Turkey edition of the Dünya daily dated 12 April 2017, and the Hürses daily published in İstanbul on 12 April 2017, and was also sent by registered mail to part of the registered shareholders and hand-delivered to others, notifying the meeting date and agenda.

The Board of Directors decision dated 06 April 2017, whereby the meeting date and agenda were set, was posted on the Public Disclosure Platform (in Turkish: KAP) in the form of a material event disclosure and on the Company website at www.yazicilarholding.com, and the General Assembly Information Document prepared pursuant to the Corporate Governance Principles was made available on KAP and the Company website on the same date. Furthermore, the Company's Annual Report was made available for shareholders' information on KAP, the Company website and at the Company's head office as at 13 March 2017, on which date year-end 2016 financial reports were published.

Total number of shares and voting rights representing the Company's shareholding structure as at the date of the promulgation date of the General Assembly has been published on the Company's website.

While the meeting agenda was being prepared, no topics were communicated in writing to the Company's Investor Relations Department by shareholders, which they sought to be included in the agenda. Similarly, shareholders, CMB and/or other public entities and institutions with which the Company is associated did not have any requests regarding the incorporation of an item in the meeting agenda.

The proxy statement that is necessary for participation in the General Assembly in proxy is posted on our website in order to facilitate shareholders' attendance. Minutes of the General Assembly meetings for the past five years are also published on our website.

The meeting chair has made the preparations and obtained the information necessary for conducting the General Assembly pursuant to the Turkish Commercial Code, the law and applicable legislation in advance.

At the General Assembly, shareholders present in the meeting did not exercise their right to ask questions about the agenda, nor did they submit any motions.

Board of Directors members concerned with specific topics in the agenda, other related individuals, officials responsible for drawing up financial statements and auditors were present in the General Assembly meeting; apart from these individuals, other stakeholders or media members did not attend the meeting.

After the General Assembly ended, meeting minutes were published the same day in the form of a material event disclosure on KAP and also on our website.

Key topics that were decided upon in our General Assembly held on 28 April 2017 are presented below:

- The Board of Directors' profit distribution proposal was ratified as is, and it was decided that TRL 45,000,000, corresponding to 28.125% (gross) of the paid-in capital, be distributed as dividends; that TRL 0.28125 (gross=net) profit share for (1) share with a nominal value of TRL 1 which corresponds to a ratio of 28.125% be distributed to shareholders which are resident corporations, TRL 0,2390625 be distributed as net dividends for (1) share with a nominal value of TRL 1, corresponding to 28.125% (gross) and 23.90625% (net) be distributed to real person shareholders, and that 2016 dividend distribution be commenced on 30 May 2017.

- "DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.", which was designated by the Board of Directors upon the proposal of the Audit Committee to conduct the auditing of 2017 accounts in accordance with the Capital Market Law and communiqués, was ratified as the independent audit company.

- Information about the amount of consolidated and solo donations during 2016 was provided under a dedicated agenda item.

There were no transactions for which the affirmative votes of the majority of independent Board members were sought in order for a decision to be passed by the Board of Directors and which was referred to the General Assembly to be decided.

Corporate Governance Principles Compliance Report 2017

A donations and grants policy has not been established due to the fact that some individual donations in small amounts are made each year at the Company. Information about the amount of these donations is provided to shareholders during the ordinary General Assembly under a dedicated agenda item.

Shareholders with management control, Board of Directors members, executives with administrative responsibility or their spouses and relations by blood or marriage unto the second degree have not carried out a material transaction that might lead to a conflict of interest with the Company or its subsidiaries, nor have they performed a transaction in the nature of a commercial affair falling under the field of activity of the Company or its subsidiaries on their own or others' behalf or participated in another company engaged in the same kind of commercial affairs as an unlimited partner. Also there were no transactions individuals with access to inside information, other than the individuals named above, have carried out within the scope of the Company's field of activity in their own names.

2. Extraordinary General Assembly - 28 November 2017

The Extraordinary General Assembly of Yazıcılar Holding dated 28 November 2017 was convened on the said date at 14:00 hours at the address Esenkent Mahallesi, Deniz Feneri Sokak, No: 4, Ümraniye 34776 İstanbul, under the supervision of Feyyaz Bal, T.R. Ministry of Customs and Trade representative assigned by İstanbul Provincial Directorate of Customs and Trade letter dated 27 November 2017 no. 29879806. The meeting quorum was 89.99%.

The invitation for the meeting including the agenda as set forth in the TCC and the Company's Articles of Association was made within due time by being promulgated in the Turkish Trade Registry Gazette issue 9449 dated 10 November 2017, in the Turkey edition of the Dünya daily dated 10 November 2017, and the Hürses daily published in İstanbul on 10 November 2017, and was also sent by registered mail to part of the registered shareholders and hand-delivered to others, notifying the meeting date and agenda.

The Board of Directors decision dated 03 November 2017, whereby the meeting date and agenda were set, was posted on KAP in the form of a material event disclosure and on the Company website at www.yazicilarholding.com, and the General Assembly Information Document prepared pursuant to the Corporate Governance Principles was made available on KAP and the Company website on the same date. Total number of shares and voting rights representing the Company's shareholding structure as at the date of the promulgation date of the General Assembly has been published on the Company's website.

While the meeting agenda was being prepared, no topics were communicated in writing to the Company's Investor Relations Unit by shareholders, which they sought to be included in the agenda. Similarly, shareholders, CMB and/or other public entities and institutions with which the Company is associated did not have any requests regarding the incorporation of an item in the meeting agenda.

The meeting chair has made the preparations and obtained the information necessary for conducting the General Assembly pursuant to the Turkish Commercial Code, the law and applicable legislation in advance.

At the General Assembly, shareholders present in the meeting did not exercise their right to ask questions about the agenda, nor did they submit any motions.

Board of Directors members concerned with specific topics in the agenda, other related individuals, officials responsible for drawing up financial statements and auditors were present in the General Assembly meeting; apart from these individuals, other stakeholders or media members did not attend the meeting.

After the General Assembly ended, meeting minutes were published the same day in the form of a material event disclosure on KAP and also on our website.

The General Assembly convened on 28 November 2017 adopted a resolution on the below mentioned subject:

- Profit distribution proposal of AG Sınai Yatırım ve Yönetim A.Ş. was ratified as is, and it was decided that TRL 52,000,000, corresponding to 32.50% (gross) of the paid-in capital, be distributed as profit share; that TRL 0.3250 (gross=net) profit share for (1) share with a nominal value of TRL 1 which corresponds to a ratio of 32.50% be distributed to shareholders which are resident corporations, TRL 0, 27625 be distributed as net dividends for (1) share with a nominal value of TRL 1, corresponding to 32.50% (gross) and 27,526% (net) be distributed to real person shareholders, and that dividend distribution be commenced on 29 November 2017.

3. Extraordinary General Assembly- 26 December 2017

The Extraordinary General Assembly of Yazıcılar Holding dated 26 December 2017 was convened on the said date at 13:30 hours at the address Esenkent Mahallesi, Deniz Feneri Sokak, No: 4, Ümraniye 34776 İstanbul, under the supervision of Feyyaz Bal, T.R. Ministry of Customs and Trade representative assigned by İstanbul Provincial Directorate of Customs and Trade letter dated 25 December 2017 no. 30670140 The meeting quorum was 84.51% in this critical General Assembly meeting where the Merger Agreement and the Merger were laid down for approval.

The invitation for the meeting including the agenda as set forth in the TCC and the Company's Articles of Association was made within due time by being promulgated in the Turkish Trade Registry Gazette issue 9465 dated 04 December 2017, in the Turkey edition of the Dünya daily dated 04 December 2017, and the Hürses daily published in İstanbul on 04 December 2017, and was also sent by registered mail to part of the registered shareholders and hand-delivered to others, notifying the meeting date and agenda.

The Board of Directors decision dated 01 December 2017 whereby the meeting date and agenda were set was posted on KAP in the form of a material event disclosure and on the Company website at www.yazicilarholding.com, and the General Assembly Information Document prepared pursuant to the Corporate Governance Principles was made available on KAP and the Company website on the same date. Total number of shares and voting rights representing the Company's shareholding structure as at the date of the promulgation date of the General Assembly has been published on the Company's website.

While the meeting agenda was being prepared, no topics were communicated in writing to the Company's Investor Relations Unit by shareholders, which they sought to be included in the agenda. Similarly, shareholders, CMB and/or other public entities and institutions with which the Company is associated did not have any requests regarding the incorporation of an item in the meeting agenda.

The meeting chair has made the preparations and obtained the information necessary for conducting the General Assembly pursuant to the Turkish Commercial Code, the law and applicable legislation in advance.

At the General Assembly, shareholders present in the meeting did not exercise their right to ask questions about the agenda, nor did they submit any motions.

Board of Directors members concerned with specific topics in the agenda, other related individuals, officials responsible for drawing up financial statements and auditors were present in the General Assembly meeting; apart from these individuals, other stakeholders or media members did not attend the meeting.

After the General Assembly ended, meeting minutes were published the same day in the form of a material event disclosure on KAP and also on our website.

Key topics that were decided upon in our General Assembly held on 26 December 2017 are presented below:

- Within the scope of the takeover of Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. by Yazıcılar Holding A.Ş. for merging under our Company's roof, "The Merger Agreement" and the "Merger" transaction has been ratified pursuant to the applicable legislation. The same was approved with the affirmative votes of nearly the entirety of the meeting participants (99.99%).
- As part of merger-related procedures, it has been approved with the affirmative votes of 100.00% of the participants in the meeting to amend Articles 1, 3, 4, 7, 9, 10, 11, 12 and 18 of the Articles of Association, to revoke Article 8 thereof, and to supplement Provisional Article 1 thereto.

2.4. Voting Rights and Minority Rights

There are no implementations complicating the exercise of voting right at the Company; necessary mechanisms are in place that will grant each shareholder, including those abroad, the chance to cast their votes in the easiest and the most convenient fashion within the frame of the TCC's provisions governing electronic general assembly.

None of the share certificates representing the Company's paid-in capital entail any privileges in voting. There are no cross-shareholding interests between the Company and principal shareholders, either.

The Company takes utmost care with respect to exercise of minority shares. In line with the provision of Article 4.3.3 of the Corporate Governance Principles, independent members serving on the Company's Board of Directors are capable of performing their duties without prejudice, hence they contribute to impartial management of the Company and ensure protection of minority rights. While minority rights can be granted to those holding less than one twentieth of the capital by way of the Articles of Association pursuant to the Corporate Governance Principles, the Company's Articles of Association do not contain any provisions broadening the scope of minority rights beyond the limits set forth by the law.

Corporate Governance Principles Compliance Report 2017

2.5. Dividend Right

No shareholders are granted any privileges with respect to participating in the Company's profit. Profit distribution has taken place within the legally prescribed period of time.

The Company's policy on dividend distribution was first approved with the Board of Directors decision dated 27 April 2005, and was made public via a material event disclosure. In line with the CMB decision no. 2/53 dated 18 January 2007, our Dividend Policy was revised in parallel with our policies in our previous corporate governance principles compliance reports in the Board of Directors meeting of 25 April 2007, and was presented for the information of shareholders under a dedicated item in the General Assembly convened on 18 May 2007[1].

The said Dividend Policy was revised as follows:

"In principle, the Company espouses to distribute dividends every year in the amount equivalent to at least 50% of the net distributable profit for the period based on non-consolidated financial statements; it is among the Company's primary goals to sustain the said profit distribution policy save for special circumstances that will be imposed by investment and other funding requirements necessary for the long-term growth of the Company and extraordinary developments in economic conditions."

The Dividend Policy is available on the Company's website and also in the annual report, under the corporate governance compliance report section.

2.6. Share Transfer

There are two share groups, namely Groups A and B, at AG Anadolu Grubu Holding. Save for the privilege granted to Group B to nominate six of the Board of Directors members composed of 12 members, these shares are entitled to same rights. Group A shares are bearer shares, and Group B shares are registered shares.

The provisions governing the transfer of registered shares in the Articles of Association of Yazıcılar Holding A.Ş. have been revoked by the Articles of Association of AG Anadolu Grubu Holding.

[1] Based on the Board of Directors decision dated 23 February 2018, it was decided that the Dividend Distribution Policy be revised as follows in order to reflect the conditions about dividend distribution as covered in the binding agreements executed in relation to the merger of Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. under Yazıcılar Holding A.Ş., and that the same be laid down for the approval of shareholders in the next General Assembly to be convened.

DIVIDEND DISTRIBUTION POLICY

In accordance with the Turkish Commercial Code, Capital Markets Board regulations, tax regulations and other related regulations together with provisions regarding dividend distribution in our Company's Articles of Association;

(i) During the first (5) years following the Merger registered on December 27, 2017; at least, the higher of the below will be paid in cash;

a) 25% of the distributable income based on unconsolidated financial statements of our Company,

b) 50% of the distributable income of our Company for the related period, except for special conditions caused by investment and other funding requirements necessary for the long term growth of the Company as well as extraordinary developments in economic conditions.

(ii) During years, following the 5th year of the Merger registered on December 27, 2017; at least, the higher of the below will be paid in cash;

a) 20% of the distributable income based on unconsolidated financial statements of our Company,

b) 50% of the distributable income of our Company for the related period, except for special conditions caused by investment and other funding requirements necessary for the long term growth of the Company as well as extraordinary developments in economic conditions.

Nonetheless; in case of the disallowance of cash dividend payments, the prohibition of cash dividend payments, the obligations of the company to pay less or more than the approved amount or to issue shares to take place of cash payment or the evaluation of the distributable dividends as "withdrawal of cash" partially or completely due to tax regulations, by Capital Markets Board or another official institution, administrative or legal regulation for whatever reason; the abovementioned regulations will be in place and according to these circumstances company does not pay dividends in cash or does not pay cash dividends in the amounts specified above.

Part III - Public Disclosure and Transparency

3.1. Corporate Website and Its Content

The Company's website is at the address www.anadolugrubu.com.tr, and is prepared both in Turkish and English languages so that it can be easily used by international investors as well. Our website currently features all of the information mentioned under Section 2, Article 2.1.1 of the Corporate Governance Principles, including the documents posted on www.yazicilarholding.com which is currently redirected to www.anadolugrubu.com.tr website.

Disclosures of material events and financial statements excluding the notes thereto, which are required to be publicly disclosed pursuant to the capital market legislation, have not been simultaneously disclosed on the KAP in Turkish and in English during 2017, but they have been posted on the Company's website. However, since our Company joined among the 1. Group of companies with respect to compliance with the Corporate Governance Principles established by the CMB as at 2018, our Company achieved alignment in this respect as at 12 March 2018 on which year-end 2017 financial statements were published.

3.2. Annual Reports

The Company's annual reports are prepared in sufficient detail to provide complete and accurate information about the Company's operations to the public, and so as to contain the information mentioned under Section 2, Article 2.2.2 of Corporate Governance Principles, in addition to considerations specified under other sections of Corporate Governance Principles and in the legislation.

Part IV - Stakeholders

4.1. Keeping Stakeholders Informed

As stated under Section II, Article 8, a Disclosure Policy was established to keep stakeholders informed. Anadolu Group Human Resources Policy is followed with respect to keeping employees informed. Our Company does not have any material commercial ties with other stakeholder groups such as creditors, customers, suppliers, unions, etc. and hence, the Company did not create a disclosure mechanism targeting these stakeholder groups.

The necessary mechanisms are established for the stakeholders to communicate the Company's practices which are contrary to the legislation or are unethical to the Audit Committee, which is responsible for monitoring whether a system regarding compliance to the Company's code of business conduct and ethical rules is established by the management. Additionally, the Audit Committee oversees that the management monitors the Company's compliance to code of business conduct and code of ethics, makes fraud risk assessments and gives fraud, code of business conduct and code of ethics trainings to employees.

The Company implements the provisions of applicable legislation in the utilization of mechanisms such as compensation provided to stakeholders. Pursuant to Article 3.1.2 of Corporate Governance Principles appended to the CMB's Corporate Governance Communiqué no. II-17.1, a Compensation Policy for employees was drawn up and posted on the company website upon being approved by the Board of Directors decision dated 30 September 2015.

"Yazıcılar Holding A.Ş. Compensation Policy

The Company implements the provisions of the Labor Law no. 4857 in relation to severance and notice pay. In the event that the Labor Law no 4857 is modified, the provisions of the applicable law that will enter into force will be applied.

Within this framework;

The provisions of the Labor Law no. 4857 and Article 14 of the superseded Labor Law no. 1475 with reference to Provisional Article 6 of the Labor Law no. 4857 are applied in entitlement to severance pay.

Aggregated new job search leave in relation to the notice pay can be applied if and only when the employee shall have made a written request to that effect on the date the notice time is given."

Corporate Governance Principles Compliance Report 2017

4.2. Stakeholder Participation in Management

Models supporting participation of stakeholders and primarily company employees in the Company management are developed in a manner not to hinder the activities of the Company. Relevant actions are summarized below:

Open to shareholders, General Assembly meetings provide an open platform for shareholders to convey their positive or negative opinions about the Company. Furthermore, the contact form on the Company website is also an effective communication mechanism for shareholders.

On the other hand, Employee Satisfaction and Engagement Survey designed to support employee participation in management is a medium for employees to express their desires and improvement demands about the organization for which they work, and is administered once every year. In addition, our employees can share their value adding suggestions with the management via the “Bi Fikir” system developed by the Anadolu Group HR Department.

Employee Loyalty Survey is another instrument for our employees to convey their requests and improvement demands about the organization for which they work, and is administered periodically.

In this respect, from the standpoint of our shareholders and employees, stakeholder feedback is sought in important decisions that have implications for stakeholders.

On another front, being an investment company that is mainly engaged in the administration of its subsidiaries, our Company did not design arrangements for participation of other stakeholder groups in management other than shareholders and employees.

4.3. Human Resources Policy

Our Company espouses the Anadolu Group Human Resources Policy developed under the Human Resources Department’s leadership and with the contributions of all Anadolu Group companies.

Anadolu Group;

- Aims to create an HR potential possessing a global perspective and set of skills, without exercising discrimination on the basis of cultural differences;
- Targets to contribute added value to the entire organization by increasing employee motivation and building on their skills;
- Espouses a business culture that constantly pursues the better, working as a team on the basis of knowledge in a business environment built on open communication and mutual trust, and works to put the same into life;
- Does not discriminate on the basis of race, nationality, religion, sex and faith while maintaining any kind of relationship with its employees. The Group takes pride in the differences and cultural diversity of its employee body, and regards this diversity as a tool for development;
- Makes it a principle to offer its employees a safe and peaceful working environment and to take due care to protect their health;
- Deems it as its duty to respect and protect the rights employees have by virtue of laws and regulations;
- Attaches great importance to training at every stage and level to gear up the employees for the future, offers it transparently through the systems created, and “invests in human”;

Takes care to provide equality of opportunity in various aspects including training, remuneration and career to employees who join the Anadolu Group family starting immediately from their hiring.

4.4 Ethical Rules and Social Responsibility

Our Company gives the utmost importance to ethical rules. These values are being implemented for many years within the corporate culture notion of Anadolu Group. Anadolu Group HR and Industrial Relations Department has made the report titled "Anadolu Group Working Principles" about this topic available for all employees; the document can also be reached at the Company website, under the Corporate Governance tab.

On the other hand, in a bid to consolidate compliance with the capital market legislation and corporate governance practices at Anadolu Group, which enjoys a high level of recognition and reliability in national and international capital markets, Anadolu Group Working Principles - Appendix that has been prepared for the Group companies was enforced based on the Company's Board of Directors decision dated 04 June 2009. The said document reminds the Group employees of their regulatory obligations with respect to insider trading and also raises a "Black-out Period" practice that bans the trading of related company stock for those who are included in the list of individuals with access to inside information at publicly-floated Group companies.

The Anadolu Group Working Principles - Appendix is posted on the corporate website, under the Corporate Governance tab.

Through the Anadolu Education and Social Assistance Foundation supported by the Anadolu Group companies, our Company contributed to giving more than 50 permanent institutions in the areas of education, healthcare and community to date. First and foremost, the Foundation works to create added value for the development of educators, and continues to contribute value and social benefit to the society through its "Our Valuable Teacher" initiative.

Representing one of the most notable projects of the Foundation, Anadolu Medical Center (ASM) went into service as a general-purpose hospital in Gebze, İzmit in February 2005. Working in affiliation with Johns Hopkins Medicine, a leading healthcare institution in the U.S., Anadolu Medical Center offers healthcare services in all medical branches, but boasts in-depth specialization in cardiology, cancer and hematology. The latest report issued by the Ministry of Health designated Anadolu Medical Center as the "hospital admitting the highest number of foreign patients in Turkey".

On the other hand, set up in 1976 by our Group in a bid to contribute to advancement of sports in our country and having celebrated its 40th year, Anadolu Efes Sports Club signs its name under major achievements across Europe. Free-of-charge basketball schools organized by Anadolu Efes Basketball Club provides basketball instruction via its team of expert instructors and opens the door for a stellar future for the young generations.

Part V - Board of Directors

5.1. Structure and Composition of the Board of Directors

Members of our Board of Directors were elected to serve a term of office of one (1) year based on the resolution adopted in the Extraordinary General Assembly convened on 26 December 2017[1].

Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice Chairman
Salih Metin Ecevit	Member
Talip Altuğ Aksoy	Member
Mehmet Cem Kozlu	Member
Recep Yılmaz Argüden	Member
Ahmet Boyacıoğlu	Member
Mustafa Yazıcı	Member
Ali Galip Yorgancıoğlu	Independent Member
Uğur Bayar	Independent Member
Can Arıkan	Independent Member
İyigün Özütürk	Independent Member

[1] As approved in the Ordinary General Assembly convened on 28 April 2017, Salih Metin Ecevit (Chairman), İbrahim Yazıcı (Vice Chairman), Süleyman Vehbi Yazıcı (Member), Rasih Engin Akçakoca (Member), Can Arıkan (Independent Member) and İyigün Özütürk (Independent Member) served on the Board of Directors in the period 28 April 2017 - 26 December 2017.

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All of the members serving on our Board of Directors are non-executive members. The CEO of the Company is Mehmet Hurşit Zorlu. The resumés of our Board members and CEO, covering the outside positions they hold, are presented in the 2017 Annual Report and posted on the company website. The positions our Board members hold outside the Company are also summarized in the table below:

Board Member	Outside Positions Currently Held
Mehmet Cem Kozlu	Board of Directors Member at Pegasus Airlines and DO&CO Vienna
Uğur Bayar	Board of Directors Member at Tekfen Teknoloji Yatırım ve Tic. A.Ş. Board of Directors Member at SAMUMED
Recep Yılmaz Argüden	Chairman of the Board of Directors at ARGE Consulting and Rothschild Turkey Board of Directors Member at Akiş REIT and Doğuş Oto

From among our Board of Directors members apart from the ones named in the table above, Tuncay Özilhan, Kamilhan Süleyman Yazıcı, S. Metin Ecevit, Altuğ Aksoy, Ahmet Boyacıoğlu, M. Cem Kozlu, R. Yılmaz Argüden and Mustafa Yazıcı hold seats as Board members on various companies of the Anadolu Group. Two of our independent Board members, Can Arıkan and İyigün Özütürk do not hold any positions in any other company.

Our Board of Directors members do not have any roles other than the ones on committees.

Pursuant to Corporate Governance Principles, the minimum number of independent members in our 12-seat Board of Directors must be four. The election process of independent Board members is described below:

Independent Board member candidates have presented their written declarations of independence as per the criteria in the applicable legislation, the Articles of Association and the Communiqué to the Corporate Governance Committee on 30 November 2017.

- The Corporate Governance Committee evaluated the candidacies of Ali Galip Yorgancıoğlu, Uğur Bayar, Can Arıkan and İyigün Özütürk nominated for independent Board membership, including ones from the management and shareholders, also taking into consideration whether the individuals named above satisfy the relevant independence criteria, and submitted its assessment in this regard in a report dated 30 November 2017 for the approval of the Board of Directors.
- On 01 December 2017, the Board of Directors passed a decision to name Can Arıkan and İyigün Özütürk as independent Board member nominees within the frame of the Corporate Governance Committee report.
- The finalized list of independent Board member nominees and information about the nominees were publicly disclosed in the information document published together with the General Assembly announcement.
- As approved and enforced at the General Assembly convened on 26 December 2017, the said Board of Directors member nominees have been assigned for a term of office of one year.

The written declarations of independence by all independent members within the frame of the applicable legislation, Articles of Association, and the communiqué are as follows:

I hereby declare that, with respect to Yazıcılar Holding A.Ş. (the Company);

- *No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,*
- *I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,*
- *I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,*

- *I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,*
- *I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,*
- *I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;*
- *I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,*
- *I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,*
- *I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,*
- *I have not been registered and announced as a board member representing the legal entity for which I will be elected, and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member.*

During 2017, no events took place that would prejudice the independence of independent members who served as Board members.

In the Company's Annual General Assembly, our Board of Directors have been authorized as per Articles 334 and 335 of the Turkish Commercial Code no. 6762 to assume duties in companies that are engaged in similar lines of business with our Company or in other business lines. This is intended to enable our Board of Directors members to hold positions in the Boards of Directors of the Anadolu Group companies, which have management or capital ties with our Company. Other than that, there is no arrangement imposing specific rules for assumption of other role(s) outside our Company by our Board members; however, the Company abides by the stipulations of Corporate Governance Principles in this respect.

Our Company espouses the principle of constituting 25% of the Board of Directors from women members as a corporate governance principle; however, currently, there are no woman members on the Board due to the fact that contacts carried out in this regard did not yield a positive outcome as yet. In this respect that is identified as an internal policy, our independent woman Board member nominee has been identified, and the CMB's approval has been obtained for the said nomination, which will be laid down for the approval of shareholders in the first general assembly to be convened in 2018.

5.2. Operating Principles of the Board of Directors

Articles 9, 10, 11, 12 and 13 of the Company's Articles of Association set out the operating principles of the Board of Directors.

The Board of Directors meets as, when and where necessitated by the Company affairs. The Board of Directors meets upon invitation by the chairman, and in his/her absence, by the vice chairman. The agenda, meeting place and meeting time are set by the individual convening the Board of Directors for a meeting. Any Board member may ask the Chairman in writing to convene the Board, in which case the Chairman shall invite the Company's Board of Directors for a meeting in the shortest time legally possible.

During 2017, the Company's Board of Directors met 25 times; 21 meetings were held with full attendance, whereas 4 meetings were held with five members in attendance.

Questions posed by Board members in the meetings and reasonable and detailed grounds for dissenting votes, if applicable, in relation to difference in opinions, are entered into the decisions record. Each member on the Board of Directors is entitled to one vote, and there are no weighted votes and/or negative vetoing rights.

Board of Directors decisions passed in relation to the Company's transactions of a material nature with the related parties are carried out with the approval of the majority of independent Board members in line with Corporate Governance Principles. During 2017, no material transactions with related parties requiring the Company's Board of Directors decision were carried out.

Our Company has an officers' liability insurance policy covering the Board members and executives in our Company and in our subsidiaries, in order to provide coverage for any losses that such individuals may cause to the company as a result of their faults during the performance of their duties. However, total annual liability limit of the said policy is below the amount specified in the Corporate Governance Principles. Total

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annual liability limit is determined based on the decision adopted by the Company administration, and at present, the limit is envisaged to continue at its current level.

5.3. Number, Structures and Independence of Board of Directors Committees

The Board of Directors decision concerning the appointment of the new Board of Directors members elected at the General Assembly convened on 26 December 2017 to committees was passed on 03 January 2018. Accordingly, the committees operating under the Board of Directors are formed of the members presented below [1]:

	Independent member?	Executive member?
Audit Committee		
Ali Galip Yorgancıoğlu - Chairman	Yes	No
Uğur Bayar - Member	Yes	No
Corporate Governance Committee		
Uğur Bayar - Chairman	Yes	No
Kamilhan S. Yazıcı - Member	No	No
Recep Yılmaz Argüden - Member	No	No
İrem Çalışkan Dursun - Member	No	Not a Board member
Committee for the Early Detection of Risks		
Uğur Bayar - Chairman	Yes	No
Mehmet Cem Kozlu - Member	No	No
Talip Altuğ Aksoy	No	No

All of the members of the Audit Committee and only the heads of other committees have been designated from among independent Board members. Uğur Bayar was appointed to several committees in view of his vast knowledge stemming from his past professional experiences.

The functions of the Nomination and Remuneration committees, which are currently not present under the Board of Directors, are being fulfilled by the Corporate Governance Committee in accordance with the Corporate Governance Principles.

As per the Corporate Governance Principles, the Board of Directors determines and publicly discloses the duties and operating principles of the committees, as well as the members that will form them. (As a result of the AG Anadolu Group Holding organization, the charters of all our committees have been updated and published on KAP on 02 February 2018.)

The Board of Directors' assessment of the operating principles and effectiveness of Board of Directors committees are presented in the appendix to the Corporate Governance Principles Compliance Report (App. 1).

[1] In the period 28 April 2017- 26 December 2017, Can Arıkan served as the head and İyigün Öztürk as the member of the Audit Committee; Can Arıkan served as the head and İbrahim Yazıcı and İrem Çalışkan Dursun as members of the Corporate Governance Committee, and İyigün Öztürk served as the head and R. Engin Akçakoca as member of the Committee for Early Detection of Risks.

5.4 Risk Management and Internal Control Mechanism

The Company is a holding company basically engaged in the administration of its subsidiaries and associates, and has no other operations. In this sense, the Company's day-to-day operations consist of taking investment decisions, making capital call payments for these investments, and management of the cash holdings resulting from dividend collections. The operation of internal control systems for these activities is included within the job description of the Company's Financial Affairs Director. The responsibilities of the Company's Financial Affairs Director in relation to the running of the internal control system are supervised firstly by the Company's CFO and CEO, and ultimately by the Audit Committee.

In the Audit Committee's assessment of the effectiveness of the internal control system and the outcomes of internal control activities, the Audit Report produced by the Audit Department is taken into consideration as one of the most important sources of data, and the Audit Committee shares the suggestions formulated based on the findings in the said Report with the Board of Directors.

In addition to the above, individual internal control systems have been set up in each of the subsidiaries and associates in our investments portfolio, the fundamental principles of which have been determined by our Financial Affairs Department. The individuals in charge of the operation of these systems have been appointed from within the own organizations of the respective companies.

Due to the reasons explained above, Corporate Risk Management Coordination actively works together with the Company's CEO and is supervised by the Committee for Early Detection of Risks for implementing our risk management concept which relies on identifying the existing and potential risk exposure of the Company, developing and monitoring the practices for minimizing the identified risks.

The Company's existing and potential risk exposure is basically classified as follows:

- Financial risks: assets and liabilities risk, credibility, capital/indebtedness relationship, exchange rate risk and other risk factors with a potential direct impact upon the Company's financial condition.
- Operational risks: risk factors which might affect the efficiency of the Company operations, its productivity, profitability, prestige and business continuity in line with the Company's goals and which may be managed through the control environment to be created by the management.
- Strategic Risks: Risk factors arising from the country, geography and the competitive environment in which the Company is active and which might affect the Company's existence and sustainable growth.
- Risk factors which might negatively affect the Company's occupational health and safety and business continuity such as states of emergency and disasters, fire, earthquake and floods, and for which contingency action plans are devised and tested.

In all of the subsidiaries and associates in our portfolio, an individual in charge of the coordination of risk management activities has been appointed, who will be led and supervised by the Company's CEO and Corporate Risk Management Coordinator, and designated as an integral part of risk management activities at all of our subsidiaries and associates within the scope mentioned above. As part of their strategic planning processes, all of our subsidiaries and associates assess financial, operational and strategic risks, identify their respective priority risks, create their risk maps, follow the action plans necessary to manage these risks, and integrate their investment decisions in their strategic business plans. The extensively used SAP and ERP systems enable measurement within this framework and are heavily employed in supporting decision support processes and they increase the efficiency of internal control systems. The financial affairs units of our subsidiaries and associates actively take part in the management of financial risks, and activities on the main headings of assets/liabilities management, capital/debt balance, exchange rate risk and budget/actuals make up a substantial part of risk management systems. There are compulsory policies that must be adhered to for contingencies and disasters, and necessary drills and follow-up actions are in place.

The external audit of our Company has been carried out by the independent audit firm DRT Bağımsız Denetim ve Serbest Muhasebeci Müşavirlik A.Ş. in 2017. The financial audit of our Company, on the other hand, has been conducted by Şinasi Aydemir, CPA.

Corporate Governance Principles Compliance Report 2017

5.5. Strategic Goals of the Company

Our mission is spelled out as contributing in the most effective manner to achievement of their goals by Anadolu Group companies, in the administrations of which we take place by virtue of our shareholding interests, and thus, maximizing the value that can be transferred to our shareholders. The central principles of this mission are as follows:

- Continued growth in the main lines of business,
- Cooperation with international companies,
- Act on a global vision based on local action,
- Experienced management team,
- Flexible and innovative management concept,
- Consumer-oriented approach,
- Capitalizing on extensive distribution network, and
- Cautious approach in terms of financial indebtedness.

AG Anadolu Group Holding devises the strategic plans on the basis of subsidiaries. Each year, the said goals and indicators set for each subsidiary are discussed in the budget meetings held at the onset of the year and approved by the boards of directors on which members representing the Company also sit. In a number of ordinary board of directors meetings held during the year, operating results are reviewed in comparison with previous year performances and targeted values.

5.6. Financial Rights

Pursuant to the resolution adopted in the annual Ordinary General Assembly, the Board of Directors members apart from independent members do not receive any remuneration. On the other hand, based on the resolution adopted in the Extraordinary General Assembly convened on 26 December 2017, each member appointed as independent Board members will be paid a monthly net remuneration of TRL 8,000, a level that will ensure preservation of their independence throughout their terms of office. Other than that, there are no remunerations or benefits provided to the Board of Directors.

Remuneration principles of the Company's Board of Directors members and senior executives have been put into writing, and approved and enforced based on the Board of Directors decision dated 26 April 2012. These principles are also accessible on the Company website.

As per Article 4.6.6 of the Corporate Governance Principles, remuneration and all other benefits provided to senior executives, besides Board members, are publicly disclosed in the annual report. The said disclosure makes a differentiation among Board of Directors and senior executives as mentioned in the above paragraph.

The Company did not lend any money, extend any credit, grant an extension or improved terms on any loans or credits extended, allocate a loan under the name personal loan through a third party to any Board of Directors member or senior executive, nor did it grant guarantees in their favor such as suretyship.

APP. 1

Board of Directors' Assessment of the Operating Principles and Efficiency of the Committees under the Board of Directors

Based on the Board of Directors decision passed on 03 January 2017 in line with the Corporate Governance Principles in the aftermath of the elections made to the member seats on the Board of Directors in the Extraordinary General Assembly convened on 26 December 2017 [1];

- Ali Galip Yorgancıoğlu, independent Board member, was appointed as the head of Audit Committee, and Uğur Bayar, independent Board member, was appointed as its member,
- Uğur Bayar, independent Board member, was appointed as the head of Corporate Governance Committee, and Board members Kamilhan S. Yazıcı, Recep Yılmaz Argüden and Corporate Governance and Investor Relations Coordinator İrem Çalışkan Dursun were appointed as its members,
- Uğur Bayar, independent Board member, was appointed as the head of the Committee for Early Detection of Risks, and Board members Mehmet Cem Kozlu and Talip Altuğ Aksoy were appointed as its members.

In 2017, the Audit Committee, the Corporate Governance Committee, and the Committee for Early Detection of Risks fulfilled their duties and responsibilities imposed upon them by their respective charters, and operated effectively. As a result of the AG Anadolu Group Holding organization, charters of all our committees have been updated and disclosed on KAP on 02 February 2018.

In accordance with the annual meeting schedules deemed necessary for the effectiveness of their activities and defined in their respective charters, the committees met as follows during 2017:

- The Audit Committee held five meetings in total, on 13 March 2017, 06 April 2017, 13 May 2017, 11 August 2017, and 09 November 2017,
- The Corporate Governance Committee held four meetings in total, on 10 March 2017, 05 April 2017, 08 August 2017, and 30 November 2017,
- The Committee for Early Detection of Risks held six meetings in total, on 10 March 2017, 29 May 2017, 24 July 2017, 24 October 2017, 24 November 2017, and 22 December 2017.

The Committees have submitted their respective reports covering information about their activities and the outcomes from the meetings held during the year. Accordingly:

- Responsible for effective implementation of the internal control system along with taking all necessary measures for adequate and transparent conduct of all kinds of internal and independent audits, the Audit Committee conveyed all of its suggestions in all of its responsibility areas, including its opinions and recommendations regarding internal audit and internal control system.
- Set up to monitor the Company's compliance with Corporate Governance Principles, to undertake improvement efforts and to present recommendations to the Board of Directors in this regard, the Corporate Governance Committee has established whether Corporate Governance Principles are being implemented at the Company, grounds for non-implementation, if applicable, and conflicts of interest arising from failure to achieve full compliance with these principles. The Corporate Governance Committee presented improvement suggestions for corporate governance practices to the Board of Directors and supervised the activities of the Investor Relations Unit.
- Carrying out activities to early detect the risks that may endanger the Company's existence, development and survival, to implement necessary measures in relation to identified risks, and to manage the risks, the Committee for Early Detection of Risks has reviewed the Company's risk management systems in accordance with the Corporate Governance Principles and the Charter of the Committee for Early Detection of Risks. In addition, the Committee supervised the Fund Board's activities during the reporting period within the frame of Internal Guidelines for Fund Management Principles.

[1] In the period 28 April 2017- 26 December 2017, Can Arıkan served as the head and İyigün Özütürk as the member of the Audit Committee; Can Arıkan served as the head and İbrahim Yazıcı and İrem Çalışkan Dursun as members of the Corporate Governance Committee, and İyigün Özütürk served as the head and R. Engin Akçakoca as a member of the Early Detection of Risk Committee.

Financial Review

Beer (TRL mn)	2016	2017	Change
Net Sales	3,370	4,426	31.3%
Gross Profit	1,708	2,143	25.4%
EBITDA	676	834	23.4%
Net Income	-35	61	n.m.
Total Assets	8,717	9,699	11.3%
Gross Profit Margin	50.7%	48.4%	-2.3
EBITDA Margin	20.1%	18.8%	-1.3
Net Profit Margin	-1.0%	1.4%	2.4

Soft Drinks (TRL mn)	2016	2017	Change
Net Sales	7,050	8,521	20.9%
Gross Profit	2,392	2,901	21.3%
EBITDA	1,093	1,379	26.2%
Net Income	-28	238	n.m.
Total Assets	10,456	13,394	28.1%
Gross Profit Margin	33.9%	34.0%	0.1
EBITDA Margin	15.5%	16.2%	0.7
Net Profit Margin	-0.4%	2.8%	3.2

Automotive (TRL mn)	2016	2017	Change
Net Sales	2,821	3,372	19.5%
Gross Profit	423	560	32.3%
EBITDA	260	365	40.4%
Net Income	-152	-161	-6.1%
Total Assets	3,572	4,232	18.5%
Gross Profit Margin	15.0%	16.6%	1.6
EBITDA Margin	9.2%	10.8%	1.6
Net Profit Margin	-5.4%	-4.8%	0.6

Retail (TRL mn)	2016	2017	Change
Net Sales	866	1,008	16.4%
Gross Profit	184	218	18.2%
EBITDA	74	91	22.4%
Net Income	-11	9	n.m.
Total Assets	536	592	10.5%
Gross Profit Margin	21.3%	21.6%	0.3
EBITDA Margin	8.6%	9.0%	0.4
Net Profit Margin	-1.3%	0.8%	2.1

Other (TRL mn)	2016	2017	Change
Net Sales	206	239	15.9%
Gross Profit	81	116	44.1%
EBITDA	-32	2	n.m.
Net Income	-200	-52	73.9%
Total Assets	4,824	4,722	-2.1%
Gross Profit Margin	39.2%	48.7%	9.5
EBITDA Margin	-15.3%	0.7%	16.0
Net Profit Margin	-96.9%	-21.8%	n.m.

Consolidated (TRL mn)	2016	2017	Change
Net Sales	14,150	17,378	22.8%
Gross Profit	4,663	5,801	24.4%
EBITDA	2,072	2,670	28.9%
Net Income	-376	-130	65.4%
Total Assets	32,987	38,067	15.4%
Gross Profit Margin	33.0%	33.4%	0.4
EBITDA Margin	14.6%	15.4%	0.8
Net Profit Margin	-2.7%	-0.7%	2.0

Migros (TRL mn)	2016	2017	Change
Net Sales	11,059	15,344	38.7%
Gross Profit	2,953	4,082	38.3%
EBITDA	677	872	28.7%
Net Income	-300	513	n.m.
Total Assets	6,277	10,303	64.1%
Gross Profit Margin	26.7%	26.6%	-0.1
EBITDA Margin	6.1%	5.7%	-0.4
Net Profit Margin	-2.7%	3.3%	6.0

Proforma Consolidated (TRL mn)	2016	2017	Change
Net Sales	24,793	32,196	29.9%
Gross Profit	7,595	9,836	29.5%
EBITDA	2,733	3,507	28.3%
Net Income	-376	-130	65.4%
Total Assets	38,217	46,036	20.5%
Gross Profit Margin	30.6%	30.5%	-0.1
EBITDA Margin	11.0%	10.9%	-0.1
Net Profit Margin	-1.5%	-0.4%	1.1

Net income is presented as net income attributable to shareholders. Net profit margin is calculated on net income attributable to shareholders

Financial Review

REPORTING ADJUSTMENTS

- As approved at the extraordinary general meeting held on December 26, 2017 and registered on December 27, 2017, all the assets and liabilities of Özilhan Sınai Yatırım A.Ş. and Anadolu Endüstri Holding A.Ş. were merged with Yazıcılar Holding A.Ş. and entity name has been changed to AG Anadolu Grubu Holding A.Ş. following the merger.
- In-line with the reporting standards, consolidated comparative financial statements have been revised as if the merger have been completed at the beginning of the reporting period and presented accordingly.
- Due to the new structure of the Holding, participation rates have all changed and additionally the consolidation methods of some group companies have also been changed. Anadolu Efes and Anadolu Isuzu, which were consolidated on equity basis previously, are now fully consolidated.
- Although our stake in Migros is 50%, it is still consolidated on equity method basis due to the provisions of the shareholder agreement with Moonlight Capital S.A. Migros will be fully consolidated latest by June 2019, when the agreement will expire. In this context, our consolidated financial results are presented together with our proforma consolidated results which include Migros as fully consolidated.

Participation rates & methods*

	Reporting before the merger		Reporting after the merger		
	Stake held (%)	Consolidation Method	Stake held (%)	Consolidation Method	Segment
Anadolu Efes	27.66	Equity	43.05	Full	Beer and Soft Drinks
Migros	34.00	Equity	50.00	Equity**	Migros
Anadolu Isuzu	37.57	Equity	55.40	Full	Automotive
Adel Kalemcilik	38.68	Full	56.89	Full	Retail
Çelik Motor	68.00	Full	100.0	Full	Automotive
Anadolu Restoran	68.00	Full	100.0	Full	Retail
Anadolu Motor	67.93	Full	100.0	Full	Automotive
Aslancık HES	22.67	Equity	33.33	Equity	Other
Anadolu Kafkasya***	60.65	Full	89.19	Full	Other
Real Estate Companies	68.00	Full	100.0	Full	Other

* Full list is at the 1st footnote of financial statements.
** To be fully consolidated starting with June 2019, latest.
*** Anadolu Kafkasya owns 90% of GUE located in Georgia and 100% of other project company.

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated (TRL mn)	2016	2017	Change
Net Sales	14,150	17,378	22.8%
Gross Profit	4,663	5,801	24.4%
EBITDA	2,072	2,670	28.9%
Net Income	-376	-130	65.4%
Total Assets	32,987	38,067	15.4%
Gross Profit Margin	33.0%	33.4%	0.4
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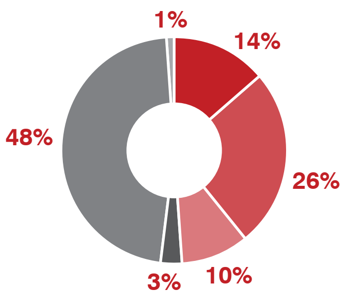
EBITDA	2,733	3,507	28.3%
Net Income	-376	-130	65.4%
Total Assets	38,217	46,036	20.5%
Gross Profit Margin	30.6%	30.5%	-0.1
EBITDA Margin	11.0%	10.9%	-0.1
Net Profit Margin	-1.5%	-0.4%	1.1

- Consolidated net sales increased by 23% y-o-y and reached TRL 17.4 billion in 2017. Proforma consolidated net sales was recorded at TRL 32.2 billion, implying a hefty 30% yearly growth.
- All segments contributed well to our stellar proforma consolidated revenue growth. When looking at the segmental revenues, Migros and beer are the leading segments of 2017 with annual top-line growth of 39% and 31%, respectively. On the other hand, soft drinks segment recorded 21%, automotive 20%, and retail segment 16% yearly revenue increases.
- According to the proforma consolidated revenues, share of Migros in total revenues increased by y-o-y 3 ppt to 48% in 2017 on the back of a remarkable sales performance. While share of Beer segment remains unchanged compared to the previous year at 14%, soft drinks segment and automotive shares decreased merely by 2 ppt and 1 ppt to 26% and 10%, respectively.

Net Sales Breakdown*

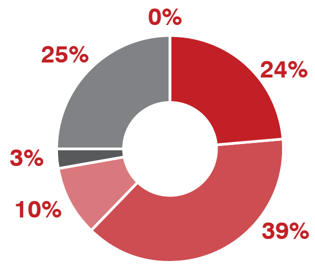


2017 proforma consolidated results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

* Sum of segmental percentages may exceed 100% due to eliminations.

EBITDA Breakdown*



2017 proforma consolidated results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

* Sum of segmental percentages may exceed 100% due to eliminations.

- Consolidated EBITDA of the Holding emerged at TRL 2.7 billion, corresponding to 0.8 ppt increase in EBITDA margin of 15.4% in 2017. Proforma consolidated EBITDA increased by 28% y-o-y to TRL 3.5 billion. Improvement in operational profitability of international beer operations, mostly led by Russian operations and soft drinks segment supported EBITDA growth. Also, EBITDA growth of automotive segment and other businesses that have turned their EBITDA to positive this year had a positive impact on the operational profitability. Despite having relatively low shares in terms of sales, beer and soft drinks segments' share in EBITDA were higher. EBITDA breakdown remain almost unchanged compared to last year.

Financial Review

- In the automotive segment, increased short term leasing volume of Çelik Motor coupled with the higher contribution of operational leasing activities, which have higher operational profitability, in total sales revenues helped EBITDA growth of 40%, implying 1.6% improvement in EBITDA margin to 10.8%. Increasing trend in operational profitability of Çelik Motor continued at full throttle in 2017 as well.

- Retail segment, which constitutes around 3% of our revenues, increased its operational profitability. Despite relatively lower top-line growth of 16% vs. other segments, operational income increased by 44% and EBITDA increased by 23% y-o-y in 2017. EBITDA margin also improved by 0.4 ppt reaching 9.0%. In addition to Adel, specially strategies to increase profitability of McDonald's also paid off.

- Anadolu Grubu Holding posted TRL 130 million net loss attributable to parent company in 2017 compared to TRL 376 million net loss in 2016. Profitability in 2017 has been affected by the FX losses due to FX borrowings like the previous year. The decrease in the net loss was attributable to improvement in operational profitability, coupled with subsidiary gains generated through Kipa acquisition by Migros.

- On the balance sheet side, our total consolidated assets increased by 15% y-o-y reaching to TRL 38 billion and proforma consolidated assets even exceeded TRL 46 billion mainly due to Kipa acquisition. On top of that, asset growth of soft drinks segment at 28% is also eye-catchy and contributed positively on the total asset growth.

As end of 2017 (TRL mn)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	2,519	1,606	913	1.1
Soft Drinks	5,991	3,892	2,099	1.5
Automotive	3,214	190	3,025	8.3
Retail	213	55	158	1.7
Other (incl. Holding)	2,176	165	2,011	n.m.
Holding-only net debt	*1,143*	*74*	*1,069*	*n.m.*
Consolidated	**14,113**	**5,908**	**8,204**	**3.1**
Migros	3,912	1,628	2,284	2.6
Proforma Consolidated	**18,025**	**7,536**	**10,489**	**3**

BEER SEGMENT

Beer (TRL mn)	2016	2017	Change
Volume (mhl)	19.9	21.1	6.0%
Net Sales	3,370	4,426	31.3%
Gross Profit	1,708	2,143	25.4%
EBITDA	676	834	23.4%
Net Income	-35	61	n.m.
Total Assets	8,717	9,699	11.3%
Gross Profit Margin	50.7%	48.4%	-2.3
EBITDA Margin	20.1%	18.8%	-1.3
Net Profit Margin	-1.0%	1.4%	2.4

- Beer segment full year sales volume exceeded 21 million hectoliters in 2017, corresponding to growth of 6% on a yearly basis. Deterioration of consumer confidence at the beginning of the year, lower-than expected tourist arrivals lacking the favorable mix and negative impact of high excise tax have put further pressure on affordability and beer volumes in Turkey remained under pressure during the year. Total sales volumes in Turkey operations was 5.8 mhl in 2017. International beer sales volumes increased by 9.3% to 15.2 mhl on a yearly basis in 2017, thanks to the execution efforts assisted by improved macro environment in the operating geography also backed by strong Russian operations.

- Revenue growth was significantly ahead of that of volume as a result of price increases, favorable mix and positive translation impact. Accordingly, total net sales revenues were up by 31.3% and reached TRL 4.4 billion. Driven by solid mix improvement and price increases, both Turkey and international beer operations revenue per liter rose compared to the previous year.
- While gross margin of Turkey beer operations remained intact, impact of the product and channel mix and procurement prices negatively affected international beer operations gross margin. Higher weighting of international beer operations put further pressure on the margins, and total gross profit margin declined by 2.3 ppt.
- On a full year basis, EBITDA margin decreased by 1.3 ppt to 18.8%. One-off costs related to the re-launch of Efes brand and lower sales volumes led to a deterioration of EBITDA in Turkey beer operations, yet expansion in gross profit margin and optimization in OPEX have helped international beer operations EBITDA margin to merely improve.
- Beer segment posted TRL 61 million net income in 2017 compared favorably with net loss of TRL 35 million in 2016, thanks to lower net loss of Turkey beer operations in 2017

SOFT DRINKS SEGMENT

Soft Drinks (TRL mn)	2016	2017	Change
Volume (mhl)	1,189	1,238	4.1%
Net Sales	7,050	8,521	20.9%
Gross Profit	2,392	2,901	21.3%
EBITDA	1,093	1,379	26.2%
Net Income	-28	238	n.m.
Total Assets	10,456	13,394	28.1%
Gross Profit Margin	33.9%	34.0%	0.1
EBITDA Margin	15.5%	16.2%	0.7
Net Profit Margin	-0.4%	2.8%	3.2

- Consolidated sales volume of soft drinks segment increased by 4.1% y-o-y in 2017. The segment had volume growths in all segments except water, which is in line with the strategy to improve category profitability. Turkey operations delivered volume growth of 3.3% in 2017 vs. 2016, registering the highest growth of the past 5 years.
- Net sales revenue increased by 20.9% to TRL 8.5 billion, mainly driven by double-digit revenue growth in Turkey operations and positive FX conversion impact of International operations. Strong volume growth in Central Asia and net sales revenue per unit case growth in Pakistan were the main drivers of the top-line in 2017.
- Gross margin improved by 0.1 ppt to 34% with raw material costs as a percentage of revenue remaining almost flat on a consolidated basis. While stronger net sales revenue per unit case more than offset higher packaging costs and paved the way for margin expansion in Turkey, gross margin remained almost flat in international operations, as margin expansion in Pakistan and Kazakhstan compensated for lower margins in Turkmenistan and Iraq.
- EBITDA margin expanded by 0.7 ppt to 16.2% on the back of the decline in operating expenses as a percentage of revenue in both Turkey and international operations.
- Reported net income was TRL 238 million in 2017 vs. TRL 28 million net loss in 2016 mainly due to higher operating profit and lower financial expenses.

Financial Review

AUTOMOTIVE SEGMENT

Automotive (TRL mn)	2016	2017	Change
Net Sales	2,821	3,372	19.5%
Gross Profit	423	560	32.3%
EBITDA	260	365	40.4%
Net Income	-152	-161	-6.1%
Total Assets	3,572	4,232	18.5%
Gross Profit Margin	15.0%	16.6%	1.6
EBITDA Margin	9.2%	10.8%	1.6
Net Profit Margin	-5.4%	-4.8%	0.6

- Automotive segment recorded TRL 3.4 billion net sales revenue corresponding to yearly growth of 20%. While Çelik Motor constituted 63% of automotive sales revenues, remaining shares were 29% of Anadolu Isuzu and 8% of Anadolu Motor.
- Due to the increase in the short-term leasing operations of Çelik Motor and increasing share of operational leasing in its total sales revenues, the gross profit margin of Çelik Motor increased by 3.3 ppt to 18.6% and this also played an important role in the 1.6 ppt gross margin improvement of the whole automotive segment.
- EBIT of the automotive segment increased by 61% y-o-y in 2017 reaching TRL 263 million. On top of improving operational profitability of Çelik Motor, positive EBIT from Anadolu Isuzu with higher sales growth more than offsetting operational expense growth were the key drivers of the operational improvement of the segment. EBIT margin of Çelik Motor expanded by 2.2 ppt.
- EBITDA margin improved by 1.6 ppt reaching 10.8% in 2017 vs. 9.2% of 2016. In this context, share of EBITDA of automotive segment in total proforma consolidated EBITDA increased by 0.8 ppt.
- Total net debt of automotive segment increased by 32% y-o-y to TRL 3 billion due to the depreciation of TRL against hard currencies, coupled with higher fleet size of Çelik Motor. Çelik Motor financials are impacted by the currency fluctuations, as the company has 85% of total net debt of the segment in hard currencies. In 2017, TRL depreciation against Euro stood at 23%, increasing financial expenses and negatively affecting bottom-line.
- Despite the improvement in operational profitability net loss increased by 6.1% y-o-y in 2017 due to higher financial expenses.

RETAIL SEGMENT

Retail (TRL mn)	2016	2017	Change
Net Sales	866	1,008	16.4%
Gross Profit	184	218	18.2%
EBITDA	74	91	22.4%
Net Income	-11	9	n.m.
Total Assets	536	592	10.5%
Gross Profit Margin	21.3%	21.6%	0.3
EBITDA Margin	8.6%	9.0%	0.4
Net Profit Margin	-1.3%	0.8%	2.1

- Retail segment posted TRL 1 billion net sales revenues in 2017, implying a 16% yearly increase. While Adel increased its share in total retail sales by 0.6 ppt reaching 32%, McDonald's topline, which constitutes 62% of total retail sales, increase increased by 13% y-o-y and Efestur, which has relatively low share in this segment, increased its turnover by 41% compared to last year.
- Despite the slight deterioration in the gross profit margin of Adel by 2.3 ppt to 45.2%, strategies to improve profitability of McDonald's paid out and gross margin of the retail segment increased by 0.4 ppt to 21.7%. Additionally, McDonald's increased its gross margin by 1.5 ppt.
- EBITDA of the retail segment increased by 22% y-o-y reaching TRL 91 million in 2017.
- On top of EBITDA improvement of McDonald's due to successful execution efforts and improved operational efficiency, Efestur more than doubled its EBITDA contributing to the 0.4 ppt increase in the total EBITDA margin of the retail segment at 9.0%
- Retail segment has a net debt of TRL 158 million, which is all in local currency.
- As a result of the EBITDA improvement, retail segment generated TRL 9 million net profit.

OTHER

Other (TRL mn)	2016	2017	Change
Net Sales	206	239	15.9%
Gross Profit	81	116	44.1%
EBITDA	-32	2	n.m.
Net Income	-200	-52	73.9%
Total Assets	4,824	4,722	-2.1%
Gross Profit Margin	39.2%	48.7%	9.5
EBITDA Margin	-15.3%	0.7%	16.0
Net Profit Margin	-96.9%	-21.8%	n.m.

- Holding, energy and real estate companies are consolidated under other segment. Total net sales revenues rose by 16% y-o-y, attributable to the increase in the rental revenues of the real estate project, AND Kozyatağı, from TRL 13 million in 2016 to TRL 45 million in 2017. Sales in this segment comprised 0.7% of total proforma sales revenues of the Holding in 2017.
- AND Kozyatağı has a leasable area of 35K sqm with 77% occupancy rate as end of 2017. Pre-sales of AND Pastel residential project, which is being developed in Istanbul Kartal, continued in 2017 and 55% of the sales was completed as of 2017-end. Delivery of the residential unit will commence on June 2018 and December 2018.
- There was a contraction at the top-line of the energy companies and their gross profit margin also declined by 5 ppt. Contrary to this, gross profit margin of the other segment expanded by 9.5%, which is attributable to the stellar performance of the real estate revenues.
- Paravani HEPP sold 384.2 MWh electricity and generated TRL 54 million revenues. The electricity produced at Paravani HEPP was sold to Georgia for 9 months and to Turkey for the remaining 3 months.
- Aslancık HEPP produced 293.6 MWh electricity in 2017 and generated a turnover of TRL 82 million in 2017. Please note that Aslancık is consolidated via equity pick up method.
- Due to equity consolidation method used for Migros, its contribution is booked under "other gains from investments accounted through equity" in the other segment. Migros recorded TRL 513 million net profit in 2017. Other segment has a total net loss of TRL 52 million in 2017.

Financial Review

MİGROS

Migros (TRL mn)	2016	2017	Change
Net Sales	11,059	15,344	38.7%
Gross Profit	2,953	4,082	38.3%
EBITDA	677	872	28.7%
Net Income	-300	513	n.m.
Total Assets	6,277	10,303	64.1%

Gross Profit Margin	26.7%	26.6%	-0.1
EBITDA Margin	6.1%	5.7%	-0.4
Net Profit Margin	-2.7%	3.3%	6.0

- Company's consolidated net sales revenue exceeded TRL 15.3 billion representing a yearly growth of 38.7% and gross profit margin merely decreased by 0.1 ppt in 2017 to 26.6%.
- According to the proforma consolidated results, share of Migros in total revenues increased by 3 ppt to 48% compared to 45% of 2016. Migros more than doubled its consolidated sales turnover in just four years. In 2017, highest domestic growth of past ten years was recorded even excluding the effect of Kipa acquisition.
- 2017 performance heralds market share gains on FMCG sales in both organized and unorganized markets.
- The consolidated EBITDA reached TRL 872 million, with a margin of 5.7% in 2017 vs. 6.1% of 2016.
- Although the Company's profitability was undermined by FX losses last year, Migros recorded a consolidated net profit of TRL 513 million in 2017.
- Total assets exceeded TRL 10 billion implying 64.1% increase which is mainly due to Kipa acquisition.

SUMMARY INFORMATION ABOUT OTHER NON-PUBLIC GROUP COMPANIES

	Net Sales		EBITDA		Net Income		Net Debt	
TRL mn	2016	2017	2016	2017	2016	2017	2016	2017
McDonald's	549	622	9	19	-31	-20	81	89
Anadolu Motor	199	280	7	0	-17	-18	144	105
Efestur	38	54	1	2	0	1	-2	-2
AND Anadolu Gayrimenkul	13	46	-1	27	-68	-20	304	273
GUE	55	54	38	36	-39	3	402	420
Aslancık Elektrik	103	83	51	39	-45	-38	429	439

AG ANADOLU GRUBU HOLDİNG A.Ş.
Summary Consolidated Balance Sheet
TRL million

	31.12.2016	31.12.2017
Cash and equivalents	3,291	5,800
Financial instruments	20	108
Trade receivables	1,929	2,309
Inventories	1,589	2,122
Other current assets	1,562	1,741
Current Assets	**8,391**	**12,080**
Financial instruments	27	0
Investments accounted through equity method	2,198	2,333
Investment properties	323	308
Tangible assets	8,155	8,357
Intangible assets	11,711	12,340
- Goodwill	1,669	1,835
- Other intangible assets	10,042	10,505
Other non-current assets	2,183	2,649
Non-Current Assets	**24,596**	**25,987**
Total Assets	**32,987**	**38,067**
Short term borrowings	878	1,489
Short term portion of long term borrowings	1,306	4,190
Trade payables	1,789	2,232
Deferred income	289	481
Other current liabilities	1,470	1,160
Current Liabilities	**5,732**	**9,552**
Long term borrowings	8,050	8,434
Deferred income	6	22
Other non-current liabilities	2,505	2,632
Non-Current Liabilities	**10,561**	**11,088**
Total Liabilities	**16,293**	**20,640**
Equity	**16,694**	**17,427**
Non-controlling interests	10,984	11,676
Equity of the parent	5,710	5,751
Total Liabilities & Equity	**32,987**	**38,067**

Financial Review

AG ANADOLU GRUBU HOLDİNG A.Ş.
Summary Consolidated Income Statement
TRL million

	31.12.2016	31.12.2017
Revenues	14,150	17,378
Cost of sales (-)	-9,487	-11,577
Gross Profit	**4,663**	**5,801**
Operating expenses (-)	-3,632	-4,336
Other operations income/(expense)	49	78
Gain/(Loss) from investments accounted through equity method	-181	136
Operating Income/(Loss) (EBIT)	**899**	**1,679**
Income /(expense) from investment operations	319	-36
Financial income/(expense)	-1,576	-1,486
Income/(Loss) Before Tax from Continuing Operations	**-358**	**157**
Tax income/(expense)	-53	-51
Net Income/(Loss)	**-411**	**106**
Net Income/(Loss)		
Non-controlling interests	-35	236
Equity holders of the parent	-376	-130

Statement of Responsibility

STATEMENT OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE SECOND SECTION OF THE CAPITAL MARKETS BOARD COMMUNIQUE NO: II-14.1 ON PRINCIPLES PERTAINING TO FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL AND ANNOUNCEMENT OF FINANCIAL STATEMENTS
RESOLUTION DATE: 12 March 2018
RESOLUTION NUMBER: 2018/

Appended to this resolution are our financial statements for 1 January-31 December 2017, which have been approved by our company's Board of Directors and Audit Committee, which have been prepared in compliance with Capital Markets Board ("SPK") Communique No: II-14.1 on principles pertaining to financial reporting in capital markets and with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS"/"TFRS") and in an SPK-compatible format, and which have been independently audited.

We hereby declare and assume responsibility for the announcement:

- We have examined the consolidated financial statements dated 31 December 2017;
- That, to the best of our knowledge within the framework of our duties and responsibilities at our company, the consolidated financial statements do not contain any assertion that is untrue insofar as matters of material importance are concerned or any omission that would lead to the conclusion that such assertions were misleading as of the date on which they were made;
- That, to the best of our knowledge within the framework of our duties and responsibilities at the company, these consolidated financial statements prepared in accordance with current financial reporting standards honestly reflect the realities of our company's assets, liabilities, financial standing, and profits & losses, and honestly reflects our company's financial standing along with any material risks and uncertainties that confront it.

Yours sincerely,

Ali Galip Yorgancıoğlu Chairman of the Audit Committee	Uğur Bayar Member of the Audit Committee
Can Çaka CFO	Volkan Harmandar Financial Affairs Coordinator

Independent Auditor's Report on the Management's Annual Report

Deloitte.

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

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

1) Opinion

We have audited the annual report of AG Anadolu Grubu Holding A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 1 January- 31 December 2017.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance based on the information provided in the audited consolidated financial statements, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented an unqualified opinion for the Group's full set consolidated financial statements for the period between 1 January- 31 December 2017 in our Auditor's Report dated 12 March 2018.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,

b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The development of the Group and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:

- The significant events occurred in the Group's activities after the financial year ends,
- The Group's research and development activities,
- The compensation of key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations performed by the Ministry of Customs and Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Board of Directors' discussions based on the information in the audited consolidated financial statements and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance based on the information provided in the audited consolidated financial statements, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Burç Seven.

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

Burç Seven
Partner

İstanbul, 12 March 2018

Convenience Translation into English of Consolidated Financial Statements together with Independent Auditor's Report for the Period January 1 - December 31, 2017

(Originally Issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

Deloitte.

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

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of AG Anadolu Grubu Holding A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Accounting Standards (TAS).

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matter

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How This Matter Was Addressed In the Audit
Business Combination Migros Ticaret A.Ş. (Migros), a joint venture of the Group, took over the management of Kipa Ticaret A.Ş. ("Kipa") on March 1, 2017 as a result of the purchase agreement signed with Tesco Overseas Investments Limited (the "Seller") on June 10, 2016. Migros accounted for this transaction in accordance with TFRS 3 "Business Combinations" in its consolidated financial statements. Purchase price allocation study is performed by Migros management. Bargain purchase gain recognized as an output of this purchase transaction is material for the consolidated financial statements of Migros. Furthermore, purchase price allocation study which was performed by Migros management includes significant estimations and judgements. These are; royalty rate used in the calculation of brand value and favorable contracts, weighted average cost of capital ("WACC") rate and estimated cash-inflows of cash generating units. Considering the fact that purchase price allocation includes significant estimations and its significance, business combination is determined as a key audit matter since it is significant for the financial statements. Please refer to Note 2 and Note 3 to the consolidated financial statements for the relevant disclosures, including the accounting policy.	The audit procedures applied including but not limited to the following are: • Challenge how the evaluation of share purchase agreement and purchase price is performed by the component auditor, • Challenge how the reasonableness of key assumptions, such as WACC rate and royalty rate which are used in purchase price allocation study is assessed through involvement of the internal valuation specialists by the component auditor, • Challenge how the evaluation of reasonableness of estimated cash flows of the cash generating units which is used in brand value calculation by comparing to the past financial performance results of these cash generating units and the review of the brand value projections with actual results as of December 31, 2017 is performed by the component auditor.
Residual Value of Assets Used in Lease Operations The operations of Çelik Motor Ticaret A.Ş., a subsidiary of the Group, consist of operational rent a car business ("long term and short term"). Assets under these operations comprise of 6% in total assets. The residual value of an asset used in lease operations is the estimated sales amount less costs to sell due to disposal of the assets at the end of the leasing period. The residual value of these assets is calculated on the critical assumptions of the Çelik Motor management. These assumptions aim to estimate the residual value of the asset under lease operation at the end of the lease contract. The calculation of the residual value of assets used in lease operations is selected as a key audit matter as it includes estimates and judgment and the amount is material in terms of consolidated financial statements. Notes including the accounting policies for "Residual Value of Assets Used in Operational Lease" have been disclosed in Note 2 and Note 20.	The audit procedures applied including but not limited to the following are: • Evaluate design and implementation of key controls regarding the estimation of residual value by Çelik Motor management, • Evaluate whether the residual value of certain motor vehicle has been calculated by using the assumptions such as vehicle's model year, mileage and size class confirmed by the Çelik Motor management based on sampling method, • Confirm the compatibility of the assumptions used by the Çelik Motor management with market facts and historical data of Çelik Motor, • Test the accuracy of the residual value calculation with a sample by comparing data obtained from the residual value calculation to the sales in the current period, • Our evaluation of the adequacy of the explanations disclosed under Note 20 Other Assets and Liabilities in accordance with TAS.

3) Key Audit Matter (Cont'd)

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<tr><th>Key Audit Matter</th><th>How This Matter Was Addressed In the Audit</th></tr>
<tr><td>

Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes"), a subsidiary of the Group and its subsidiary Coca Cola İçecek A.Ş. ("Coca-Cola"), has expanded its operations in the previous years with business combinations. As a result of the business combinations, the share of goodwill and intangible assets with indefinite useful life in total assets has reached to 32% in the consolidated financial statements.

Anadolu Efes management performs annual impairment testing of its cash generating units to which goodwill has been allocated and its intangible assets with indefinite useful lives in accordance with its accounting policies. The recoverable amount of cash generating units and intangible assets with indefinite useful lives is determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimates; such as, revenue increase, discount rate, long-term growth rate and inflation rate.

Considering that impairment testing includes significant estimates and assumptions and the significance of these assets to the financial statements, the impairment testing of cash generating units and intangible assets with indefinite useful lives is determined as a key audit matter.

The related disclosures including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Note 2, Note 14 and Note 15.

Impairment Testing of Goodwill Recognised Related to the Acquisition of Joint Venture

The Group acquired 50% shares of Migros Ticaret A.Ş. ("Migros") and accounted through equity method. The transfer of shares has been completed on July 15, 2015. As a result of this transaction, a fair value difference between the total purchase cost and purchased net assets amounting to TRL 2.854.926 thousand has been recognised under investments accounted through equity method as disclosed in Note 11. Share of this amount is 8% in total assets.

</td><td>

The audit procedures applied including but not limited to the following are:

- Review of Anadolu Efes and Coca-Cola's budget processes in detail (basis of estimations) and review of basis and arithmetical accuracy of models that are used for the discounted projected cash flows,
- Verification of accuracy of calculations derived from each estimation models and review of changes in estimations of performance increase, discount rate and working capital, approved Board of Directors estimated models, external information,
- Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations,
- Review whether the appropriateness of impairment disclosures and sensitivity analysis of impairment results to potential changes in key assumptions are included in disclosures related to the current valuation risks,
- Review the appropriateness of related disclosures regarding to Intangible Assets With Indefinite Useful Lives and Goodwill in Note 14 and Note 15 in accordance with TAS.

The audit procedures applied including but not limited to the following are:

- Analysis of budget processes of the Group (basis for the estimations), testing of the principles of discounted cash flows and the mathematical accuracy of the models,
- Comparison of the growth rates and increases in revenue included in the discounted cash flows with the historical data,
- Involvement of our specialists to test weighted average cost of capital and assessing the reasonableness of the model,

</td></tr>
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INDEPENDENT AUDITOR'S REPORT

3) Key Audit Matter (Cont'd)

Key Audit Matter	How This Matter Was Addressed In the Audit
Group management has to use significant assumptions when evaluating the impairment of goodwill. These assumptions include discounted cash flows of cash generating units. This model is significantly influenced by revenue increase, growth rate and weighted average cost of capital (discount rate). Considering the reasons stated above, the testing of impairment of goodwill recognised related to the acquisition of Migros shares is determined as a key audit matter in our audit.	• Comparison of borrowing rates, financing structure and the risk profile of Migros included in discounted cash flow models with market data, • Recalculation of the value in use of the cash generating unit by using discounted cash flow model, • Perform sensitivity analysis for growth rates and weighted average cost of capital, • Review the appropriateness of related disclosures regarding to Investments Accounted Through Equity Method in Note 11 in accordance with TAS.

4) Other Matter

Another independent audit firm has audited the Group's consolidated financial statements for the year ended 31 December 2016. The predecessor auditing firm expressed an unqualified opinion in the auditor's report dated 13 March 2017 on the consolidated financial statements as of 31 December 2016.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 12 March 2018.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January-31 December 2017 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Burç Seven.

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

Burç Seven, SMMM
Partner

İstanbul, 12 March 2018

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AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2017, 2016 AND JANUARY 1, 2016

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

		Audited		
			Restated (Note 2)	
ASSETS	**Notes**	**December 31, 2017**	December 31, 2016	January 1, 2016
Cash and Cash Equivalents	5	**5.800.315**	3.291.294	2.358.707
Financial Investments	6	**107.946**	20.487	44.458
Trade Receivables		**2.309.203**	1.928.623	1.636.632
- Due from Related Parties	*32.1*	***259.589***	*145.223*	*117.737*
- Trade Receivables, Third Parties	*8.1*	***2.049.614***	*1.783.400*	*1.518.895*
Other Receivables		**107.954**	116.035	144.961
- Due from Related Parties	*32.1*	**-**	*1.040*	*1.026*
- Other Receivables, Third Parties	*9.1*	***107.954***	*114.995*	*143.935*
Derivative Financial Assets	34.2	**64.521**	42.219	16.112
Inventories	10	**2.122.397**	1.589.263	1.728.287
Prepaid Expenses	19.1	**561.248**	465.773	467.916
Current Income Tax Assets	30.1	**132.368**	138.085	123.687
Other Current Assets	20.1	**874.144**	799.052	667.662
TOTAL CURRENT ASSESTS		**12.080.096**	8.390.831	7.188.422
Financial Investments	6	**342**	26.577	37.595
Trade Receivables		**5.851**	11.235	4.253
- Trade Receivables, Third Parties	*8.1*	***5.851***	*11.235*	*4.253*
Other Receivables		**25.682**	17.442	24.462
- Other Receivables, Third Parties	*9.2*	***25.682***	*17.442*	*24.462*
Derivative Financial Assets	34.2	**30.572**	20.567	6.522
Investments Accounted Through Equity Method	11	**2.333.170**	2.197.926	2.753.174
Investment Property	12	**307.941**	322.494	306.216
Property, Plant and Equipment	13	**8.356.588**	8.154.927	7.176.528
Intangible Assets		**12.339.782**	11.711.363	10.235.844
- Goodwill	15	***1.834.897***	*1.669.307*	*1.328.827*
- Other Intangible Assets	14	***10.504.885***	*10.042.056*	*8.907.017*
Prepaid Expenses	19.2	**254.888**	195.668	209.184
Deferred Tax Assets	30.2	**551.155**	397.649	314.399
Other Non-Current Assets	20.2	**1.781.316**	1.540.281	1.084.540
TOTAL NON-CURRENT ASSETS		**25.987.287**	24.596.129	22.152.717
TOTAL ASSETS		**38.067.383**	32.986.960	29.341.139

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2017, 2016 AND JANUARY 1, 2016

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

		Audited		
			Restated (Note 2)	
LIABILITIES	**Notes**	**December 31, 2017**	December 31, 2016	January 1, 2016
Short-Term Borrowings	7	**1.488.820**	878.182	1.159.479
Current Portion of Long-Term Borrowings	7	**4.189.616**	1.305.862	1.224.799
Trade Payables		**2.231.604**	1.788.907	1.448.359
- Due to Related Parties	*32.2*	***726***	*657*	*524*
- Trade Payables, Third Parties	*8.2*	***2.230.878***	*1.788.250*	*1.447.835*
Employee Benefit Obligations	17.1	**94.506**	75.134	59.433
Other Payables		**882.812**	685.952	675.100
- Other Payables, Third Parties	*9.3*	***882.812***	*685.952*	*675.100*
Derivative Financial Liabilities	34.2	**-**	65	*11.279*
Deferred Income	21.1	**481.042**	289.130	62.824
Income Tax Payable	30.1	**7.826**	4.480	8.618
Short-Term Provisions		**151.619**	170.653	122.160
- Short-Term Provisions for the Employee Benefits	*17.2*	***127.731***	*141.091*	*103.534*
- Other Short-Term Provisions	*17.3*	***23.888***	*29.562*	*18.626*
Other Current Liabilities	20.3	**24.217**	533.300	20.567
TOTAL CURRENT LIABILITIES		**9.552.062**	5.731.665	4.792.618
Long-Term Borrowings	7	**8.434.084**	8.050.150	6.976.476
Trade Payables		**35.180**	26.425	21.305
- Trade Payables, Third Parties	*8.2*	***35.180***	*26.425*	*21.305*
Other Payables		**349.032**	303.012	265.000
- Other Payables, Third Parties	*9.3*	***349.032***	*303.012*	*265.000*
Derivative Financial Liabilities	34.2	**-**	-	*98*
Deferred Income	21.2	**21.508**	5.663	6.525
Long-Term Provisions		**167.865**	155.397	135.441
- Long-Term Provisions for the Employee Benefits	*17.2*	***167.865***	*155.397*	*135.441*
Deferred Tax Liability	30.2	**1.915.078**	1.854.508	1.725.417
Other Non-Current Liabilities	20.4	**165.512**	166.420	615.667
TOTAL NON-CURRENT LIABILITIES		**11.088.259**	10.561.575	9.745.929
TOTAL LIABILITIES		**20.640.321**	16.293.240	14.538.547
EQUITY				
Equity Attributable to Equity Holders of the Parent		**5.751.148**	5.709.677	5.349.329
Paid-in Share Capital	22	**243.535**	182.000	182.000
Inflation Adjustments on Capital		**65.771**	65.771	65.771
Share Premium (Discounts)		**1.319.349**	1.360.483	1.360.483
Effects of Business Combinations Under Common Control		**(7.145)**	-	-
Put Option Revaluation Fund Related With Non-Controlling Interests		**8.728**	8.577	2.495
Other Comprehensive Income (Loss) Not To Be Reclassified to Profit or Loss		**(16.875)**	(12.766)	(9.035)
- Revaluation and Remeasurement Gain (Loss)		***(16.875)***	*(12.766)*	*(9.035)*
- Income (Loss) on Remeasurements of Defined Benefit Plans		***(16.875)***	*(12.766)*	*(9.035)*
Other Comprehensive Income (Loss) To Be Reclassified to Profit or Loss		**1.113.973**	792.667	25.421
- Currency Translation Differences		***1.101.588***	*767.558*	*14.327*
- Gains (Losses) on Hedge		***12.385***	*25.109*	*13.943*
- Gains (Losses) on Revaluation and Reclassification		**-**	-	*(2.849)*
Restricted Reserves Allocated From Net Profit	*22*	**909.511**	434.424	414.167
Other Reserves		**(101.487)**	(101.487)	(101.487)
Retained Earnings	22	**2.345.838**	3.356.054	3.721.784
Net Profit or Loss		**(130.050)**	(376.046)	(312.270)
Non-Controlling Interests		**11.675.914**	10.984.043	9.453.263
TOTAL EQUITY		**17.427.062**	16.693.720	14.802.592
TOTAL LIABILITIES AND EQUITY		**38.067.383**	32.986.960	29.341.139

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

		Audited	
			Restated (Note 2)
	Notes	**January 1 - December 31, 2017**	January 1 - December 31, 2016
Revenue	23	**17.378.246**	14.149.931
Cost of Sales	23	**(11.577.288)**	(9.487.165)
GROSS PROFIT (LOSS)		**5.800.958**	4.662.766
General Administrative Expenses	24	**(1.176.133)**	(1.008.086)
Marketing Expenses	24	**(3.155.591)**	(2.619.081)
Research and Development Expenses		**(4.726)**	(5.025)
Other Operating Income	26.1	**376.954**	321.752
Other Operating Expenses	26.2	**(297.909)**	(273.066)
Gain (Loss) from Investments Accounted Through Equity Method	11	**135.907**	(180.691)
OPERATING PROFIT (LOSS)		**1.679.460**	898.569
Income from Investing Activities	27.1	**79.752**	416.825
Expenses from Investing Activities	27.2	**(115.515)**	(97.962)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		**1.643.697**	1.217.432
Financial Income	28	**1.331.799**	1.000.503
Financial Expenses	29	**(2.818.643)**	(2.576.081)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**156.853**	(358.146)
Tax (Expense) Income from Continuing Operations		**(51.216)**	(52.858)
- Current Period Tax (Expense) Income	30.3	**(166.657)**	(105.119)
- Deferred Tax (Expense) Income	30.3	**115.441**	52.261
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**105.637**	(411.004)
Attributable to:			
- Non-controlling Interests		**235.687**	(34.958)
- Equity Holders of the Parent		**(130.050)**	(376.046)
Earnings (Loss) per share (full TRL)	31	**(0,53)**	(2,07)
- Earnings (Loss) per share from continuing operations (full TRL)		**(0,53)**	(2,07)

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

	Audited	
		Restated (Note 2)
	January 1- December 31, 2017	January 1- December 31, 2016
NET PROFIT (LOSS)	**105.637**	(411.004)
OTHER COMPREHENSIVE INCOME		
Items Not To Be Reclassified To Profit or Loss	**(7.178)**	(11.380)
- Remeasurement Gain (Loss) from Defined Benefit Plans	**(9.282)**	(13.063)
- Shares of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified To Profit or Loss	**248**	(930)
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	**1.856**	2.613
- Deferred Tax (Expense) Income	**1.856**	2.613
Items To Be Reclassified To Profit or Loss	**915.036**	2.394.838
- Currency Translation Differences	**951.249**	2.351.089
- Other Comprehensive Income (Loss) on Cash Flow Hedge	**(61.578)**	83.344
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified to Profit or Loss	**12.793**	(22.926)
- Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss	**12.572**	(16.669)
- Deferred Tax (Expense)/Income	**12.572**	(16.669)
OTHER COMPREHENSIVE INCOME (LOSS)	**907.858**	2.383.458
TOTAL COMPREHENSIVE INCOME (LOSS)	**1.013.495**	1.972.454
Attributable to:		
- Non-controlling Interest	**826.348**	1.623.195
- Equity Holders of the Parent	**187.147**	349.259

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

						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		
	Paid-in Capital	**Inflation Adjustments on Capital**	**Share Premium/ Discount**	**Effects of Business Combina- tions Under Common Control**	**Put Option Revaluation Fund Related With Non-Controlling Interests**	**Profit/Loss on Remeasure- ments of Defined Benefit Plans**	**Currency Translation Differences**	**Gain/ Loss on Hedge**	**Revaluation and Remeasure- ment Gain/Loss**
Balances as of January 1, 2016 (Restated (Note 2))	182.000	65.771	1.360.483	-	2.495	(9.035)	14.327	13.943	(2.849)
Transfers	-	-	-	-	-	-	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(4.665)	753.231	11.166	(34.427)
Net Profit (Loss)	-	-	-	-	-	-	-	-	-
Other Comprehensive Income (Expense)	-	-	-	-	-	(4.665)	753.231	11.166	(34.427)
Capital Increase	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Increase (Decrease) Due To Other Changes (*)	-	-	-	-	6.082	934	-	-	37.276
Balances as of December 31, 2016 (Restated (Note 2))	182.000	65.771	1.360.483	-	8.577	(12.766)	767.558	25.109	-
Balances as of January 1, 2017	**182.000**	**65.771**	**1.360.483**	**-**	**8.577**	**(12.766)**	**767.558**	**25.109**	**-**
Transfers	-	-	(3.739)	-	-	-	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(4.109)	334.030	(12.724)	-
Net Profit (Loss)	-	-	-	-	-	-	-	-	-
Other Comprehensive Income (Expense)	-	-	-	-	-	(4.109)	334.030	(12.724)	-
Capital Increase	4.000	-	-	-	-	-	-	-	-
Effects of Business Combinations Under Common Control (Note 2)	57.535	-	-	(7.145)	-	-	-	-	-
Dividends	-	-	(37.395)	-	-	-	-	-	-
Transactions With Non-Controlling Interests	-	-	-	-	-	-	-	-	-
Increase (Decrease) Due To Other Changes (*)	-	-	-	-	151	-	-	-	-
Balances as of December 31, 2017	**243.535**	**65.771**	**1.319.349**	**(7.145)**	**8.728**	**(16.875)**	**1.101.588**	**12.385**	**-**

(*) 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 and the outflows of comprehensive income items due to sale of shares of Ana Gıda which used to be a joint venture of the Group.

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

		Retained Earnings				
Restricted Reserves Allocated from Net Profit	**Other Reserves**	**Retained Earnings**	**Net Profit/Loss**	**Attributable to Equity Holders of the Parent**	**Non-Controlling Interests**	**Equity**
414.167	(101.487)	3.721.784	(312.270)	5.349.329	9.453.263	14.802.592
20.257	-	(332.527)	312.270	-	-	-
-	-	-	(376.046)	349.259	1.623.195	1.972.454
-	-	-	(376.046)	(376.046)	(34.958)	(411.004)
-	-	-	-	725.305	1.658.153	2.383.458
-	-	-	-	-	2.065	2.065
-	-	(33.531)	-	(33.531)	(116.848)	(150.379)
-	-	328	-	44.620	22.368	66.988
434.424	(101.487)	3.356.054	(376.046)	5.709.677	10.984.043	16.693.720
434.424	**(101.487)**	**3.356.054**	**(376.046)**	**5.709.677**	**10.984.043**	**16.693.720**
475.087	-	(847.394)	376.046	-	-	-
-	-	-	(130.050)	187.147	826.348	1.013.495
-	-	-	(130.050)	(130.050)	235.687	105.637
-	-	-	-	317.197	590.661	907.858
-	-	(4.000)	-	-	1.179	1.179
-	-	(78.704)	-	(28.314)	-	(28.314)
-	-	(79.605)	-	(117.000)	(138.670)	(255.670)
-	-	(513)	-	(513)	1.604	1.091
-	-	-	-	151	1.410	1.561
909.511	**(101.487)**	**2.345.838**	**(130.050)**	**5.751.148**	**11.675.914**	**17.427.062**

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

		Audited	
			Restated (Note 2)
	Notes	**January 1- December 31, 2017**	January 1- December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		**2.038.926**	1.920.481
Profit/(Loss)		**105.637**	(411.004)
Adjustments to Reconcile Profit (Loss)		**2.624.663**	2.535.124
Adjustments for Depreciation and Amortisation Expense	12,13,14,20,25	**1.087.837**	935.588
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**129.723**	86.551
- Adjustments for Impairment Loss (Reversal) of Receivables	*8.1*	***20.981***	*3.134*
- Adjustments for Impairment Loss (Reversal) of Inventories	*10*	***13.581***	*794*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment	*13,27.1,27.2*	***75.547***	*28.308*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Goodwill	*15*	***-***	*54.051*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Intangible Assets	*14,27.2*	***19.614***	*264*
Adjustments for Provisions		**60.649**	77.294
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		***52.370***	*56.160*
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	*17.3*	***(5.955)***	*10.399*
- Adjustments for (Reversal of) Warranty Provisions	*17.3*	***13.787***	*10.383*
- Adjustments for (Reversal of) Other Provisions	*17.3*	***447***	*352*
Adjustments for Interest (Income) and Expenses		**448.723**	398.202
Adjustments for Unrealised Foreign Exchange Differences		**1.140.770**	1.229.085
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	11	**(135.907)**	180.691
Adjustments for Tax (Income) Expense	30.3	**51.216**	52.858
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		**(21.302)**	(17.630)
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	*27.1,27.2*	***(21.302)***	*(17.630)*
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	27.1,27.2	**(21.239)**	(379.186)
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations	27.1	**(19.145)**	-
Other Adjustments to Reconcile Profit (Loss)		**(96.662)**	(28.329)
Adjustments for Working Capital		**(496.898)**	(62.212)
Decrease (Increase) in Financial Investments		**(6.180)**	(3.690)
Adjustments for Decrease (Increase) in Trade Accounts Receivables		**(396.177)**	(306.676)
Adjustments for Decrease (Increase) in Other Operating Receivables		**(159)**	35.946
Adjustments for Decrease (Increase) in Inventories		**(533.937)**	143.762
Adjustments for Increase (Decrease) in Trade Accounts Payables		**448.260**	349.179
Adjustments for Increase (Decrease) in Other Operating Payables		**253.091**	97.634
Increase (Decrease) in Deferred Income		**207.757**	230.013
Other Adjustments for Increase (Decrease) in Working Capital		**(469.553)**	(608.380)
- Decrease (Increase) in Other Assets Related with Operations		***(453.738)***	*(638.867)*
- Increase (Decrease) in Other Liabilities Related with Operations		***(15.815)***	*30.487*
Cash Flows from Operations		**2.233.402**	2.061.908
Payments Related with Provisions for Employee Benefits		**(53.480)**	(43.442)
Payments Related with Other Provisions		**(13.953)**	(10.198)
Income Taxes Refund (Paid)		**(127.043)**	(87.787)
CASH FLOWS FROM INVESTING ACTIVITIES		**(1.418.212)**	37.091
Cash Inflows Caused by Share Sales or Capital Decrease of Associate and/or Joint Ventures		**55.622**	785.847
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		**(528.624)**	(51.575)
Proceeds from Sale of Share or Debt Instruments of Other Business Organizations or Funds		**-**	53.989
Cash Payments to Acquire Equity or Debt Instruments of Other Entities		**-**	(95)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		**89.125**	60.480
Purchase of Property, Plant, Equipment and Intangible Assets		**(952.573)**	(831.367)
Other Cash Inflows (Outflows)		**(81.762)**	19.812
CASH FLOWS FROM FINANCING ACTIVITIES		**1.725.109**	(1.243.724)
Proceeds from Issuing Shares or Other Equity Instruments		**1.179**	2.065
Proceeds from Borrowings		**9.413.633**	7.247.956
Repayments of Borrowings		**(6.979.856)**	(8.030.239)
Proceeds (Repayments) from Future Contracts, Forward Contracts, Option Contracts and Swap Contracts		**(60.249)**	71.241
Dividends Paid		**(255.670)**	(150.379)
Interest Paid		**(562.768)**	(491.873)
Interest Received		**168.840**	107.505
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**2.345.823**	713.848
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**158.627**	217.054
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2.504.450**	930.902
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**3.285.070**	2.354.168
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**5.789.520**	3.285.070

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

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 its subsidiaries. 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.

Yazıcılar Holding A.Ş. ("Yazıcılar") is a holding company whose majority shares are owned by three Yazıcı Families and was incorporated in İstanbul in 1976. Three Yazıcı families consist of Süleyman Kamil Yazıcı and his family, Mustafa Naci Yazıcı Family and Osman Nuri Yazıcı Family.

Özilhan Sınai Yatırım A.Ş. ("Özilhan") is a holding company established by members of Özilhan Family to manage its associates and was established in İstanbul in 1976.

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

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

The consolidated financial statements as of December 31, 2017 are authorized for issue by the Board of Directors on March 12, 2018 and are approved by the Finance President Can Çaka and the Finance Coordinator Volkan Harmandar on behalf of Board of Directors. General Assembly has the right to change the financial statements after the consolidated financial statements are issued.

Activities of the Group

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

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

The average number of personnel of the Group for the year ended at December 31, 2017 is 21.811 (December 31, 2016: 23.145).

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

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

List of Shareholders

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

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

(*) As of December 31, 2017, 14,32% of AG Sınai Yatırım ve Yönetim A.Ş. shares amounting TRL 34.883 and 14,32% of Anadolu Etap Penkon Pazarlama Ltd. Şti. shares amounting TRL 34.883, 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.

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

(***) TRL 218 of TRL 18.988 belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş. Anadolu Ecopack Üretim ve Pazarlama A.Ş.'s 26,85% shares belong to Kamil Yazıcı Yönetim ve Danışma A.Ş. and 73,15% shares belong to Yazıcı Family Members.

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

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

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

As of December 31, 2016 the composition of shareholders and their respective percentage of shareholding rates of Yazıcılar Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. can be summarized as follows:

	December 31, 2016	
Yazıcılar Holding A.Ş.	Paid-in Share Capital	(%)
Yazıcı Families (*)	66.188	41,37
Kamil Yazıcı Yönetim and Danışma A.Ş.	59.237	37,02
Anadolu Ecopack Üretim and Pazarlama A.Ş. (**)	218	0,14
Publicly traded	34.357	21,47
Paid-in share capital - historical	160.000	100,00

	December 31, 2016	
Özilhan Sınai Yatırım A.Ş.	Paid-in Share Capital	(%)
Tülay Aksoy	11.000	50,00
Tuncay Özilhan	10.813	49,15
Emine Özilhan	187	0,85
Paid-in share capital - historical	22.000	100,00
Inflation adjustment on capital	65.771	
Total share capital	87.771	

(*) As of December 31, 2016, 3,61% of Yazıcı Families shares amounting TRL 5.767 and 3,17% of Kamil Yazıcı Yönetim ve Danışma A.Ş. shares amounting TRL 5.073 are traded on the stock exchange.

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

As of December 31, 2016, historical cost of capital of AEH, which is subject to the merger is TRL 332.200 and its inflation adjustment on capital is TRL 285.467. As of December 31, 2016, Yazıcılar and Özilhan have 68% and 32% shares in AEH, respectively.

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
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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 December 31, 2017 and 2016 are as follows:

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) December 31, 2017	December 31, 2016
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) [1]	Turkey	Production and sales of Isuzu branded commercial vehicles	Automotive	**55,40**	55,40
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) [1] [2]	Turkey	Production, bottling, distribution and sales of beer, carbonated and non-carbonated beverages	Beverage	**43,05**	43,05
Çelik Motor Ticaret A.Ş. Çelik Motor)	Turkey	Import, distribution and marketing of Kia motor vehicles and motor vehicle renting	Automotive	**100,00**	100,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	**100,00**	100,00
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Inactive	Automotive	**100,00**	100,00
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik)	Turkey	Inactive	Automotive	**51,00**	51,00
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) [1]	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	Retailing	**56,89**	56,89
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü)	Turkey	Distribution of the products of Adel and other imported stationery products	Retailing	**73,17**	73,17
Efestur Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of travelling and organization facilities	Retailing	**100,00**	100,00
Anadolu Bilişim Hizmetleri A.Ş. (ABH) [3]	Turkey	IT, internet and e-commerce services	Other	**99,38**	98,65
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	Other	**100,00**	100,00
Oyex Handels GmbH (formerly Anadolu Endüstri Holding Handels GmbH) (Oyex) (4)	Germany	Providing necessary market research of products abroad	Other	**-**	100,00
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management	Retailing	**100,00**	100,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger)	Turkey	Restaurant chain management	Retailing	**100,00**	100,00
Artı Anadolu Danışmanlık A.Ş. (Artı Anadolu)	Turkey	Inactive	Other	**100,00**	100,00
Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt) [5]	Turkey	Industrial and commercial operations	Other	**-**	100,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Import, distribution and marketing of motor vehicles	Automotive	**100,00**	100,00

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

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 (%) December 31, 2017	December 31, 2016
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
Keyif Yiyecek Eğlence Hizmetleri A.Ş. (6)	Turkey	Inactive	Other	**-**	100,00
Kheledula Enerji Ltd. (Kheledula) (5)	Georgia	Production and sale of electricity (Investment in progress)	Other	**89,19**	100,00
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik) (7)	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) The capital of ABH has been increased on March 15, 2017 and only AEH, which is subject to the merger, participated in the capital increase, as a result, the Company's shareholding rate in ABH has increased to 99,38% from 98,65%.

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

(5) On February 28, 2017, AEH, which is subject to the merger, sold 1.513.400 shares of Anadolu Taşıt, representing 10,81% of Anadolu Taşıt's capital to Paravani Energy B.V. As a result, the Company's shareholding rate in Kheledula has decreased to 89,19% from 100,00%. Merger of Anadolu Taşıt with Anadolu Kafkasya has been registered on May 11, 2017.

(6) The merger of of Keyif Yiyecek Eğlence Hizmetleri A.Ş. with AEH, which is subject of the merger, was registered on May 29, 2017.

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
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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 (%) December 31, 2017	December 31, 2016
Ant Sınai ve Tic. Ürünleri Paz. A.Ş. (11)	Turkey	Purchase and sale of spare parts	Automotive	**55,40**	55,40
Efes Breweries International N.V. (EBI) (12)	The Netherlands	Holding company that facilitates Anadolu Efes' foreign investments in breweries	Beverage-Beer	**43,05**	43,05
JSC Moscow-Efes Brewery (Efes Moscow) (12)	Russia	Production and marketing beer	Beverage-Beer	**43,05**	43,05
LLC Vostok Solod (12)	Russia	Production of malt	Beverage-Beer	**43,05**	43,05
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) (12)	Kazakhstan	Production and marketing beer	Beverage-Beer	**43,05**	43,05
International Beers Trading LLP (IBT) (12)	Kazakhstan	Marketing of beer	Beverage-Beer	**43,05**	43,05
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) (12)	Moldova	Production of beer and low alcoholic drinks	Beverage-Beer	**41,69**	41,69
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (12)	Germany	Investment company of EBI	Beverage-Beer	**43,05**	43,05
JSC Lomisi (Efes Georgia) (12)	Georgia	Production and marketing and of beer and carbonated soft drinks	Beverage-Beer	**43,05**	43,05
PJSC Efes Ukraine (Efes Ukraine) (12)	Ukraine	Production and marketing of beer	Beverage-Beer	**43,02**	43,02
Efes Trade BY FLLC (Efes Belarus) (12)	Belarus	Market development	Beverage-Beer	**43,05**	43,05
LLC Efes Solod (12)	Russia	Production of malt	Beverage-Beer	**43,05**	43,05
Efes Holland Technical Management Consultancy B.V. (EHTMC) (12)	The Netherlands	Leasing of intellectual property and similar products	Beverage-Beer	**43,05**	43,05
LLC Efes Ukraine (12)	Ukraine	Selling and distribution of beer	Beverage-Beer	**43,05**	43,05
AB InBev Efes B.V. (10) (12)	The Netherlands	Facilitating foreign investments in breweries	Beverage-Beer	**43,05**	-
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (12)	Turkey	Marketing and distribution company of Anadolu Efes	Beverage-Beer	**43,05**	43,05
Cypex Co. Ltd. (Cypex) (12)	Northern Cyprus	Marketing and distribution of beer	Beverage-Beer	**43,05**	43,05
Anadolu Efes Technical and Management Consultancy N.V. (AETMC) (9) (12)	The Netherlands Antilles	Providing technical assistance	Beverage-Beer	**-**	43,05
Efes Deutschland GmbH (Efes Germany) (12)	Germany	Marketing and distribution of beer	Beverage-Beer	**43,05**	43,05

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
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NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP (cont'd)

List of Subsidiaries (cont'd)

	Place of Incorporation	Principal activities		Effective shareholding and voting rights (%)	
			Segment	**December 31, 2017**	December 31, 2016
Coca-Cola İçecek A.Ş. (CCİ) [8] [12]	Turkey	Production of Coca-Cola products	Beverage-Soft Drink	**21,64**	21,64
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) [12]	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Beverage-Soft Drink	**21,63**	21,63
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) [12]	Turkey	Filling and selling of natural spring water	Beverage-Soft Drink	**21,64**	21,64
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) [12]	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) [12]	Kazakhstan	Investment company of CCİ	Beverage-Soft Drink	**21,64**	21,64
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) [12]	Azerbaijan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**21,61**	21,61
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) [12]	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**21,64**	21,64
CCI International Holland B.V. (CCI Holland) [12]	The Netherlands	Investment company of CCİ	Beverage-Soft Drink	**21,64**	21,64
CC for Beverage Industry Limited (CCBL) [12]	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) [12]	Jordan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**19,47**	19,47
Coca-Cola Beverages Pakistan Ltd (CCBPL) [12]	Pakistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**10,75**	10,75
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) [12]	Turkmenistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**12,87**	12,87
Waha Beverages B.V. [12]	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) [12]	Iraq	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**17,32**	17,32
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tajikistan) [12]	Tajikistan	Production, distribution and selling of Coca Cola products	Beverage-Soft Drink	**21,64**	21,64

[8] CCI shares are quoted in BIST.

[9] AETMC has been liquidated in August 2017. Gain from liquidation of subsidiary has been presented under "Income from Investing Activities" in the consolidated statement of profit or loss (Note 27).

[10] AB InBev Efes B.V. has been established in Netherlands in August 2017.

[11] Subsidiary of Anadolu Isuzu.

[12] Subsidiary of Anadolu Efes.

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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 December 31, 2017 and 2016 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			December 31, 2017	December 31, 2016
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**	-
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	**33,33**	33,33
LLC Faber-Castell Anadolu	Russia	Trading of all kinds of stationery	**28,44**	28,44
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap)	Turkey	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	**14,35**	14,35
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	**10,82**	10,82
Ana Gıda İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda) (***)	Turkey	Production and marketing of olive oil, sunflower and corn oil under Kırlangıç, Komili and Madra Brands	**-**	55,25

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

(**) A new company named "Anadolu Landini Traktör Üretim ve Pazarlama A.Ş." was established on November 16, 2017 in order to produce Landini branded domestic tractor. 50% share of Anadolu Landini belongs to Anadolu Motor and 50% share belongs to Argo Tractors S.P.A.

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

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 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.

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

Basis of Preparation of Financial Statements (cont'd)

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

(i) Combination of entities under common control should be recognized using pooling of interest method, therefore goodwill should not be included in the financial statements.

(ii) While using the pooling of interest method, the financial statements has been prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and be presented comparatively from the begining of the reporting period in which the common control occured.

(iii) Since it would be appropriate to consider from equity holders of the parent's perspective to present the effects of business combinations under common control in the financial statements, the financial statements have been restated per TAS as of and after the date when the Company, which has control over the Group, took control of the entities under common control.

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

Financial Reporting in Hyperinflationary Economies

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

Functional and Presentation Currency

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Basis of Preparation of Financial Statements (cont'd)

Functional and Presentation Currency (cont'd)

(c) Group companies

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

(i) assets and liabilities presented in the statement of financial position are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses presented in the statements of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in the statement of other comprehensive income.

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

		December 31, 2017	December 31, 2016
	Local Currency	**Functional Currency**	Functional Currency
Oyex	Europian Currency (EUR)	**EUR**	EUR
GUE	Georgian Lari (GEL)	**GEL**	GEL
Kheledula	Georgian Lari (GEL)	**GEL**	GEL
EBI	Europian Currency (EUR)	**USD**	USD
Efes Moscow	Russian Ruble (RUR)	**RUR**	RUR
Efes Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Efes Moldova	Moldovan Leu (MDL)	**MDL**	MDL
Efes Georgia	Georgian Lari (GEL)	**GEL**	GEL
Efes Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
EHTMC	Europian Currency (EUR)	**EUR**	EUR
Efes Germany	Europian Currency (EUR)	**EUR**	EUR
Almaty CC	Kazakh Tenge (KZT)	**KZT**	USD
Tonus	Kazakh Tenge (KZT)	**KZT**	USD
Azerbaijan CC	Azerbaijani Manat (AZN)	**AZN**	USD
Turkmenistan CC	Turkmenistan Manat (TMT)	**TMT**	USD
Bishkek CC	Kyrgyz Som (KGS)	**KGS**	USD
TCCBCJ	Jordan Dinar (JOD)	**JOD**	USD
CCBIL	Iraqi Dinar (IQD)	**IQD**	USD
SSDSD	Syrian Pound (SYP)	**SYP**	USD
CCBPL	Pakistan Rupee (PKR)	**PKR**	PKR
CCI Holland	Europian Currency (EUR)	**USD**	USD
Waha B.V.	Europian Currency (EUR)	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**IQD**	USD
Tajikistan CC	Tajikistani Somoni (TJS)	**TJS**	USD

In accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates", CCİ, the subsidiary of the Group changed the functional currency of the foreign subsidiaries and joint venture of soft drink operations from US Dollars ("USD") to the foreign subsidiaries' and joint ventures' local currencies effective from January 1, 2017; by considering the multinational structure of foreign operations and realization of most of their operations and by assessing the currency of the primary economic environment of foreign operations, currency that influences sales prices for goods and services, currency in which receipts from operating activities are usually retained, currency that mainly influences costs and other expenses for providing goods and services.

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

Basis of Preparation of Financial Statements (cont'd)

Functional and Presentation Currency (cont'd)

The Group has been applied the change in functional currency prospectively effective from January 1, 2017, in accordance with the requirements of TFRS and the relevant Accounting Standards. All assets and liabilities are converted into the new functional currency using the exchange rate at the date of the change. Non-monetary assets and liabilities are accounted with their book values.

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

Comparative Information and Restatement of Prior Period Financial Statements

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

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

Therefore, the consolidated statement of financial position as at January 1, 2016 and December 31, 2016 and the consolidated statement of profit or loss for the year ended December 31, 2016 have 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. TFRS adjustments and classifications that are provided in the following pages consist of adjustments related with the merger, reclassification of inventories, vat and advances of real estate companies, reclassifications of payables related to employee benefits and reclassification of Oden İnşaat Turizm Ticaret A.Ş. (Oden) from investments accounted by using equity method to financial investments.

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

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

January 1, 2016	Yazıcılar (A)	Anadolu Efes (B)	Anadolu Isuzu (C)	Özilhan (D)	Combined (E)	TFRS adjustments and reclassifications	Consolidated	Note
ASSETS								
Cash and Cash Equivalents	373.184	1.891.459	78.558	15.506	2.358.707	-	2.358.707	
Financial Investments	44.306	151	-	-	44.457	1	44.458	
Trade Receivables	224.714	1.139.463	285.772	73	1.650.022	(13.390)	1.636.632	1
- Due from Related Parties	*19.616*	*106.089*	*6.552*	*5*	*132.262*	*(14.525)*	*117.737*	1
- Trade Receivables, Third Parties	*205.098*	*1.033.374*	*279.220*	*68*	*1.517.760*	*1.135*	*1.518.895*	1
Other Receivables	85.080	57.557	1.298	1.026	144.961	-	144.961	
- Due from Related Parties	-	-	-	*1.026*	*1.026*	-	1.026	
- Other Receivables, Third Parties	*85.080*	*57.557*	*1.298*	-	*143.935*	-	*143.935*	
Derivative Financial Instruments	15.852	260	-	-	16.112	-	16.112	
Inventories	283.000	1.102.915	320.664	-	1.706.579	21.708	1.728.287	2
Prepaid Expenses	49.154	406.064	12.893	11	468.122	(206)	467.916	
Current Income Tax Assets	41.111	80.301	2.132	143	123.687	-	123.687	
Other Current Assets	370.735	264.372	32.417	151	667.675	(13)	667.662	
TOTAL CURRENT ASSETS	1.487.136	4.942.542	733.734	16.910	7.180.322	8.100	7.188.422	
Financial Investments	6.659	767	-	4.744	12.170	25.425	37.595	3
Trade Receivables	3.215	1.038	-	-	4.253	-	4.253	
- Trade Receivables, Third Parties	*3.215*	*1.038*	-	-	*4.253*	-	*4.253*	
Other Receivables	3.454	21.007	-	-	24.461	1	24.462	
- Other Receivables, Third Parties	*3.454*	*21.007*	-	-	*24.461*	*1*	*24.462*	
Derivative Financial Instruments	6.522	-	-	-	6.522	-	6.522	
Inventories	21.708	-	-	-	21.708	(21.708)	-	2
Investments Accounted Through Equity Method	5.121.625	66.685	-	1.837.896	7.026.206	(4.273.032)	2.753.174	4
Investment Property	257.254	72.298	-	-	329.552	(23.336)	306.216	5
Property, Plant and Equipment	757.196	6.315.908	103.340	155	7.176.599	(71)	7.176.528	
Intangible Assets	24.206	10.175.787	44.107	-	10.244.100	(8.256)	10.235.844	6
- Goodwill	-	*1.334.738*	*2.341*	-	*1.337.079*	*(8.252)*	*1.328.827*	6
- Other Intangible Assets	*24.206*	*8.841.049*	*41.766*	-	*8.907.021*	*(4)*	*8.907.017*	
Prepaid Expenses	16.374	192.915	22	-	209.311	(127)	209.184	
Deferred Tax Assets	77.068	228.863	-	3	305.934	8.465	314.399	5
Other Non-Current Assets	1.058.254	26.280	-	-	1.084.534	6	1.084.540	
TOTAL NON-CURRENT ASSETS	7.353.535	17.101.548	147.469	1.842.798	26.445.350	(4.292.633)	22.152.717	
TOTAL ASSETS	8.840.671	22.044.090	881.203	1.859.708	33.625.672	(4.284.533)		

(A) Represents the consolidated financial statements prepared by Yazıcılar as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 13, 2017.
(B) Represents the consolidated financial statements prepared by Anadolu Efes as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 2, 2017.
(C) Represents the consolidated financial statements prepared by Anadolu Isuzu as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on February 28, 2017.
(D) Represents audited financial statements of Özilhan Sınai Yatırım A.Ş. as of December 31, 2016 prepared in accordance with the Turkish Accounting Standards.
(E) Consists of Yazıcılar, Anadolu Efes, Anadolu Isuzu and Özilhan financial statements.

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

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

January 1, 2016	Yazıcılar (A)	Anadolu Efes (B)	Anadolu Isuzu (C)	Özilhan (D)	Combined (E)	TFRS adjustments and classifications	Consolidated	Note
LIABILITIES								
Short-Term Borrowings	755.190	265.812	138.477	-	1.159.479	-	1.159.479	
Current Portion of Long-Term Borrowings	746.018	478.781	-	-	1.224.799	-	1.224.799	
Trade Payables	194.446	1.022.339	244.939	12	1.461.736	(13.377)	1.448.359	1
- Due to Related Parties	*5.737*	*22.296*	*143.548*	*12*	*171.593*	*(171.069)*	*524*	1
- Trade Payables, Third Parties	*188.709*	*1.000.043*	*101.391*	-	*1.290.143*	*157.692*	*1.447.835*	1
Employee Benefit Obligations	-	47.697	1.357	-	49.054	10.379	59.433	7
Other Payables	32.690	646.778	7.575	2	687.045	(11.945)	675.100	
- Due to Related Parties	-	-	*9*	-	*9*	*(9)*	-	
- Other Payables, Third Parties	*32.690*	*646.778*	*7.566*	*2*	*687.036*	*(11.936)*	*675.100*	7
Derivative Financial Instruments	-	11.279	-	-	11.279	-	11.279	
Deferred Income	28.528	31.865	875	-	61.268	1.556	62.824	7
Income Tax Payable	444	8.174	-	-	8.618	-	8.618	
Short-Term Provisions	16.591	91.977	13.592	-	122.160	-	122.160	
- Short-Term Provisions for the Employee Benefits	*11.764*	*91.770*	-	-	*103.534*	-	*103.534*	
- Other Short-Term Provisions	*4.827*	*207*	*13.592*	-	*18.626*	-	*18.626*	
Other Current Liabilities	87	20.461	-	-	20.548	19	20.567	
TOTAL CURRENT LIABILITIES	1.773.994	2.625.163	406.815	14	4.805.986	(13.368)	4.792.618	
Long-Term Borrowings	2.203.834	4.638.623	134.019	-	6.976.476	-	6.976.476	
Trade Payables	-	21.305	-	-	21.305	-	21.305	
- Trade Payables to Third Parties	-	*21.305*	-	-	*21.305*	-	*21.305*	
Other Payables	436	264.564	-	-	265.000	-	265.000	
- Other Payables to Third Parties	*436*	*264.564*	-	-	*265.000*	-	*265.000*	
Derivative Financial Instruments	-	*98*	-	-	*98*	-	*98*	
Deferred Income	3.736	1.581	1.208	-	6.525	-	6.525	
Long Term Provision	22.778	99.102	13.547	14	135.441	-	135.441	
- Long Term Provision for Employee Benefits	*22.778*	*99.102*	*13.547*	*14*	*135.441*	-	*135.441*	
Deferred Tax Liabilities	44.168	1.678.997	2.252	-	1.725.417	-	1.725.417	
Other Non-Current Liabilities	474.515	141.152	-	-	615.667	-	615.667	
TOTAL NON-CURRENT LIABILITIES	2.749.467	6.845.422	151.026	14	9.745.929	-	9.745.929	
Paid-in Share Capital	160.000	592.105	25.420	22.000	799.525	(617.525)	182.000	8
Capital Adjustment Differences	-	63.583	86.902	65.771	216.256	(150.485)	65.771	8
Share Premium (Discounts)	9.474	3.137.684	-	-	3.147.158	(1.786.675)	1.360.483	9
Put Option Revaluation Fund Related with Non-controlling Interests	1.604	5.795	-	891	8.290	(5.795)	2.495	9
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	(5.948)	(15.128)	(115)	(3.159)	(24.350)	15.315	(9.035)	9
- Revaluation and Remeasurement Gain/Loss	*(5.948)*	*(15.128)*	*(115)*	*(3.159)*	*(24.350)*	*15.315*	*(9.035)*	9
- Income (Loss) on Remeasurements of Defined Benefit Plans	*(5.948)*	*(15.128)*	*(115)*	*(3.159)*	*(24.350)*	*15.315*	*(9.035)*	9
Other Comprehensive Income (Expense) To Be Reclassified to Profit or Loss	16.016	80.543	-	9.391	105.950	(80.529)	25.421	9
- Currency Translation Differences	*8.970*	*48.156*	-	*5.362*	*62.488*	*(48.161)*	*14.327*	9
- Gain (Loss) on Hedge	*8.959*	*32.387*	-	*4.984*	*46.330*	*(32.387)*	*13.943*	9
- Revaluation and Classification Gain/Loss	*(1.913)*	-	-	*(955)*	*(2.868)*	*19*	*(2.849)*	9
Restricted Reserves Allocated from Net Profit	30.090	282.836	162.364	4.440	479.730	(65.563)	414.167	10
Other Reserves	(65.213)	(235.742)	-	(36.274)	(337.229)	235.742	(101.487)	10
Retained Earnings	3.590.502	3.994.139	31.048	1.899.752	9.515.441	(5.793.657)	3.721.784	
Net Income or Loss	(210.587)	(197.759)	17.744	(103.132)	(493.734)	181.464	(312.270)	
Non-Controlling Interests	791.272	4.865.449	-	-	5.656.721	3.796.542	9.453.263	9
TOTAL EQUITY	4.317.210	12.573.505	323.363	1.859.680	19.073.758	(4.271.166)	14.802.592	
TOTAL LIABILITY	8.840.671	22.044.090	881.203	1.859.708	33.625.672	(4.284.533)		

(A) Represents the consolidated financial statements prepared by Yazıcılar as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 13, 2017.

(B) Represents the consolidated financial statements prepared by Anadolu Efes as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 2, 2017.

(C) Represents the consolidated financial statements prepared by Anadolu Isuzu as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on February 28, 2017.

(D) Represents audited financial statements of Özilhan Sınai Yatırım A.Ş. as of December 31, 2016 prepared in accordance with the Turkish Accounting Standards.

(E) Consists of Yazıcılar, Anadolu Efes, Anadolu Isuzu and Özilhan financial statements.

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

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

December 31, 2016	Yazıcılar (A)	Anadolu Efes (B)	Anadolu Isuzu (C)	Özilhan (D)	Combined (E)	TFRS adjustments and classifications	Consolidated	Note
ASSETS								
Cash and Cash Equivalents	413.363	2.745.264	119.879	12.788	3.291.294	-	3.291.294	
Financial Investments	9.451	11.036	-	-	20.487	-	20.487	
Trade Receivables	338.933	1.319.634	289.113	8	1.947.688	(19.065)	1.928.623	1
- Due from Related Parties	*28.772*	*131.499*	*254*	-	*160.525*	*(15.302)*	*145.223*	1
- Trade Receivables, Third Parties	*310.161*	*1.188.135*	*288.859*	*8*	*1.787.163*	*(3.763)*	*1.783.400*	1
Other Receivables	14.879	99.093	1.023	1.040	116.035	-	116.035	
- Due from Related Parties	-	-	-	*1.040*	*1.040*	-	*1.040*	
- Other Receivables, Third Parties	*14.879*	*99.093*	*1.023*	-	*114.995*	-	*114.995*	
Derivative Financial Instruments	40.747	1.472	-	-	42.219	-	42.219	
Inventories	221.130	1.030.992	275.116	-	1.527.238	62.025	1.589.263	2
Prepaid Expenses	34.646	425.477	5.647	9	465.779	(6)	465.773	
Current Income Tax Assets	12.777	124.324	984	-	138.085	-	138.085	
Other Current Assets	511.831	251.383	26.372	153	789.739	9.313	799.052	
TOTAL CURRENT ASSETS	1.597.757	6.008.675	718.133	13.998	8.338.563	52.268	8.390.831	
Financial Investments	327	767	-	-	1.094	25.483	26.577	3
Trade Receivables	9.957	1.278	-	-	11.235	-	11.235	
- Trade Receivables, Third Parties	*9.957*	*1.278*	-	-	*11.235*	-	*11.235*	
Other Receivables	2.937	14.505	-	-	17.442	-	17.442	
- Other Receivables, Third Parties	*2.937*	*14.505*	-	-	*17.442*	-	*17.442*	
Derivative Financial Instruments	20.567	-	-	-	20.567	-	20.567	
Inventories	62.025	-	-	-	62.025	(62.025)	-	2
Investments Accounted Through Equity Method	5.011.551	58.406	-	1.976.797	7.046.754	(4.848.828)	2.197.926	4
Investment Property	251.934	93.897	-	-	345.831	(23.337)	322.494	5
Property, Plant and Equipment	752.513	7.302.670	99.664	151	8.154.998	(71)	8.154.927	
Intangible Assets	27.231	11.639.357	53.030	-	11.719.618	(8.255)	11.711.363	6
- Goodwill	-	*1.675.218*	*2.341*	-	*1.677.559*	*(8.252)*	*1.669.307*	6
- Other Intangible Assets	*27.231*	*9.964.139*	*50.689*	-	*10.042.059*	*(3)*	*10.042.056*	
Prepaid Expenses	17.985	177.667	75	-	195.727	(59)	195.668	
Deferred Tax Assets	100.688	274.330	14.164	3	389.185	8.464	397.649	5
Other Non-Current Assets	1.492.594	57.007	-	-	1.549.601	(9.320)	1.540.281	
TOTAL NON-CURRENT ASSETS	7.750.309	19.619.884	166.934	1.976.951	29.514.078	(4.917.949)	24.596.129	
TOTAL ASSETS	9.348.066	25.628.559	885.067	1.990.949	37.852.641	(4.865.681)		

(A) Represents the consolidated financial statements prepared by Yazıcılar as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 13, 2017.
(B) Represents the consolidated financial statements prepared by Anadolu Efes as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 2, 2017.
(C) Represents the consolidated financial statements prepared by Anadolu Isuzu as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 2, 2018.
(F) Represents audited financial statements of Özilhan Sınai Yatırım A.Ş. as of December 31, 2016 prepared in accordance with the Turkish Accounting Standards.
(D) Consists of Yazıcılar, Anadolu Efes, Anadolu Isuzu and Özilhan financial statements.

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

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

December 31, 2016	Yazıcılar (A)	Anadolu Efes (B)	Anadolu Isuzu (C)	Özilhan (D)	Combined (E)	TFRS adjustments and classifications	Consolidated	Note
LIABILITIES								
Short-Term Borrowings	610.678	117.754	149.750	-	878.182	-	878.182	
Current Portion of Long-Term Borrowings	922.746	383.116	-	-	1.305.862	-	1.305.862	
Trade Payables	307.119	1.284.222	211.966	99	1.803.406	(14.499)	1.788.907	1
- Due to Related Parties	*393*	*25.888*	*151.329*	*99*	*177.709*	*(177.052)*	*657*	1
- Trade Payables, Third Parties	*306.726*	*1.258.334*	*60.637*	-	*1.625.697*	*162.553*	*1.788.250*	1
Employee Benefit Obligations	-	54.076	3.888	-	57.964	17.170	75.134	7
Other Payables	40.645	661.646	7.157	1	709.449	(23.497)	685.952	
- Due to Related Parties	-	-	*9*	-	*9*	*(9)*	-	
- Other Payables, Third Parties	*40.645*	*661.646*	*7.148*	*1*	*709.440*	*(23.488)*	*685.952*	7
Derivative Financial Instruments	-	65	-	-	65	-	65	
Deferred Income	42.035	33.453	667	-	76.155	212.975	289.130	7
Income Tax Payable	2.648	1.441	-	391	4.480	-	4.480	
Short-Term Provisions	26.964	129.641	14.049	-	170.654	(1)	170.653	
- Short-Term Provisions for the Employee Benefits	*12.010*	*129.081*	-	-	*141.091*	-	*141.091*	
- Other Short-Term Provisions	*14.954*	*560*	*14.049*	-	*29.563*	*(1)*	*29.562*	
Other Current Liabilities	512.111	21.043	-	-	533.154	146	533.300	
TOTAL CURRENT LIABILITIES	2.464.946	2.686.457	387.477	491	5.539.371	192.294	5.731.665	
Long-term Borrowings	2.147.252	5.682.403	220.495	-	8.050.150	-	8.050.150	
Trade Payables	-	26.425	-	-	26.425	-	26.425	
- Trade Payables to Third Parties	-	*26.425*	-	-	*26.425*	-	*26.425*	
Other Payables	1.463	301.549	-	-	303.012	-	303.012	
- Other Payables to Third Parties	*1.463*	*301.549*	-	-	*303.012*	-	*303.012*	
Deferred Income	215.638	544	699	-	216.881	(211.218)	5.663	
Long Term Provision	25.199	116.267	13.931	-	155.397	-	155.397	
- Long Term Provision for Employee Benefits	*25.199*	*116.267*	*13.931*	-	*155.397*	-	*155.397*	
Deferred Tax Liabilities	23.036	1.831.472	-	-	1.854.508	-	1.854.508	
Other Non-Current Liabilities	-	166.420	-	-	166.420	-	166.420	
TOTAL NON-CURRENT LIABILITIES	2.412.588	8.125.080	235.125	-	10.772.793	(211.218)	10.561.575	
Paid-in Share Capital	160.000	592.105	25.420	22.000	799.525	(617.525)	182.000	8
Capital Adjustment Differences	-	63.583	86.902	65.771	216.256	(150.485)	65.771	8
Share Premium (Discounts)	9.474	3.137.684	-	-	3.147.158	(1.786.675)	1.360.483	9
Put Option Revaluation Fund Related with Non-controlling Interests	5.512	19.923	-	3.064	28.499	(19.922)	8.577	9
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	(8.407)	(20.249)	(1.963)	(4.446)	(35.065)	22.299	(12.766)	9
- Revaluation and Remeasurement Gain/Loss	*(8.407)*	*(20.249)*	*(1.963)*	*(4.446)*	*(35.065)*	*22.299*	*(12.766)*	9
- Income (Loss) on Remeasurements of Defined Benefit Plans	*(8.407)*	*(20.249)*	*(1.963)*	*(4.446)*	*(35.065)*	*22.299*	*(12.766)*	9
Other Comprehensive Income (Expense) To Be Reclassified to Profit or Loss	509.341	1.841.842	-	283.329	2.634.512	(1.841.845)	792.667	9
- Currency Translation Differences	*493.207*	*1.783.517*	-	*274.354*	*2.551.078*	*(1.783.520)*	*767.558*	9
- Gain (Loss) on Hedge	*16.134*	*58.325*	-	*8.975*	*83.434*	*(58.325)*	*25.109*	9
Restricted Reserves Allocated from Net Profit	32.000	303.414	163.580	4.440	503.434	(69.010)	434.424	10
Other Reserves	(65.213)	(235.742)	-	(36.274)	(337.229)	235.742	(101.487)	10
Retained Earnings	3.368.005	3.630.736	34.863	1.772.834	8.806.438	(5.450.384)	3.356.054	
Net Income or Loss	(255.541)	(70.795)	(46.337)	(120.260)	(492.933)	116.887	(376.046)	
Non-Controlling Interests	715.361	5.554.521	-	-	6.269.882	4.714.161	10.984.043	9
TOTAL EQUITY	4.470.532	14.817.022	262.465	1.990.458	21.540.477	(4.846.757)	16.693.720	
TOTAL LIABILITY	9.348.066	25.628.559	885.067	1.990.949	37.852.641	(4.865.681)		

(A) Represents the consolidated financial statements prepared by Yazıcılar as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 13, 2017.

(B) Represents the consolidated financial statements prepared by Anadolu Efes as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 2, 2017.

(C) Represents the consolidated financial statements prepared by Anadolu Isuzu as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 2, 2018.

(D) Represents audited financial statements of Özilhan Sınai Yatırım A.Ş. as of December 31, 2016 prepared in accordance with the Turkish Accounting Standards.

(E) Consists of Yazıcılar, Anadolu Efes, Anadolu Isuzu and Özilhan financial statements.

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

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

Details of major adjustments and reclassifications related to financial statements as of December 31, 2016 and January 1, 2016 are provided below:

1) Adjustments related to trade receivables and trade payables arise from the elimination of related party balances for consolidation.
2) Reclassifications related to inventories arise from classifiying inventories pertaining to real estate projects from long-term to short-term.
3) Adjustments about financial investments mostly arise from classifying Oden which was accounted through equity method, to the financial investments and eliminating the intra-group financial investments.
4) Adjustments about investments accounted through equity method arise from cancellation of the equity pick up adjustments of investments accounted through equity method previously in Yazıcılar and Özilhan financial statements which are fully consolidated in AGHOL's consolidated financial statements.
5) Adjustments related with investment properties arise from eliminating the profit margin of AND Ankara Gayrimenkul's land which is acquired from Anadolu Efes. Adjustments related with the deferred tax asset arise from deferred tax effect of the eliminated intra-group profit margin.
6) Adjustments related with goodwill arise from classifying goodwill which used to be in Anadolu Efes's carrying value when Aadolu Efes was accounted through equity method, as goodwill as a result of consolidating Anadolu Efes based on full consolidation method and also eliminating goodwill occured due to intra-group transactions.
7) Reclassifications related with employee benefits obligations arise from classifying social security and withholding tax liabilities in Yazıcılar's financials from other payables to employee benefit obligations. Reclassifications related with deferred income arise from classifying advances received in Anadolu Isuzu financials from other payables to deferred income.
8) Adjustments related with the paid-in capital and inflation adjustment on capital includes elimination of the participation and share capital within the scope of consolidation.
9) Adjustments related with put option revaluation fund related with non-controlling interests, share premium (discounts), other comprehensive income items and non-controlling interests mostly include the effects of the consolidation of Anadolu Efes and Anadolu Isuzu with full consolidation method that were previously accounted through equity method.
10) Adjustments related with restricted reserves allocated from the profit and other reserves arise from the transfer of the restricted reserves and other reserves allocated from the profits due to merger of Özilhan and AEH under Yazıcılar.

The reconciliation of the net loss for the year ended December 31, 2016 is as follows;

	January 1 - December 31, 2016
Consolidated net loss of Yazıcılar [1]	(378.232)
Net loss of the companies included in the merger [2]	(206.652)
Changes in share of gain/loss from investments accounted through the equity method [3]	174.338
Other	(458)
AGHOL restated net loss for the period	(411.004)

[1] Represents the consolidated financial statements prepared by Yazıcılar as of December 31, 2016 and published on Public Disclosure Platform ("PDP") on March 13, 2017.
[2] The balance consists of net losses of Anadolu Efes amounting TRL 40.055, Anadolu Isuzu amounting TRL 46.337 and Özilhan amounting TRL 120.260 for the year ended December 31, 2016.
[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.

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

New standards and interpretations

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

a) Amendments and interpretations that are mandatorily effective for the current year

Amendments to TAS 12	*Recognition of Deferred Tax Assets for Unrealized Losses* [1]
Amendments to TAS 7	*Disclosure Initiative* [1]
Annual Improvements to TFRS Standards 2014-2016 Cycle	*TFRS 12* [1]

[1] Effective for annual periods beginning on or after 1 January 2017.

Amendments to TAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses*

This amendment clarifies the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The Group assessed the adequacy of taxable income consistent with these changes and the adoption of this amendment does not have any effect on the Group's consolidated financial statements.

Amendments to TAS 7 *Disclosure Inıtiative*

This amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Group's liabilities arising from financing activities consist of borrowings and certain other financial liabilities. A reconciliation between the opening and closing balances of these items is provided in Note 7. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 7, the application of these amendments has had no impact on the Group's consolidated financial statements.

Annual Improvements to TFRS Standards 2014-2016 Cycle

TFRS 12: Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with TFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Since none of the Group's shares in these assets are classified as held for sale, the adoption of this improvement does not have any effect on the Group's consolidated financial statements.

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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 9	*Financial Instruments* [1]
TFRS 15	*Revenue from Contracts with Customers* [1]
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* [1]
TFRS Interpretation 22	*Foreign Currency Transactions and Advance Consideration* [1]
Amendments to TAS 40	*Transfers of Investment Property* [1]
Annual Improvements to TFRS Standards 2014-2016 Cycle	*TFRS 1* [1], *TAS 28* [1]
Amendments to TAS 28	*Long-term Interests in Associates and Joint Ventures* [2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.

TFRS 9 *Financial Instruments*

TFRS 9 issued in November 2009 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.

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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 (cont'd)

TFRS 9 *Financial Instruments* (cont'd)

- 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.

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.

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.

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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 (cont'd)

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 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.

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.

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.

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 organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

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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 (cont'd)

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.

The Group evaluates 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 has not identified any significant accounting error or estimated changes in accounting policies (except the effects of changes in foreign exchange rates of CCİ mentioned in Note 2) in the current year.

Basis of Consolidation

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. The consolidation of subsidiary ceases when the Company loses control of the subsidiary.

The consolidated financial statements of the Group include AG Anadolu Grubu Holding A.Ş. and subsidiaries under its control. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to manage the financial and operating policies to benefit from its operations. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company holds 43.05% of the shares in Anadolu Efes that is described as a subsidiary. The remaining 24% shares of Anadolu Efes are held by AB Inbev Harmony Ltd ("AB Inbev" - SAB Miller Harmony Ltd on the date the partnership was established), and 32,95% of the shares are publicly held. Yazıcılar Holding, Özilhan Sınai Yatırım A.Ş. and Anadolu Endüstri Holding A.Ş. (3 holding companies before the merger) are described as Anadolu Efes Control Group ("AECG"). Pursuant to the agreement between AECG and AB Inbev, AECG is granted right to exercise voting rights pertaining to 24% of the shares held by AB Inbev; thus AG Anadolu Grubu Holding A.Ş., as a reflection of this clause to the practice, such voting rights are granted to the Chairman of the Board of Directors of AGHOL that is under joint control of Yazıcı and Özilhan families by proxy in the general assembly of Anadolu Efes. Pursuant to terms and conditions of the agreement, this situation applies as long as the shareholding ratio (of AECG) in Efes is above 35%. From this perspective, AGHOL is able to exercise controlling power on Anadolu Efes together with the shares held by AB Inbev. Likewise, Shareholders Agreement executed with AB Inbev shall be terminated in case AGHOL sells Anadolu Efes shares and its shareholding ratio on Anadolu Efes declines below 35%, and this voting right and right to represent in the general assembly AB Inbev granted to AECG shall no longer exist.

On the other hand;

- The number of Board members representing The Company 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 The Company and Anadolu Efes and providing internal audit services and high level finance, tax, legal and human resources support to Anadolu Efes by the managerial personnel of The Company are indicators of the Company's control power.

The Group management assessed whether or not the Group has control over Anadolu Efes based on whether the Group has the practical ability to direct the relevant activities of Anadolu Efes unilaterally. In making their judgement, the Group management considered the Group's absolute size of holding in Anadolu Efes and the relative size of and dispersion of the shareholdings owned by the other shareholders. After this assessment, it is concluded that the Group has control over Anadolu Efes.

Anadolu Efes and The Coca Cola Export Corporation (TCCEC) which owns 20,09% shares of CCİ, decided to change some of the provisions defined as the "important decisions" in the Association Agreement which is effective from January 1, 2013. As a result of this change, in accordance with the Shareholders' Agreement, TCCEC will have certain protective rights on major decisions. As a result, with effect from January 1, 2013, Anadolu Efes gained control over CCİ and started to include CCİ and its subsidiaries in consolidation scope.

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

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

Non-controlling interests in the net assets of the subsidiaries included in consolidation, appears as a separate item in Group's equity. Non-controlling interest consists of non-controlling amount that already exists as of the first acquisition date and the amounts take place during the changes in the parent company's equity related to non-controlling interest after the first acquisition date. Losses exceeding the shares belonging to non-controlling interest are distributed to the shares of the Group, unless there is a mandatory obligation to compensate the recognized losses and an opportunity to make additional investments to cover the stated losses of the non-controlling interest. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the consolidated balance sheet and statement of profit or loss, respectively.

The changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control, any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Investments in Associates

The Group's investments in associates are accounted under the equity method of accounting. Investments in associates are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or joint ventures of the Group. The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The statement of profit or loss reflects the Group's share of the results of operations of the associates. The group's investment in associates includes goodwill identified on acquisition.

The Group's investments in associates which the Group has direct interest or indirect interest by its subsidiaries are accounted under the equity method of accounting considering direct or indirect shareholding rate in total. Non-controlling interest is calculated regarding the effective shareholding rate through its subsidiaries.

The investments valued accounted through equity method are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. The effect of the amounts that has not reflected to the profit or loss of the associate on the equity of the associate may require an adjustment on the book value of the associate. Group's share in these changes is directly being recorded in Group's equity.

Unrealized gains on transactions between the Group and its associates have been adjusted to the extent of the Group's interest in the associate and unrealized losses have been restated if the transaction does not imply impairment of the transferred asset.

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

Basis of Consolidation (cont'd)

Investments in the Joint Ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. The Group's interest in joint ventures is accounted for under the equity method of accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The amount that may become payable under the option on exercise is initially recognized at fair value within borrowings with a corresponding charge directly to equity. The charge to equity is recognized separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

The Group recognizes the cost of writing such put options, determined as the excess of the fair value of the option over any consideration received, as a financial expense. Such options are subsequently measured at amortized cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financial expense. In the event that the option expires unexercised, the liability is derecognized with a corresponding adjustment to equity.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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

Summary of Significant Accounting Policies (cont'd)

2.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Net sales is reduced for estimated and realized customer returns, rebates, commissions and taxes related with sales.

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- The Group transfers the significant risks and rewards of ownership of the goods to the buyer,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity,
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income: Service income is recorded as revenue according to its percentage of completion when it is calculated reliably. In the case that it cannot be calculated reliably, the revenue is recognized only to the extent of the associated expenses that are recoverable.

Dividend income: Dividend income is recognized when the right to receive payment has been established (provided that it is probable that the economic benefit will flow to the Group and the amount of income can be measured reliably).

Interest income: Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.2 Inventories

Inventories are valued at the lower of cost and net realizable value after provision for obsolete and slow moving. Overheads that have been incurred in bringing the inventories to their present location and condition are accounted as stated below:

Costs are accounted for weighted average method. Finished goods and semi-finished goods include cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs incurred in order to realize sale.

Inventories related to the real estate operations comprise of construction costs of housing units (completed and in-progress) and the cost of land used for to these housing projects. Land held for future development of housing projects are also classified as inventory. Borrowing costs attributable to qualifying projects are capitalized. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year, are classified as short and long term inventories in the consolidated financial statements.

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

Summary of Significant Accounting Policies (cont'd)

2.3 Property, Plant and Equipment

Property, plant and equipment are carried with their cost after subtracting accumulated depreciation and impairment. Property, plant and equipment are depreciated principally on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of assets are as follows:

Land improvements	5-50 years
Buildings	20-50 years
Machinery and equipment	2-20 years
Motor vehicles	3-10 years
Furniture and fixtures	3-15 years
Returnable bottles and cases	5-10 years
Other tangible assets	2-12 years
Leasehold improvements	Lower of lease period or useful life

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The increase is recognized in the consolidated statement of profit or loss (Note 27).

The Group management accounts returnable bottles under property, plant and equipment. Deposit obligations relating to such returnable bottles are reflected in other payables. The Group carries the liabilities related to returnable packages of Turkey Beer operation in the consolidated balance sheet, until the return of these packages from points of sales. The Group sells its products also in non-returnable bottles. For such sales, there is no deposit obligation of the Group.

Expenses for repair and maintenance of property, plant and equipment are normally charged to the statement of profit or loss. They are, however, capitalized and depreciated through the estimated useful life of the property, plant and equipment in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

Summary of Significant Accounting Policies (cont'd)

2.4 Assets Used in Renting Activities

In the renting business, the ownership of the object which is subject to rent in the economic sense belongs to the renter. Assets used in renting covering motor vehicles are accounted with cost less depreciation calculated principally on a straight-line basis. Depreciation is calculated after reducing the residual value of the assets in accordance with their estimated useful lives (Note 20). The depreciable balance of assets used in renting is calculated by reducing the residual value calculated with expected market value at the end of the renting period from the cost. The residual value is the amount that is left after deducting the cost of sales at the end of the useful life of the Group. Residual values are accounted based on assumptions at the beginning. The residual values depend on the Group's extensive market conditions in the future market conditions.

Management periodically reviews if the residual values are appropriate, and in case there is a change in the value estimation, the change is recorded as a change in accounting estimate. Also vehicles used in renting which are in legal process with their lessees are subject to impairment testing.

2.5 Investment Properties

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Investment properties are depreciated on a straight-line basis over the estimated useful live which is 50 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development to sell.

2.6 Intangible Assets

(i) Goodwill and impairment of goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

(ii) Other intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the period in which it is incurred.

Useful lives of intangible assets are determined as either finite or infinite.

Intangible assets are amortized on a straight line basis over the estimated useful lives. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets with indefinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment.

a) Brands

The brands, which belong to International Beer Operations and which are acquired as part of a business combination, are carried at their fair value and brands are separately carried at cost in the financial statements. The Group expects that the brands will generate cash inflow indefinitely and therefore are not amortized.

b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include

i) Bottlers and distribution agreements that are signed with the Coca Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013.

ii) "Distribution Agreements" that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012.

Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. Bottlers and distribution agreements are tested for impairment annually.

c) License Agreements

License and distribution agreements includes, the agreements that are signed related with various brands identified in the fair value financial statements of subsidiaries acquired in 2012 by EBI in the scope of consolidation. Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. License and distribution agreements are tested for impairment annually.

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

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

(ii) Other intangible assets

d) Rights

The rights acquired as part of a business combination is carried at their fair value and if they are acquired separately, then they are carried at cost in the financial statements. Rights in the consolidated financial statements comprise mainly water sources usage rights and are amortized on a straight-line basis over 9 to 40 years.

e) Software

The cost of acquisition of new software is capitalized and treated as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over 1 to 5 years.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2.7 Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-Based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

Summary of Significant Accounting Policies (cont'd)

2.7 Business Combinations (cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TAS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TAS 39, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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

Summary of Significant Accounting Policies (cont'd)

2.8 Impairment of Assets

All assets other than goodwill are tested whether there is an indication of impairment of asset or not for each periods of the balance sheet. If such an indication exists, recoverable amount of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.9 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs shall be recognized as an expense when incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'other (losses)/gains - net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss as part of other income when the group's right to receive payments is established.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

(b) Assets classified as available for sale (cont'd)

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, deposits at the Central Bank of Turkey, which are easily convertible into cash and do not carry any material value changes, have high liquidity, with an original maturity of three months or less. The amounts paid under the reverse repurchase agreements are included in cash and cash equivalents.

Trade Receivables and Payables

Trade receivables from the supply of products and services to a buyer, are carried at net of deferred finance income. Trade receivables net of deferred finance income, which are initially recorded at original invoice amounts, are measured at amortized cost of the amounts that will be collected in the subsequent periods with the effective interest rate. Short term trade receivables which do not have a determined interest rate, when the interest accrual effect is immaterial, are measured at the original invoice values.

If the collection period for the trade receivables and trade payables is less than or equal to 1 year (or if it is longer as long as it is in the Company's normal operational cycle), these receivables and payables are classified as short-term receivables or payables. Otherwise, these are classified as long-term receivables or payables.

The Group provides allowance for doubtful receivables when there is an indication that the collections are not probable. Related provision amount is the difference between the book value of the receivable and the probable collection amount. The probable collection amount is the cash flows, including collections from guarantees, which are discounted at the effective interest rate of the original receivable.

Subsequent to provide allowance for doubtful receivable, when all or a portion of the doubtful receivable is collected, the collection is deducted from the allowance and recorded as other income.

Funds Borrowed and Borrowings

All deposits and borrowings are initially recognized at the fair value of consideration received less directly attributable transaction costs. After initial recognition interest-bearing deposits and borrowings are subsequently measured at amortized cost using the effective interest method. Gains or losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the amortization process.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

Derivative Financial Instruments

The Group enters into transactions with derivative instruments including forwards, swaps and options in the foreign exchange and capital markets. These derivative transactions are considered as effective economic hedges under the Group's risk management policies; however since they do not qualify for hedge accounting under the specific provisions of TAS 39, they are treated as derivatives held for trading. Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair values.

Fair values are obtained from quoted market prices, to the extent publicly available, discounted cash flows and options pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivatives that do not qualify for special hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

Recognition and derecognition of financial assets

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only, the entity becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. An entity shall remove a financial liability from its statement of financial position when, and only, the obligation specified in the contract is discharged or cancelled or expires.

2.11 Foreign Currency Transactions

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

In preparing the financial statements of the Company and its Turkish subsidiaries, transactions in currencies other than TRL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction or restatement of monetary items is reflected within the statement of income in the related period.

Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings are recognized in profit or loss in the period in which they arise.

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

Summary of Significant Accounting Policies (cont'd)

2.11 Foreign Currency Transactions (cont'd)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.12 Earnings per Share

Earnings per share disclosed in the consolidated statement of income are determined by dividing net income by the weighted average number of shares in existence during the period concerned.

In Turkey, companies can raise their share capital by distributing shares ("Bonus Shares") to shareholders in their retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.13 Events After the Reporting Period

Subsequent events cover all events between the balance sheet date and authorization date of balance sheet for issue even if subsequent event has occurred after any announcement about the profit or any other selected financial information made public. Those matters that do not require adjustment after the balance sheet date are disclosed in the consolidated financial statements in the event that matters affect the financial decisions of the financial statements users.

The Group; reflects the effect of such post-period-end adjusting events to the consolidated financial statements.

2.14 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

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

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

Summary of Significant Accounting Policies (cont'd)

2.15 Leases

The Group as a Lessee

Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Lease

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of premises, which are cancellable subject to a period of notice. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

The Group as a Lessor

Operating Lease

The Group presents assets subject to operating leases in the balance sheets according to their nature. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis. Operating leases are amortized based on their cost after deducting their residual values.

TAS 16 "Property, Plant and Equipment", items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases.

Sale and leaseback transaction

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income by a seller-lessee. The Group continues to account property, plant and equipment which are subject to sale and leaseback, with previous carrying amount as if the related sale and leaseback does not exist. The details of the related tangible assets and financial leasing liabilities are explained in detail in Note 7 and Note 13.

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

Summary of Significant Accounting Policies (cont'd)

2.16 Related Parties

Parties are considered related to the Group if;

(a) directly, or indirectly through one or more intermediaries, the party:
   (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
   (ii) has an interest in the Company that gives it significant influence over the Company; or
   (iii) has joint control over the Company;
(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venture;
(d) the party is member of the key management personnel of the Company or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
(g) the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

2.17 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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).

2.18 Government Incentives and Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to such grants, and that the grants will be received. They are recognized as income over the period to match them with the related costs that they are intended to compensate. Income relating to government grants is recognized as a deduction from the appropriate expense.

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

Summary of Significant Accounting Policies (cont'd)

2.19 Taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

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

Current Tax

The current income tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and joint ventures of the Group operate.

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	2017	2016
The Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**-**	15%
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Pakistan	**31%**	32%
Iraq	**15%**	15%
Jordan	**14%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**14%**	14%

Deferred Tax

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Summary of Significant Accounting Policies (cont'd)

2.19 Taxes (cont'd)

Deferred Tax (cont'd)

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current Income Tax and Deferred Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in equity.

2.20 Employee Termination Benefits

Defined Benefit Plan

In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

In the consolidated financial statements, the Group has reflected a liability using the Projected Unit Credit Method and based upon estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

Also, CCBPL has gratuity fund provision as a defined benefit plan and calculated in accordance with TAS 19 ''Employee Benefits'' using actuarial works. Employee is eligible for gratuity after completing 3 years with the Company and can take his accrued gratuity amount at the time of separation from the Company or at retirement age. This provision is calculated by actuarial firm and the actuarial gain/loss accumulated on this provision is reflected to financial statements the gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income.

Defined Contribution Plan

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are accrued.

Long Term Incentive Plans

The Group provides a benefit to its employees over a certain seniority level under the name "long term incentive plan". Provision for long term incentive plan accrued in consolidated financial statements reflects the discounted value of the estimated total provision of possible future liabilities until the financial statement date.

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

Summary of Significant Accounting Policies (cont'd)

2.21 Statement of Cash Flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.22 Hedge Accounting

For the purpose of hedge accounting, hedges that have been part of the Group are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss, except for foreign currency risk.
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment that could affect profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For fair value hedges, the change in the fair value of a hedging instrument is recognized in the statement of consolidated income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of consolidated income as part of financial income and expense. Çelik Motor, the subsidiary of the Group operates in the operational fleet rental business. Çelik Motor has contractual lease receivables in foreign currency by the nature of operational lease business. Çelik Motor, the subsidiary of the Group, foreign exchange risk management strategy is to use hedge accounting as an instrument to protect oneself against the foreign exchange risk arising from change in foreign currencies. Significant part of Çelik Motor's contractual lease receivables is denominated in EUR and USD; therefore Çelik Motor is exposed to foreign exchange risk arising from currency changes between EUR, USD and TRL. Çelik Motor finances its vehicle purchases with bank loans in EUR and USD to protect oneself from the foreign exchange risk arising from the cash flow provided from the contractual receivables from non-cancellable operational leases. Çelik Motor hedge EUR and USD currency risk arising from firm commitments to collect EUR and USD currency denominated lease receivables with loans denominated in EUR and USD.

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

Summary of Significant Accounting Policies (cont'd)

2.22 Hedge Accounting (cont'd)

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of consolidated income as part of financial income and expense. Amounts recognized as other comprehensive income are transferred to the statement of consolidated income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast purchase occurs.

CCİ, the subsidiary of the Group has made aluminum swap and aluminum swap call option contracts in order to offset the possible losses that may arise from anticipated purchases of cans which are subject to aluminum price volatility and designates these aluminum swap transactions as hedging instruments for cash flow hedge relation against highly probable future outflows as the hedged item.

Other derivatives not designated for hedge accounting

Other derivatives not designated for hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in statement of consolidated income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognized in the consolidated statement of profit or loss as part of finance income and costs.

2.23 Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

Use of Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

The source of the risk carrying estimates, assumptions and calculation indefinitions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are; actuarial assumptions used for employee termination benefits, impairment of assets and useful lives of tangibles and intangibles. These estimates and assumptions are explained at related disclosure in detail.

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

Summary of Significant Accounting Policies (cont'd)

2.23 Share Capital and Dividends (cont'd)

Goodwill impairment

The Group performs impairment test for tangible assets, intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2017, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is the higher of net selling price and value in use. In these calculations, estimated free cash flows before tax from financial budgets and approved by Board of Directors are used. Approved free cash flows before tax are calculated for 5 - 10 years period by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product (GDP) per capita and consumer price indices were derived from external sources. Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data.

The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors. Perpetuity growth rate used in impairment test in the operating units is between 1,90% - 3,50% (December 31, 2016: between 0,86% and 3,00%) and after tax discount rate is between 7,62% and 16,40% (December 31, 2016: between 7,76% and 17,50%).

Provision for doubtful receivables

Allowance for doubtful receivables reflect the future loss that the Group anticipates to incur from the trade receivables as of the balance sheet date which is subject to collection risk considering the current economical conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The provision for doubtful receivables is explained in the Note 8.1.

Provisions for impairment in inventories

During the assessment of the provision for impairment in inventory the followings are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories. As a result of this, the inventories with the net realizable values below the costs are explained in the Note 10.

Employee termination benefit

Discount rates are determined using actuarial valuations which involve making assumptions about future salary increases and employee turnover rates. The details related with the defined benefit plans are explained in Note 17.2.

Warranty provision

Group has determined the warranty provision by considering the realized warranty expense per each product in the previous years for each product model/type and the warranty period left per each product. Group also takes into consideration the warranty expenses that can be recourse to the manufacturer along with expenses of previous years and contracts and does not make provisions for these amounts. The details related with warranty provision are explained in Note 17.3.

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

Summary of Significant Accounting Policies (cont'd)

2.23 Share Capital and Dividends (cont'd)

Carryforward tax losses subject to deferred tax calculation

Carryforward tax losses are reviewed each reporting period. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses (Note 30.2).

Control over Anadolu Efes

As mentioned in Note 2 "Subsidiaries" subtitle the Company has defined Anadolu Efes as a subsidiary and has control power over Anadolu Efes. If the Group management was of the opinion that 43,05% ownership ratio was not sufficient enough to provide control over the Group, Anadolu Efes should have been classified as an associate and accounted through the equity method.

Residual values of assets used in operational lease

As the residual value (the value of the vehicle at the end of the lease as estimated by The Group in advance) may differ from the actual market price at the end of the lease, this is considered to be market risk. The residual value is basically affected by external factors. Supply of second hand cars, consumer preferences, exchange rates, government policies and general economic circumstances can only be managed to a certain extent. The Group has a robust policy in place with respect to residual value risks.

Among other things, The Group manages the residual value risk by describing the roles and responsibilities in relation to the mandatory frequency of risk measurement and reporting and the minimum risk mitigation standards. Statistical models are applied to calculate the future value of a car as accurately as possible, taking country-specific factors into account. The Group has an advanced management information system, which accurately monitors the development of residual values under its lease contracts. It also monitors the residual values realized when the vehicles are sold. In addition, The Group assesses its portfolio exposure to residual values once a year, or more often depending on the size and risk profile, and considers whether there are any indications for revaluation (Note 20).

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NOTE 3 - BUSINESS COMBINATIONS

Transactions for year of 2017

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

The acquisition of Kipa has been accounted for in accordance with TFRS 3, “Business Combinations”. The fair value of identifiable assets and liabilities acquired within the context of the said business combination as of December 31, 2017 has been stated as a draft and these items were reported at their provisional value in summary consolidated financial statements of Migros. The period determined to carry out additions and adjustments concerning the fair value of the assets, liabilities and contingent liabilities is 12 months from the date of purchase.

Bargain purchase gain amounting to TRL 1.050.446 has been calculated in respect of the share acquisition of Kipa in accordance with TFRS 3 “Business Combinations” as a result of accounting within the scope of acquisition accounting. The Group’s share of the calculated bargain purchase gain amounts to TRL 525.223 which has been recorded under gain loss from investments accounted through equity method in consolidated statements of profit or loss as of December 31, 2017.

Transactions for year of 2016

Anadolu Efes and Tarbes Tarım Ürün. ve Bes.San.Tic.A.Ş. (Tarbes) have been merged with assets and liabilities fully transferred without increasing capital as of December 30, 2016. As a result of this merger, Tarbes does not exist as of 31 December 2016. Tarbes’ principal activity was providing hops (major ingredient of beer) to the breweries of Group.

NOTE 4 - SEGMENT REPORTING

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

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

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NOTE 4- SEGMENT REPORTING (cont'd)

December 31, 2017	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	4.446.552	8.521.251	3.334.022	980.918	116.515	(21.012)	17.378.246	15.344.047	32.196.435
Inter-segment sales	(20.675)	(105)	37.742	26.895	122.759	(166.616)	-	-	-
Total Sales	**4.425.877**	**8.521.146**	**3.371.764**	**1.007.813**	**239.274**	**(187.628)**	**17.378.246**	**15.344.047**	**32.196.435**
GROSS PROFIT(LOSS)	**2.142.633**	**2.901.314**	**560.045**	**217.871**	**116.494**	**(137.399)**	**5.800.958**	**4.081.966**	**9.835.586**
Operating expenses	(1.838.194)	(2.042.055)	(290.495)	(153.982)	(153.991)	142.267	(4.336.450)	(3.554.016)	(7.878.487)
Other operating income (expenses), net	87.841	14.761	(6.094)	(6.530)	8.552	(19.485)	79.045	(225.127)	(146.305)
Gain (loss) from the investments accounted through equity method (*)	(29.941)	(421)	(148)	(734)	167.151	-	135.907	-	(43.818)
OPERATING INCOME (LOSS)	**362.339**	**873.599**	**263.308**	**56.625**	**138.206**	**(14.617)**	**1.679.460**	**302.823**	**1.766.976**
Income (expense) from investing activities, net	(24.890)	(13.392)	1.502	(3.668)	30.338	(25.653)	(35.763)	1.092.758	922.029
Financial income (expense), net	(234.988)	(439.185)	(500.571)	(36.182)	(275.858)	(60)	(1.486.844)	(792.885)	(2.279.729)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**102.461**	**421.022**	**(235.761)**	**16.775**	**(107.314)**	**(40.330)**	**156.853**	**602.696**	**409.276**
Tax (expense) income from continuing operations, net	(40.955)	(139.525)	79.170	(8.270)	55.397	2.967	(51.216)	(93.660)	(127.584)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**61.506**	**281.497**	**(156.591)**	**8.505**	**(51.917)**	**(37.363)**	**105.637**	**509.036**	**281.692**
Attributable to:									
- Non-controlling interest	294	43.870	4.478	-	268	186.777	235.687	(3.670)	411.742
- Equity holders of the parent	61.212	237.627	(161.069)	8.505	(52.185)	(224.140)	(130.050)	512.706	(130.050)
Total Assets	**9.698.829**	**13.394.158**	**4.231.944**	**592.138**	**4.722.001**	**5.428.313**	**38.067.383**	**10.302.675**	**46.036.002**
Total Liabilities	**4.714.693**	**7.954.565**	**3.831.220**	**352.241**	**2.619.890**	**1.167.712**	**20.640.321**	**8.775.527**	**29.120.283**
Net debt	**912.514**	**2.098.769**	**3.024.758**	**157.528**	**2.010.693**	**(3)**	**8.204.259**	**2.284.498**	**10.488.758**
Purchases of tangible & intangible assets, assets used in renting activities and investment property	336.768	499.289	1.302.820	36.704	6.014	-	2.181.595	399.222	2.580.817
EBITDA	**834.161**	**1.378.718**	**365.418**	**90.789**	**1.586**	**(281)**	**2.670.391**	**871.902**	**3.506.711**
- Depreciation and amortization	420.378	497.250	96.776	29.257	29.835	14.341	1.087.837	269.956	1.357.793
- Provision for employee termination benefits	8.118	14.679	5.446	3.948	1.873	15	34.079	59.102	93.181
- Provision for vacation pay liability	4.261	(1.461)	763	(554)	(283)	(16)	2.710	14.894	17.604
- Other	9.124	(5.770)	(1.023)	779	(894)	(4)	2.212	225.127	227.339

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 29.941 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 421 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 148 is recorded under 'automotive' segment; loss recognized from Aslancık amounting TRL 12.574 and income recognized from Migros amounting TRL 179.725 are recorded under 'other' segment; loss recognized from LLC Faber -Castell Anadolu amounting TRL 734 is recorded under 'retailing' segment.

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

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NOTE 4 - SEGMENT REPORTING (cont'd)

December 31, 2016	Beer	Soft-Drinks	Automobile	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	3.386.479	7.050.337	2.790.033	850.220	89.448	(16.586)	14.149.931	11.059.224	24.793.304
Inter-segment sales	(16.375)	(92)	31.263	15.903	117.035	(147.734)	-	-	-
Total Sales	3.370.104	7.050.245	2.821.296	866.123	206.483	(164.320)	14.149.931	11.059.224	24.793.304
GROSS PROFIT(LOSS)	1.708.092	2.392.480	423.344	184.282	80.862	(126.294)	4.662.766	2.952.557	7.594.552
Operating Expenses	(1.476.965)	(1.763.525)	(240.542)	(137.824)	(135.117)	121.781	(3.632.192)	(2.525.027)	(6.152.467)
Other operating income (expenses), net	83.604	11.790	(18.920)	(7.116)	(10.053)	(10.619)	48.686	(96.360)	(47.678)
Gain (loss) from the investments accounted through equity method (*)	(22.354)	(1.176)	-	161	(157.322)	-	(180.691)	-	(36.814)
OPERATING INCOME (LOSS)	292.377	639.569	163.882	39.503	(221.630)	(15.132)	898.569	331.170	1.357.593
Income (expense) from investing activities, net	32.901	(78.973)	807	(1.667)	380.572	(14.777)	318.863	(43.056)	308.552
Financial income (expense), net	(312.322)	(489.830)	(360.059)	(36.063)	(377.304)	-	(1.575.578)	(524.210)	(2.099.788)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	12.956	70.766	(195.370)	1.773	(218.362)	(29.909)	(358.146)	(236.096)	(433.643)
Tax (expense) income from continuing operations, net	(47.774)	(48.375)	38.749	(12.975)	14.389	3.128	(52.858)	(64.010)	(121.194)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(34.818)	22.391	(156.621)	(11.202)	(203.973)	(26.781)	(411.004)	(300.106)	(554.837)
Attributable to:									
- Non-controlling interest	307	50.785	(4.753)	-	(3.904)	(77.393)	(34.958)	51	(178.791)
- Equity holders of the parent	(35.125)	(28.394)	(151.868)	(11.202)	(200.069)	50.612	(376.046)	(300.157)	(376.046)
Total Assets	8.717.139	10.455.946	3.572.179	535.771	4.824.302	4.881.623	32.986.960	6.276.726	38.216.961
Total Liabilities	4.154.738	5.458.999	3.010.171	287.488	1.864.079	1.517.765	16.293.240	6.084.113	22.273.011
Net debt	1.133.975	2.293.002	2.292.828	145.898	1.056.714	(4)	6.922.413	1.806.880	8.729.293
Purchases of tangible & intangible assets, purchases of assets used in renting activities, investment property	247.392	517.063	1.336.707	18.072	4.965	-	2.124.199	297.207	2.421.406
EBITDA	675.911	1.092.858	260.286	74.195	(31.516)	372	2.072.106	677.392	2.733.475
- Depreciation and amortization	350.966	424.188	84.420	28.737	31.772	15.505	935.588	199.516	1.135.104
- Provision for employee termination benefits	7.617	12.449	1.912	5.136	978	4	28.096	33.211	61.307
- Provision for vacation pay liability	7.596	2.228	100	(283)	42	84	9.767	17.135	26.902
- Other	(4.999)	13.248	9.972	1.263	-	(89)	19.395	96.360	115.755

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 22.354 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 1.176 is recorded under 'soft-drinks' segment; income recognized from Alternatifbank A.Ş. ("ABank") and Ana Gıda amounting TRL 1.444 and loss recognized from Aslancık and Migros amounting TRL 158.766 are recorded under 'other' segment; income recognized from LLC Faber-Castel Anadolu amounting TRL 161 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 December 31, 2016.

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NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	December 31, 2017	December 31, 2016
Cash	**9.434**	6.140
Time deposit	**5.085.203**	2.591.199
Demand deposit	**548.723**	630.685
Other cash and cash equivalents (*)	**146.160**	57.046
Cash and cash equivalents in the consolidated cash flow statement	**5.789.520**	3.285.070
Interest income accruals	**10.795**	6.224
	5.800.315	3.291.294

(*) 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 December 31, 2017, annual interest rates of the TRL denominated time deposits vary between 7,00% and 15,50% (December 31, 2016 - 6,00% - 12,00%) and annual interest rates of the USD and, EUR, denominated and other time deposits vary between 0,02% and 8,75% (December 31, 2016- annual interest rates of the USD and, EUR denominated and other time deposits vary between 0,10% - 14,15%).

As of December 31, 2017, there is no cash deposit pledged as collateral or no restricted deposit by the Group (December 31, 2016 - None).

As of December 31, 2017, the Group has designated its bank deposits amounting to TRL 884.724, equivalent of thousand USD 215.230 and thousand EURO 15.855 for the future raw material purchases, operational and interest expense related payments (December 31, 2016: TRL 731.323, equivalent of thousand USD 182.243, thousand EUR 21.062, and thousand Russian Ruble (RUR) 204.035).

NOTE 6 - FINANCIAL INVESTMENTS

	December 31, 2017		December 31, 2016	
	Amount	**Effective interest rate (%)**	Amount	Effective interest rate (%)
Time deposits	**88.588**	-	11.036	-
Credit card receivables	**14.211**	-	8.031	-
Investment fund	**5.147**	-	937	-
Shares listed on the BIST	**-**	-	483	-
- Oden (*)	**-**	-	26.235	50%
- Other	**342**	-	342	-
	108.288		47.064	

As of December 31, 2017 time deposits with maturities over 3 months made for 31 and 300 days period, are denominated in USD and KZT and interest rates are 1,00% and 9,50% respectively (December 31,2016: USD and KZT, 206 and 262 days, 2% - 10%).

(*) A new company named Özilhan Turizm Yatırım Ticaret A.Ş. has been incorporated upon partial division of Özilhan Sınai Yatırım A.Ş on June 30, 2017 and as a result of partial division Oden shares have moved to the newly established Özilhan Turizm Yatırım Ticaret A.Ş. The Group does not hold any shares in Oden as of December 31, 2017.

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NOTE 7 - BORROWINGS

	December 31, 2017	December 31, 2016
Bank borrowings	**1.488.820**	878.182
Current portion of long term borrowings	**4.141.615**	1.296.472
Financial leasing payables	**48.001**	9.390
Short term borrowings	**5.678.436**	2.184.044
Bank borrowings	**8.206.059**	8.026.100
Financial leasing payables	**228.025**	24.050
Long term borrowings	**8.434.084**	8.050.150
Total borrowings	**14.112.520**	10.234.194

Some of the Group's borrowings are subject to covenants. According to the mentioned provisions, certain performance criteria have to be fulfilled by the Group. As of December 2017 and 2016 performance criterias have been fulfilled.

Lessee - Finance Lease

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

Net book value of property, plant and equipment obtained by financial leasing of the Group is TRL 50.345 (December 31, 2016: TRL 41.251). Sale and leaseback process have been applied for the property, plant and equipment amounting TRL 49.239 (December 31, 2016: TRL 37.380) acquired by financial leasing in 2017. 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 December 31, 2017 is as follows:

	December 31, 2017
Opening balance	**10.234.194**
Interest expense	**623.220**
Interest paid	**(562.768)**
Proceeds from borrowings	**9.413.633**
Repayments of borrowings	**(6.979.856)**
Foreign exchange gain (loss), net	**1.372.713**
Capitalised interest	**11.384**
Closing balance	**14.112.520**

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NOTE 7 - BORROWINGS (cont'd)

	December 31, 2017			December 31, 2016		
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**1.263.531**	**12,6% - 16,8%**	**TRLibor +2,50%**	695.545	6,6% - 15,0%	-
Borrowing in foreign currency (EUR)	**1.863.506**	**1,8% - 4,4%**	**Euribor + (0,8%-5,1%)**	1.048.970	2,2% - 4,9%	Euribor + (0,8%-4,4%)
Borrowing in foreign currency (USD)	**2.438.077**	**3,4% - 6,6%**	**Libor + (1,0% - 5,0%)**	314.575	3,4% - 6,8%	Libor + (2,0% - 4,4%)
Borrowing in foreign currency (Other)	**65.322**	**6,0%**	**Kibor + (0,2%-0,5%)**	115.564	6,0% - 8,8%	Kibor + (0,3%-0,5%)
Financial leasing payables in Turkish Lira	**23.706**	**13,0% - 14,1%**	**-**	9.390	11,5% - 13,6%	-
Financial leasing payables in foreign currency (EUR)	**22.702**	**3,7%**	**-**	-	-	-
Financial leasing payables in foreign currency (Other)	**1.592**	**-**	**-**	-	-	-
	5.678.436			2.184.044		

Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**371.602**	**13,3% - 17,0%**	**-**	35.000	12,6%	-
Borrowing in foreign currency (EUR)	**2.571.675**	**1,1% - 3,8%**	**Euribor + (1,5%-5,1%)**	2.625.356	2,4% - 4,4%	Euribor + (0,8%-5,1%)
Borrowing in foreign currency (USD)	**5.243.379**	**3,4% - 4,5%**	**Libor + (3,9% - 5,0%)**	5.340.342	3,4% - 4,8%	Libor + (2,0% - 4,4%)
Borrowing in foreign currency (Other)	**19.403**	**6,0%**	**-**	25.402	6,0%	-
Financial leasing payables in Turkish Lira	**134.003**	**13,0% - 14,1%**	**-**	24.050	11,5% - 12,6%	-
Financial leasing payables in foreign currency (EUR)	**90.298**	**3,7%**	**-**	-	-	-
Financial leasing payables in foreign currency (Other)	**3.724**	**-**	**-**	-	-	-
	8.434.084			8.050.150		
	14.112.520			10.234.194		

Repayments schedules of long-term borrowings are as follows:

	December 31, 2017	December 31, 2016
1-2 years	**2.166.793**	3.479.466
2-3 years	**795.515**	1.419.775
3-4 years	**613.950**	641.754
4-5 years	**2.071.645**	71.378
5 years and more	**2.786.181**	2.437.777
	8.434.084	8.050.150

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NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

8.1 Trade Receivables, Third Parties

	December 31, 2017	December 31, 2016
Trade receivables	**1.943.553**	1.680.654
Post-dated cheques and notes receivables	**175.986**	151.728
Less: provision for doubtful trade receivables	**(69.925)**	(48.982)
	2.049.614	1.783.400

As of December 31, 2017, the Group has long term trade receivables from third parties amounting to TRL 5.851 (December 31, 2016: TRL 11.235).

Movement of provision for doubtful trade receivables is as follows:

	December 31, 2017	December 31, 2016
Balance at January 1	**48.982**	42.165
Provisions (Note 26.2)	**25.246**	8.114
Reversal of provision (including collections)	**(4.265)**	(4.980)
Write-off from doubtful receivables	**(1.383)**	(640)
Currency translation differences	**1.345**	4.323
Balance at the end of the period	**69.925**	48.982

The total minimum collection of the receivables from non-cancelable operational leases of Çelik Motor and AND Anadolu Gayrimenkul, subsidiaries of the Group for subsequent periods are as follows:

	December 31, 2017	December 31, 2016
- Less than a year	**398.688**	368.073
- Between one and five years	**363.820**	305.243
- More than five years	**29.933**	22.078
	792.441	695.394

8.2 Trade Payables, Third Parties

	December 31, 2017	December 31, 2016
Short-term trade payables	**2.230.878**	1.788.250
Long-term trade payables	**35.180**	26.425
	2.266.058	1.814.675

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NOTE 9 - OTHER RECEIVABLES AND PAYABLES

9.1 Other Short Term Receivables, Third Parties

	December 31, 2017	December 31, 2016
Receivables from tax office	**21.673**	20.891
Due from personnel	**15.653**	17.981
Deposits and guarantees given	**10.833**	7.123
Other	**59.795**	69.000
	107.954	114.995

9.2 Other Long Term Receivables, Third Parties

	December 31, 2017	December 31, 2016
Deposits and guarantees given	**22.763**	13.947
Other	**2.919**	3.495
	25.682	17.442

9.3 Other Short Term Payables, Third Parties

	December 31, 2017	December 31, 2016
Taxes payable	**670.638**	503.877
Deposits and guarantees taken	**204.491**	176.668
Other	**7.683**	5.407
	882.812	685.952

As of December 31, 2017 the non-current portion of other payables to third parties consist of deposits and guarantees taken amounting TRL 349.032 (December 31, 2016: TRL 303.012).

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NOTE 10 - INVENTORIES

	December 31, 2017	December 31, 2016
Raw materials	**534.013**	480.383
Work-in-process	**120.186**	100.075
Finished and trade goods	**877.610**	612.934
Packaging materials	**119.394**	107.559
Bottles and cases	**59.223**	61.789
Supplies	**120.401**	105.185
Ongoing real estate projects (*)	**225.058**	62.025
Other inventories	**98.042**	79.973
Provisions for impairment (-)	**(31.530)**	(20.660)
	2.122.397	1.589.263

(*) Balance is related to the ongoing housing project of Kartal Gayrimenkul, a subsidiary of the Company which is operating in real estate development business located in Kartal district of İstanbul province and the housing project of AND Ankara Gayrimenkul, a subsidiary of the Company which is operating in real estate development business located in Çankaya district of Ankara province and it includes capitalized financial expense amounting TRL 23.584 in total of which TRL 11.384 belongs to January 1 - December 31, 2017 (December 31, 2016: TRL 12.200)

The movement of provision for impairment in inventories is as follows:

	December 31, 2017	December 31, 2016
Balance at January 1	**20.660**	20.421
Provision	**16.651**	8.461
Provisions no longer required	**(3.070)**	(7.667)
Inventories written-off (-)	**(3.239)**	(3.086)
Currency translation differences	**528**	2.531
Balance at the end of the period	**31.530**	20.660

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NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Associates

	January 1 - December 31, 2017	January 1 - December 31, 2016
Entity	**Group's interest in net income/(loss)**	
ABank (*)	-	537
	-	537

(*) Based on the shareholders agreement concluded on July 18, 2013 with The Commercial Bank of Qatar ("CBQ"), the Group which has 25% share in ABank, has collected total sales price of USD 224.913.332 (full USD) on December 19, 2016 based on use of its option to sell shares. Therefore the sale option has been completed and the Group does not have any shares in ABank. "Gain from sales of an associate" amounting TRL 344.186 resulting from the sale of the related associate shares has been presented under "Income from Investing Activities" in the consolidated statements of profit or loss (Note 27.1).

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

Summary Statement of Profit or Loss:	ABank
	December 31, 2016
Interest, fee and commission income	1.181.363
Net income	2.152
Non-controlling interests	2
Equity holders of the parent	2.150
Group's share in net income	537

The movement of carrying value of ABank which used to be an associate of the Group in the consolidated financial statements as of December 31, 2016 is as follows:

	December 31, 2016
Balance at January 1	400.281
Capital increase	37.500
Group's share in net income	537
Group's share in revaluation funds	(34.427)
Group's share in remeasurement	(441)
Disposals through sale of an associate	(403.450)
Balance at the end of the period	-

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NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Joint Ventures

			December 31, 2017		December 31, 2016	
Entity	**Principle activities**	**Country**	**Carrying value**	**Effective shareholding and voting rights (%)**	Carrying value	Effective shareholding and voting rights (%)
Migros (*)	Sales of food and drinks along with durable goods	Turkey	**2.297.857**	**50,00**	2.104.941	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini) (***)	Tractor production	Turkey	**1.603**	**50,00**	-	-
Aslancık	Production of electricity	Turkey	**(13.266)**	**33,33**	(692)	33,33
LLC Faber-Castell Anadolu	Trading of all kinds of stationery	Russia	**667**	**28,44**	1.294	28,44
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap)	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	Turkey	**46.309**	**14,35**	58.406	14,35
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Distribution and sales of Coca-Cola products	Syria	**-**	**10,82**	-	10,82
Ana Gıda (**)	Production and marketing of olive oil, sunflower and corn oil under Kırlangıç, Komili and Madra Brands	Turkey	**-**	**-**	33.977	55,25
			2.333.170		2.197.926	

	January 1 - December 31, 2017	January 1 - December 31, 2016
Entity	**Group's interest in net income/(loss)**	
Migros (*)	**179.725**	(143.877)
Anadolu Landini (***)	**(148)**	-
Aslancık	**(12.574)**	(14.889)
LLC Faber-Castell Anadolu	**(734)**	161
Anadolu Etap	**(29.941)**	(22.354)
SSDSD	**(421)**	(1.176)
Ana Gıda (**)	**-**	907
	135.907	(181.228)

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

(**) The sale of the 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 and gain on sales of joint venture amounting to TRL 21.280 was realized (Note 27.1). Currently, the Group does not hold any shares in Ana Gıda .

(***) A new company named "Anadolu Landini Traktör Üretim ve Pazarlama A.Ş." was established on November 16, 2017 in order to produce Landini branded domestic tractor. 50% share of the Company belongs to Anadolu Motor and 50% share belongs to Argo Tractors S.P.A.

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NOTE 11 - 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:

	December 31, 2017	December 31, 2016
Migros		
Current Assets	3.776.275	2.471.347
Non-Current Assets	6.526.400	3.805.379
Total Assets	**10.302.675**	6.276.726
Short-Term Borrowings	1.038.037	340.525
Other Current Liabilities	4.478.059	2.980.235
Long-Term Borrowings	2.874.437	2.623.011
Other Non-Current Liabilities	384.994	140.342
Total Liabilities	**8.775.527**	6.084.113
Net Assets	**1.527.148**	192.613
Attributable to:		
Non-controlling interests	56.654	820
Net assets of the equity holders of the parent	**1.470.494**	191.793
Group's share in net assets	**2.297.857**	2.104.941

	December 31, 2017	December 31, 2016
Revenue	**15.344.047**	11.059.224
Net profit/(loss)	509.036	(300.106)
Non-controlling interests	(3.670)	51
Equity holders of the parent	**512.706**	(300.157)
Acquisition accounting and fair value adjustments	(153.256)	12.404
Net profit/loss per consolidation	**359.450**	(287.753)
Group's share in net income/(loss)	**179.725**	(143.877)

The movement of carrying value of the joint venture Migros in the consolidated financial statements as of December 31, 2017 and 2016 is as follows:

	December 31, 2017	December 31, 2016
Balance at the beginning of the period	**2.104.941**	2.238.866
Group's share in net income/(loss) (*)	**179.725**	(143.877)
Group's share in currency translation differences	**12.943**	10.367
Group's share in remeasurement funds	**248**	(415)
Balance at the end of the period	**2.297.857**	2.104.941

(*) Bargain purchase gain amounting to TRL 1.050.446 has been calculated in respect of Migros, a joint venture of the Group acquiring shares of Kipa as mentioned in Note 3 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 525.223 which has been reflected in the consolidated financial statements as of December 31, 2017.

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NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Joint Ventures (cont'd)

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

	December 31, 2017	December 31, 2016
Aslancık		
Total Assets	**454.386**	465.905
Total Liabilities	**490.579**	464.372
Net Assets	**(36.193)**	1.533
Fair value adjustment	**(3.523)**	(3.609)
Net assets included in consolidation	**(39.716)**	(2.076)
Group's share in net assets	**(13.266)**	(692)

	December 31, 2017	December 31, 2016
Revenue	**82.612**	102.689
Net loss	**(37.726)**	(44.673)
Group's share in net loss of the joint venture	**(12.574)**	(14.889)

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

	December 31, 2017	December 31, 2016
LLC Faber-Castell Anadolu		
Total Assets	**10.782**	9.982
Total Liabilities	**9.448**	7.395
Net Assets	**1.334**	2.587
Group's share in net assets	**667**	1.294

	December 31, 2017	December 31, 2016
Revenue	**18.888**	14.724
Net (loss)/income	**(1.468)**	322
Group's share in net (loss)/gain of the joint venture	**(734)**	161

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NOTE 11 - 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:

	December 31, 2017	December 31, 2016
Anadolu Etap		
Total Assets	**1.212.852**	867.663
Total Liabilities	**1.073.925**	692.445
Net Assets	**138.927**	175.218
Group's share in net assets	**46.309**	58.406

	December 31, 2017	December 31, 2016
Net loss	**(89.823)**	(67.062)
Group's share in net loss of the joint venture	**(29.941)**	(22.354)

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

	December 31, 2016
Ana Gıda	
Total Assets	187.130
Total Liabilities	118.189
Net Assets	68.941
Group's share in net assets	33.977

	December 31, 2016
Revenue	322.792
Net income	1.641
Group's share in net income of the joint venture	907

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NOTE 12 - INVESTMENT PROPERTY

	December 31, 2017	December 31, 2016
Cost		
Balance as of January 1	**405.137**	364.533
Additions	**294**	376
Disposals (-) (**)	**(20.728)**	(14.116)
Currency translation differences	**21.354**	53.460
Transfers (*)	**(664)**	884
Balance as of December 31	**405.393**	405.137
Accumulated depreciation		
Balance as of January 1	**82.643**	58.317
Depreciation charge for the period (***)	**7.939**	8.192
Disposals (-)	**(2.578)**	(6.997)
Currency translation differences	**9.448**	23.131
Balance as of December 31	**97.452**	82.643
Net book value	**307.941**	322.494

(*) AND Ankara Gayrimenkul, a subsidiary of the Group signed a Revenue Sharing in Return for Land Agreement with Anagün İnşaat A.Ş. on November 2, 2017 in order to develop a project composed of commercial areas. As of December 31, 2017 investment property of AND Ankara Gayrimenkul amounting TRL 664 is transferred to inventories (As of December 31, 2016 TRL 869 of PP&E and TRL 15 of intangible assets have been transferred to investment properties.)

(**) As of December 31, 2017 disposals arose due to sale of a portion of investment property of AEH, which is subject to merger located in Şişli and sale of a portion of AND Anadolu Gayrimenkul's investment property.

(***) As of December 31, 2017 TRL 4.081 (December 31, 2016: TRL 5.123) of the depreciation expenses has been added to cost of sales, TRL 3.517 (December 31, 2016: TRL 2.707) has been added to other expenses and TRL 341 (December 31, 2016: TRL 362) has been added to general administrative expenses.

As of a result of valuation, the fair values of the investment properties are calculated as TRL 750.059 as of December 31, 2017.

As at 31 December 2017, there are mortgages on investment property amounting TRL 384.491 (December 31, 2016: TRL 347.413) for the loans that AND Anadolu Gayrimenkul, the subsidiary of the Group, has borrowed. The GPM position table of the "Commitments" note includes this amount (Note 18).

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (PP&E)

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

	Land and land improve -ments	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improve -ments	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	11.876	16.583	145.825	18.097	160.339	222.347	12.355	309.465	896.887
Disposals (-)	(4.042)	(1.755)	(216.506)	(41.585)	(39.134)	(181.978)	(5.822)	(38)	(490.860)
Currency translation differences	23.773	176.876	427.579	15.343	5.889	82.580	6.119	17.763	755.922
Transfers (*)	5.726	65.230	217.683	2.524	17.508	55.863	6.594	(389.301)	(18.173)
December 31, 2017	716.373	3.119.270	7.260.781	204.012	1.371.923	2.005.359	174.083	178.397	15.030.198
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 (**)	10.528	93.237	403.682	27.693	143.288	280.631	14.855	-	973.914
Disposals (-)	(3.313)	(138)	(205.191)	(33.188)	(33.965)	(171.238)	(2.013)	-	(449.046)
Currency translation differences	6.603	36.587	230.632	9.386	2.991	53.697	1.731	-	341.627
Transfers (*)	-	-	-	73	-	-	-	-	73
Impairment/ (impairment reversal), net	-	20.303	38.885	442	-	13.196	-	2.721	75.547
December 31, 2017	105.376	726.389	3.625.166	105.658	964.496	1.050.731	93.073	2.721	6.673.610
Net carrying amount	610.997	2.392.881	3.635.615	98.354	407.427	954.628	81.010	175.676	8.356.588

(*) TRL 18.356 of PP&E is transferred to rights under intangible assets, TRL 110 of current assets used in renting activities is transferred to motor vehicles under PP&E.

(**) TRL 570.121 of depreciation expenses has been added to cost of sales, TRL 328.354 to marketing expenses, TRL 59.512 to general administrative expenses, TRL 12.356 to other expenses and TRL 484 to research and development expenses. Depreciation amounting TRL 1.808 is related to inventories and TRL 1.279 is related to construction in progress.

As at 31 December 2017, there are mortgages on PP&E amounting TRL 104.763 (December 31, 2016: TRL 102.435) for the loans that CCİ and GUE, the Group's subsidiaries borrowed. As at 31 December 2017, TRL 398.335 of the PP&E is pledged (December 31, 2016: TRL 378.442) for the loans that GUE, the Group's subsidiary borrowed.The GPM position table of the "Commitments" note includes this amount (Note 18).

Çelik Motor and Adel, subsidiaries of the Group, have signed a sales and lease back agreement for property, plant and equipment amounting TRL 49.239 and continued to record these PP&Es by previous net book values assuming no leaseback transactions (December 31, 2016: Adel - TRL 37.780, Çelik Motor - none).

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (PP&E) (cont'd)

Movements of property, plant and equipment for the year ended on December 31, 2016 are as follows:

	Land and land improve -ments	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improve -ments	Construction in progress	Total
Cost									
January 1, 2016	560.992	2.287.599	5.503.898	181.775	1.087.019	1.473.237	168.167	307.533	11.570.220
Additions	9.920	26.021	155.901	14.289	131.492	183.200	1.414	249.372	771.609
Disposals (-)	(79)	(753)	(144.990)	(31.868)	(21.567)	(137.323)	(13.485)	(256)	(350.321)
Currency translation differences	69.696	411.003	1.060.693	41.326	12.092	276.623	418	29.712	1.901.563
Transfers (*)	38.511	138.466	110.698	4.111	18.285	30.810	(1.677)	(345.853)	(6.649)
December 31, 2016	679.040	2.862.336	6.686.200	209.633	1.227.321	1.826.547	154.837	240.508	13.886.422
Accumulated depreciation									
January 1, 2016	69.215	432.893	2.434.309	74.750	736.535	577.597	68.393	-	4.393.692
Depreciation charge for the period (**)	9.624	73.813	334.461	26.466	129.270	252.067	13.982	-	839.683
Disposals (-)	(53)	(220)	(134.111)	(24.720)	(19.411)	(131.143)	(4.293)	-	(313.951)
Currency translation differences	12.772	69.914	505.897	24.846	5.795	163.037	418	-	782.679
Impairment/(impairment reversal), net	-	-	15.397	24	-	12.887	-	-	28.308
Transfers (*)	-	-	1.205	(114)	(7)	-	-	-	1.084
December 31, 2016	91.558	576.400	3.157.158	101.252	852.182	874.445	78.500	-	5.731.495
Net carrying amount	587.482	2.285.936	3.529.042	108.381	375.139	952.102	76.337	240.508	8.154.927

(*) TRL 869 of PP&E is transferred to investment properties, TRL 7.365 of PP&E is transferred to other intangible assets under intangible assets, TRL 230 of PP&E is transferred to current assets used in renting activities. TRL 731 of intangible assets is transferred to machinery and equipment under PP&E.

(**) TRL 478.796 of depreciation expenses has been added to cost of sales, TRL 288.651 to marketing expenses, TRL 53.836 to general administrative expenses, TRL 16.145 to other expenses and TRL 545 to research and development expenses. Depreciation amounting TRL 509 is related to inventories and TRL 1.201 is related to construction in progress.

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NOTE 14 - INTANGIBLE ASSETS

Movements of intangible assets for the year ended on December 31, 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	-	-	-	54.818	54.818
Disposals (-)	-	-	-	(7.675)	(7.675)
Currency translation differences	251.268	152.661	49.754	13.791	467.474
Transfers (*)	-	-	-	18.356	18.356
December 31, 2017	8.378.797	1.352.039	587.423	432.923	10.751.182
Accumulated amortization					
January 1, 2017	-	27	-	176.126	176.153
Amortization charge for the period (**)	-	25	-	46.672	46.697
Disposals (-)	-	-	-	(3.977)	(3.977)
Currency translation differences	-	3	-	7.807	7.810
Impairment	-	19.169	-	445	19.614
December 31, 2017	-	19.224	-	227.073	246.297
Net carrying amount	8.378.797	1.332.815	587.423	205.850	10.504.885

(*) TRL 18.356 of PP&E is transferred to other intangible assets.

(**) TRL 15.469 of the depreciation charge for the period has been added to cost of sales, TRL 4.467 has been added to marketing expenses, TRL 25.637 has been added to general administrative expenses and TRL 575 has been added to research and development expenses, TRL 175 has been added to other expenses. Depreciation amounting TRL 115 is related to inventories, TRL 259 is related to construction in progress.

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NOTE 14 - INTANGIBLE ASSETS (cont'd)

Movements of intangible assets for the year ended on December 31, 2016 are as follows:

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
Cost					
January 1, 2016	7.519.395	829.236	426.642	256.298	9.031.571
Additions	-	-	-	62.990	62.990
Disposals (-)	-	-	-	(702)	(702)
Currency translation differences	608.134	370.142	111.027	29.645	1.118.948
Transfers (*)	-	-	-	5.402	5.402
December 31, 2016	8.127.529	1.199.378	537.669	353.633	10.218.209
Accumulated amortization					
January 1, 2016	-	18	-	124.536	124.554
Amortization charge for the period (**)	-	6	-	37.420	37.426
Disposals (-)	-	-	-	(247)	(247)
Currency translation differences	-	3	-	15.370	15.373
Impairment	-	-	-	264	264
Transfers (*)	-	-	-	(1.217)	(1.217)
December 31, 2016	-	27	-	176.126	176.153
Net carrying amount	8.127.529	1.199.351	537.669	177.507	10.042.056

(*) As of December 31, 2016, TRL 7.365 of property, plant and equipment is transferred to other intangible assets, TRL 731 of intangible assets is transferred to machinery and equipment under PP&E and TRL 15 is transferred to investment properties.

(**) TRL 15.342 of the amortization charge for the period has been added to cost of sales, TRL 3.286 has been added to marketing expenses, TRL 17.923 has been added to general administrative expenses and TRL 405 has been added to research and development expenses, TRL 252 has been added to other expenses. Amortization amounting TRL 130 is related to inventories and TRL 88 is related to construction in progress.

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NOTE 15 - GOODWILL

Movements of the goodwill for the years ended December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
At January 1	**1.669.307**	1.328.827
Impairment (Note 27.2) (*)	**-**	(54.051)
Currency translation differences	**165.590**	394.531
At December 31	**1.834.897**	1.669.307

(*) Due to ongoing uncertainties regarding the political and regulatory environment in South Iraq and by closely monitoring to minimize the probable effects of such changes, Group Management decided to book impairment loss for the goodwill amounting to Million USD 17,9 (equivalent to TRL 54.051) in accordance with IFRS 3 "Business Combinations" and as of December 31, 2016 this provision is reflected in the consolidated financial statements.

As of December 31, 2017 and 2016, operating segment distributions of goodwill are presented below:

	Beverage	**Automotive**	**Total**
2017	**1.831.836**	**3.061**	**1.834.897**
2016	1.666.246	3.061	1.669.307

NOTE 16 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2017, total investments made for the Group's subsidiary CCİ's Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL 205.441 (December 31, 2016: TRL 132.802) with a total tax advantage of TRL 39.199 (December 31, 2016: TRL 24.648). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL 2.119 (December 31, 2016: TRL 1.943).

In 2017, TRL 675 was collected as cash in relation to R&D activities of Anadolu Isuzu, a subsidiary of the Group provided by TUBITAK (December 31, 2016: TRL 145). Anadolu Isuzu can use R&D deduction in its tax calculations based on Anadolu Isuzu's R&D works in 2017 in the amount of TRL 41.480 as of December 31, 2017. As per amendment made in Article 35 of the Law on Supporting Research and Development No. 5746 which became effective on April 1, 2008, R&D deduction rate from which will be benefited for the expenses of R&D has been increased from 40% to 100% (December 31, 2016: TRL 17.494). In order to benefit from the incentives and exemptions provided in line with the Law No. 5746, Anadolu Isuzu applied to the Ministry of Industry and Commerce to become an R&D centre. On June 3, 2009, Anadolu Isuzu was entitled to become an R&D center. Regarding the TRL 55.042 spent as of December 31, 2015 in accordance with Incentive Certificate No. 5487 dated February 26, 2010 Anadolu Isuzu has started to benefit from the 20% investment incentive and 50% discounted corporate income tax incentive within the framework of Article 32/A of the Corporate Income Tax Law in proportion to the effect of the investment on generated income.

The construction of the new factory building, into which Anadolu Motor, a subsidiary of the Group moved 2014 and TRL 31.886 of the property, plant and equipment investments are within the scope of the investment communiqué published by the T.C. Ministry of Economy and the investment contribution rate in the investment incentive certificate is 15%. Anadolu Motor deducted TRL 5.657 of the related incentive from the corporation tax, calculated deferred tax asset amounting TRL 3.934 over the remaining TRL 26.229 and the related investment incentive does not expire (December 31, 2016: TRL 26.229, deferred tax: TRL 3.934).

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

17.1 Employee Benefits Obligations

	December 31, 2017	December 31, 2016
Social security and withholding tax liabilities	**64.692**	55.255
Payables to personnel	**29.814**	19.879
	94.506	75.134

17.2 Short Term Provision for Employee Benefits

The provisions for employee benefits as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Short-term	**127.731**	141.091
Provision for bonus	**58.784**	66.011
Provision for vacation pay liability	**28.408**	35.059
Other short-term employee benefits	**38.087**	40.021
Provision for wage/salary differences of collective bargaining agreement	**2.452**	-
Long-term	**167.865**	155.397
Provision for employee termination benefits	**157.904**	146.065
Provision for incentive plan	**9.961**	9.332
	295.596	296.488

The movement of provision for bonus is as follows:

	December 31, 2017	December 31, 2016
Balance at January 1	**66.011**	51.606
Charge for the period (net)	**139.603**	117.795
Payments (-)	**(150.989)**	(116.417)
Currency translation differences	**4.159**	13.027
Balance at the end of the period	**58.784**	66.011

The movement of provision for employment termination benefits is as follows:

	December 31, 2017	December 31, 2016
Balance at January 1	**146.065**	127.670
Interest expense	**7.527**	7.951
Charge for the period (net)	**29.462**	23.803
Payments (-)	**(33.984)**	(25.357)
Actuarial losses	**8.834**	11.998
Balance at the end of the period	**157.904**	146.065

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

17.2 Short Term Provision for Employee Benefits (cont'd)

The movement of provision for incentive plan is as follows:

	December 31, 2017	December 31, 2016
Balance at January 1	**9.332**	7.757
Interest expense	**831**	703
Charge for the period (net)	**18.749**	19.214
Payments (-)	**(19.496)**	(18.085)
Actuarial losses	**543**	423
Currency translation differences	**2**	(680)
Balance at the end of the period	**9.961**	9.332

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employee termination benefits, amounting to TRL 9.282 was reflected to other comprehensive income (December 31, 2016: TRL 13.063)

Provision for Employee Termination Benefits

In accordance with the existing social legislation, the Group is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay (limited to a maximum of TRL 4,732/year at December 31, 2017 and TRL 4,297/year December 31, 2016) per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements as of December 31, 2017 and December 31, 2016 the Group reflected a liability calculated using the Projected Unit Method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. As of December 31, 2017 discount rate (yearly) used in calculations is 4,21% (December 31, 2016: 3,77%).

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 5,002 effective from January 1, 2018 (January 1, 2017: TRL 4,426) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

17.3 Other Provisions

The provisions as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Warranty provisions (*)	**13.429**	13.595
Provision for litigations (**)	**9.452**	15.407
Other provisions	**1.007**	560
	23.888	29.562

(*) 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.

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

The movement of warranty provision is as follows:

	December 31, 2017	December 31, 2016
Balance at January 1	**13.595**	13.410
Charge for the period (net)	**13.787**	10.383
Payments (-)	**(13.953)**	(10.198)
Balance at the end of the period	**13.429**	13.595

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NOTE 18 - COMMITMENTS

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

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

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NOTE 18 - COMMITMENTS (cont'd)

December 31, 2016	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	1.384.992	512.872	185.763	27.935	5.996	31.814	2.667.385	21.006
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	710.635	-	69.651	106.264	-	-	1.177.705	31.673
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Total amount of other GPM's	136.598	11.469	35.556	-	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	136.598	11.469	35.556	-	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	2.232.225	524.341	290.970	134.199	5.996	31.814	3.845.090	52.679

As of December 31, 2017, the ratio of other GPMs over the Group's equity is 0,7%. (December 31, 2016: 0,8%).

CCBPL has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited (Banks). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2017, CCBPL has USD 22,4 million sugar purchase commitment from the Banks until the end of December 2018.

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.

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NOTE 18 - COMMITMENTS (cont'd)

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

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

GUE, which is a subsidiary of the Company, 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 December 31, 2017, the remaining amount of the related loan is thousand USD 98.651.

The Company, has acted as a guarantor in the proportion of its capital (33,33%), to its joint venture Aslancık's long term project finance loan which was taken in 2011 amounting to USD 160.000.000 in relation to its 120 MW hydro power plant under construction in Giresun. As of December 31, 2017, the balance of the loan is thousand USD 88.889 and the warranty per the Group is thousand USD 29.630 (December 31, 2016: thousand USD 35.556).

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

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

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, 2017 and 2021, ER has an option to sell (and CCİ will have an obligation to buy) its remaining 19,97% (December 31, 2016: 19,97%) participatory shares in Waha B.V. This obligation is recorded as put option liability in the Company's consolidated financial statements. Fair value of put option liability amounting TRL 117.572 based on the terms of the contract, has been calculated based on interest and pre-tax profit estimates based on the financial budget covering the next period in accordance with the conditions set out in the contract (December 31, 2016: TRL 111.150).

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NOTE 19 - PREPAID EXPENSES

19.1 Short-term Prepaid Expenses

	December 31, 2017	December 31, 2016
Prepaid expenses	**439.445**	372.389
Advances given	**121.803**	93.384
	561.248	465.773

19.2 Long-term Prepaid Expenses

	December 31, 2017	December 31, 2016
Prepaid expenses	**200.576**	177.749
Advances given	**54.312**	17.919
	254.888	195.668

NOTE 20 - OTHER ASSETS AND LIABILITIES

20.1 Other Current Assets

	December 31, 2017	December 31, 2016
Assets used in renting activities	**414.094**	369.599
VAT receivable	**438.261**	404.964
Other current assets	**21.789**	24.489
	874.144	799.052

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

20.1 Other Current Assets (cont'd)

Movements of current assets used in renting activities for periods ended December 31, 2017 and 2016 are as follows:

Current Assets Used in Renting Activities

	December 31, 2017	December 31, 2016
Cost		
Balance at January 1	**374.985**	251.376
Additions	**403.389**	443.547
Disposals	**(921.145)**	(731.704)
Transfers	**563.356**	411.766
Balance at the end of the period	**420.585**	374.985
Accumulated depreciation		
Balance at January 1	**5.386**	3.858
Depreciation charge for the period (*)	**94**	58
Disposals	**(52.299)**	(46.864)
Transfers	**53.310**	48.334
Balance at the end of the period	**6.491**	5.386
Net carrying amount	**414.094**	369.599

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

20.2 Other Non-Current Assets

	December 31, 2017	December 31, 2016
Assets used in renting activities	**1.715.251**	1.461.854
VAT receivable and other taxes	**66.038**	78.368
Other non-current assets	**27**	59
	1.781.316	1.540.281

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

20.2 Other Non-Current Assets (cont'd)

Movements of non-current assets used in renting activities for periods ended December 31, 2017 and 2016 are as follows:

Non-Current Assets Used in Renting Activities

	December 31, 2017	December 31, 2016
Cost		
Balance at January 1	**1.532.948**	1.098.693
Additions	**826.207**	845.677
Transfers (Note 20.1) (**)	**(563.539)**	(411.422)
Balance at the end of the period	**1.795.616**	1.532.948
Accumulated depreciation		
Balance at January 1	**71.094**	67.157
Depreciation charge for the period (*)	**62.654**	52.157
Transfers (Note 20.1) (**)	**(53.383)**	(48.220)
Balance at the end of the period	**80.365**	71.094
Net carrying amount	**1.715.251**	1.461.854

(*) All depreciation expenses are included in the cost of sales.
(**) Non-Current Assets Used in Renting Activities amounting TRL 110 has been transferred to the motor vehicles under PP&E.

20.3 Other Current Liabilities

	December 31, 2017	December 31, 2016
Other payables	**15.315**	12.883
Put option liability (Note 18)	**8.902**	520.417
	24.217	533.300

20.4 Other Non-Current Liabilities

	December 31, 2017	December 31, 2016
Put option liability (Note 18)	**117.572**	111.151
Deferred VAT and other taxes	**47.940**	55.269
	165.512	166.420

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NOTE 21 - DEFERRED INCOME

21.1 Short-term Deferred Income

	December 31, 2017	December 31, 2016
Advances taken (*)	**432.937**	255.851
Other deferred income	**48.105**	33.279
	481.042	289.130

(*) TRL 350.797 of the advances taken is the balance received due to pre-sale related to the ongoing housing project that AND Kartal Gayrimenkul, a subsidiary of the Company which operates in real estate, located in Kartal province in İstanbul. TRL 307.011 of the advances taken is received in cash, and TRL 43.786 of the balance consists of notes. (December 31, 2016: TRL 187.733 cash, TRL 23.485 notes).

21.2 Long-term Deferred Income

	December 31, 2017	December 31, 2016
Other deferred income	**21.508**	5.663
	21.508	5.663

NOTE 22 - EQUITY

Shared Capital/Adjustments to Share Capital and Equity Instruments

As of December 31, 2017 and 2016, the Company's shareholders and their respective shareholding percentages are stated in Note 1 - Organization and Nature of Activities.

Movements of paid capital for the year ended December 31, 2017 and 2016 are as follows (the amounts are historical):

	December 31, 2017		December 31, 2016	
	Number of shares	**Amount**	Number of shares	Amount
Balance at the beginning of the period	**182.000.000**	**182.000**	182.000.000	182.000
- Capital Increase	**61.534.518**	**61.535**	-	-
Balance at the end of the period	**243.534.518**	**243.535**	182.000.000	182.000

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. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. Class A shares are all bearer type shares; belonging to AG Sınai Yatırım ve Yönetim A.Ş. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. and also Yazıcılar Families, Özilhan Families and publicly traded shares are included in Class A.

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NOTE 22 - EQUITY (cont'd)

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

AG Sınai Yatırım ve Yönetim A.Ş. (Management Company) which is 100% of subsidiary of Kamil Yazıcı Yönetim ve Danışma A.Ş. is a management company established to manage AGHOL and the subsidiaries of AGHOL. AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. (Management Company) which is 100% of subsidiary of İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. established by Özilhan Family, manages AGHOL and subsidiaries of AGHOL for Özilhan Family. According to the board of directors decisions of AG Sınai Yatırım ve Yönetim A.Ş. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. dated March 7, 2018, AEP Anadolu Etap Penkon Pazarlama Ltd. Şti., and AG Sınai Yatırım ve Yönetim A.Ş. will merge in the General Assembly which will be held on March 19, 2018 and after the merger shareholders of AG Sınai Yatırım ve Yönetim A.Ş. will be (with ultimate control of S. Kamil Yazıcı Family) Kamil Yazıcı Yönetim ve Danışma A.Ş. and (with ultimate control of Özilhan Family) İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. by 50% share each. Upon completion of these transactions, AG Sınai Yatırım ve Yönetim A.Ş. will be indirectly managed 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.

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.

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NOTE 22 - EQUITY (cont'd)

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

While the Company has no distributable net income for year ended 2017, other sources which may be subject to dividend distribution amount to TRL 1.645.641.

	December 31, 2017	December 31, 2016
Restricted reserves allocated from net profit	**909.511**	434.424
- Legal reserves	**89.844**	89.044
- Gain on sales of real estate and associates (*)	**819.667**	345.380

(*) 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 December 31, 2017 and 2016 the summary of equity reserves, extraordinary reserves, other profit reserves and retained earnings are as follows:

	December 31, 2017	December 31, 2016
Equity reserves	**2.422**	2.422
Extraordinary reserves	**1.625.425**	1.692.734
Other profit reserves	**5.119**	5.119
Retained earnings	**712.872**	1.655.779
	2.345.838	3.356.054

Non-Controlling Interest

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

NOTE 23 - SALES AND COST OF SALES

	December 31, 2017	December 31, 2016
Domestic revenues	**9.676.428**	8.431.573
Foreign revenues	**7.701.818**	5.718.358
Total sales, net	**17.378.246**	14.149.931
Cost of Sales (-)		
Current year purchases and net change in inventory	**9.398.421**	7.612.362
Depreciation and amortization expenses of tangible and intangible assets and assets used in renting activities	**652.419**	551.476
Personnel expenses	**587.778**	520.697
Utilities and communication expenses	**254.558**	217.357
Other expenses	**684.112**	585.273
Total Cost of Sales	**11.577.288**	9.487.165
Gross Profit	**5.800.958**	4.662.766

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NOTE 24 - OPERATING EXPENSES

	December 31, 2017	December 31, 2016
General administrative expenses		
Personnel expenses	**615.122**	555.856
Consultancy and services rendered expenses	**162.576**	117.917
Depreciation and amortization expenses of tangible and intangible assets and investment properties	**85.490**	72.121
Rent expenses	**60.439**	39.435
Taxes and duties	**29.869**	31.852
Utilities and communication expenses	**24.600**	23.197
Insurance expenses	**17.162**	24.879
Maintenance and repair expenses	**16.593**	10.077
Other expenses	**164.282**	132.752
	1.176.133	1.008.086

	December 31, 2017	December 31, 2016
Marketing expenses		
Advertisement and promotion expenses	**1.152.753**	953.642
Transportation and distribution expenses	**686.542**	489.330
Personnel expenses	**623.901**	562.481
Depreciation and amortization expenses on tangible and intangible assets	**332.821**	291.937
Repair and maintenance expenses	**37.541**	34.092
Rent expenses	**36.775**	41.992
Utilities and communication expenses	**34.927**	30.935
Other expenses	**250.331**	214.672
	3.155.591	2.619.081

NOTE 25 - EXPENSES BY NATURE

The amounts of depreciation and amortization expenses recorded in the consolidated statement of profit or loss accounts are as follows:

	December 31, 2017	December 31, 2016
Depreciation and amortization expenses		
Cost of sales	**652.419**	551.476
Marketing expenses	**332.821**	291.937
General administrative expenses	**85.490**	72.121
Other operating expenses	**16.048**	19.104
Research and development expenses	**1.059**	950
	1.087.837	935.588

Depreciation and amortization amounting TRL 1.538 is reflected in construction in progress and TRL 1.923 is reflected in inventories (As of December 31, 2016 respectively: TRL 1.289 and TRL 639).

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NOTE 25 - EXPENSES BY NATURE (cont'd)

The amounts of personnel expenses recorded in the consolidated statement of profit or loss accounts are as follows:

	December 31, 2017	December 31, 2016
Personnel expenses		
Marketing expenses	**623.901**	562.481
General administrative expenses	**615.122**	555.856
Cost of sales	**587.778**	520.697
Research and development expenses	**1.317**	1.666
	1.828.118	1.640.700

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

26.1 Other Operating Income

	December 31, 2017	December 31, 2016
Foreign exchange gains arising from trading activities	**149.434**	134.473
Income from scrap and other materials	**32.433**	26.444
Rent income	**14.232**	8.038
Rediscount gain from trading activities	**7.702**	5.893
Insurance compensation income	**2.638**	7.189
Other	**170.515**	139.715
	376.954	321.752

26.2 Other Operating Expenses

	December 31, 2017	December 31, 2016
Foreign exchange losses arising from trading activities	**161.061**	155.776
Provision for doubtful receivables (Note 8)	**25.246**	8.114
Depreciation and amortization expense on tangible and intangible assets	**16.048**	19.104
Rediscount loss from trading activities	**12.348**	8.067
Donations	**6.749**	5.720
Other	**76.457**	76.285
	297.909	273.066

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NOTE 27 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

27.1 Income from Investing Activities

	December 31, 2017	December 31, 2016
Gain on sale of property, plant and equipment	**34.785**	31.970
Gain on sale of joint ventures (*)	**21.280**	-
Gain from liquidation of subsidiary (Note 1)	**19.145**	-
Rent income	**4.525**	4.838
Dividend income	**17**	213
Gain on sale of an associate (***)	**-**	344.186
Gain on sale of financial investment (**)	**-**	33.865
Gain on sale of marketable securities	**-**	1.287
Reversal of impairment on property, plant and equipment	**-**	453
Gain on sale of subsidiary	**-**	13
	79.752	416.825

(*) 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 .

(**) The Company's 10,50% share and 0,10% share of AEH, subject to merger and 7,30% share of Özilhan in Polinas Plastik Sanayii ve Ticareti A.Ş.'s capital which represents 1.611.000 shares in total amounting TRL 16.110, have been sold to İsmet Ambalaj Yatırımları A.Ş., a subsidiary of Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. on March 16, 2016 for USD 15.565.217 (full USD) to be paid in cash.

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

27.2 Expenses from Investing Activities

	December 31, 2017	December 31, 2016
Provision for impairment on tangible assets (Note 13)	**75.547**	28.761
Provision for impairment on intangible assets (Note 14)	**19.614**	264
Loss on sale of tangible & intangible assets	**13.483**	14.340
Loss on sale of marketable securities	**41**	152
Provision for impairment on goodwill (Note 15)	**-**	54.051
Other	**6.830**	394
	115.515	97.962

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NOTE 28 - FINANCIAL INCOME

	December 31, 2017	December 31, 2016
Foreign exchange gain	**1.155.186**	857.448
Interest income	**176.175**	118.757
Derivative transactions income	**438**	24.298
	1.331.799	1.000.503

NOTE 29 - FINANCIAL EXPENSES

	December 31, 2017	December 31, 2016
Foreign exchange loss	**2.144.756**	1.964.942
Interest expense	**623.220**	497.585
Revaluation expense of put option liability	**8.431**	37.596
Loss on derivative transactions	**2.312**	28.358
Other expense	**39.924**	47.600
	2.818.643	2.576.081

NOTE 30 - 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 20% in Turkey (2016: 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 20% (2016: 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

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 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.

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NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

30.1 Current Income Tax Assets and Tax Provision

	December 31, 2017	December 31, 2016
Current income tax assets	**132.368**	138.085
Income tax payable (-)	**(7.826)**	(4.480)
Net tax (liability)/asset	**124.542**	133.605

30.2 Deferred Tax Assets and Liabilities

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

	December 31, 2017	December 31, 2016
Deferred tax asset	**551.155**	397.649
Deferred tax liability (-)	**(1.915.078)**	(1.854.508)
Total deferred tax asset/(liability), net	**(1.363.923)**	(1.456.859)

Movement of net deferred tax liabilities as of the year ended on December 31, 2017 is as follows:

	Balance December 31, 2016	**Recorded to profit or loss**	**Balance December 31, 2017**
Property, plant and equipment, intangibles, investment property, assets used in renting activities	**(2.163.627)**	**(16.586)**	**(2.180.213)**
Tax losses carried forward	**506.843**	**139.195**	**646.038**
Employee termination benefit and other employee benefits	**15.808**	**20.758**	**36.566**
Inventories	**87.552**	**(13.691)**	**73.861**
Investment incentive	**32.426**	**19.401**	**51.827**
Receivables and payables	**77.191**	**(48.318)**	**28.873**
Derivative financial instruments	**(31.322)**	**2.874**	**(28.448)**
Other	**18.270**	**(10.697)**	**7.573**
Net deferred tax liability	**(1.456.859)**	**92.936**	**(1.363.923)**
Currency translation difference	**-**	**37.947**	**-**
Recognised in other comprehensive income	**-**	**(15.442)**	**-**
	(1.456.859)	**115.441**	**(1.363.923)**

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NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

30.2 Deferred Tax Assets and Liabilities (cont'd)

The movement of net deferred tax liabilities as of the year ended on December 31, 2016 is as follows:

	Balance December 31, 2015	Recorded to profit or loss	Balance December 31, 2016
Property, plant and equipment, and intangibles, investment properties, assets used in renting activities	(2.008.185)	(155.442)	(2.163.627)
Tax losses carried forward	390.059	116.784	506.843
Employee termination benefit and other employee benefits	26.829	(11.021)	15.808
Inventories	78.060	9.492	87.552
Investment incentive	25.288	7.138	32.426
Receivables and payables	54.193	22.998	77.191
Derivative financial instruments	190	(31.512)	(31.322)
Other	22.547	(4.277)	18.270
Net deferred tax liability	(1.411.019)	(45.840)	(1.456.859)
Currency translation difference	-	84.045	-
Recognised in other comprehensive income	-	14.056	-
	(1.411.019)	52.261	(1.456.859)

Carried forward tax losses of CCBPL and Efes Moscow, according to local tax regulations can be carried forward indefinitely.

30.3 Tax Expense

	December 31, 2017	December 31, 2016
Current period tax expense (-)	**(166.657)**	(105.119)
Deferred tax income	**115.441**	52.261
	(51.216)	(52.858)

	December 31, 2017	December 31, 2016
Profit/(loss) before tax from continuing operations	**156.853**	(358.143)
Gain (loss) from investments accounted through equity method	**(135.907)**	180.691
Taxable income	**20.946**	(177.452)
Tax ratio of the companies using different ratio	**(17.479)**	(970)
Tax ratio used by the parent company 20% (2016: 20%)	**(4.189)**	35.490
Non-taxable income (-)	**21.351**	95.930
Carry forward tax losses that are not subject to deferred tax	**(10.697)**	(48.049)
Non-deductible expenses	**(13.472)**	(18.124)
Deferred tax effect of translation difference on non-monetary items	**(15.246)**	(7.497)
Effect of impairment of goodwill	**-**	(10.810)
Liabilities that have not been subject to deferred tax in prior periods	**-**	(50.985)
Effect of increase on tax base	**-**	(26.687)
Other	**(11.484)**	(21.156)
	(51.216)	(52.858)

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NOTE 31 - EARNINGS PER SHARE

	December 31, 2017	December 31, 2016
Net (loss) profit	**(130.050)**	(376.046)
Weighted average number of shares	**243.534.518**	182.000.000
- Earnings (Loss) per share from continuing operations (full TRL)	**(0,53)**	(2,07)
- Earnings (Loss) per share (full TRL)	**(0,53)**	(2,07)

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS

Since Migros, a joint venture of the Company, has participated in Kipa Ticaret A.Ş. ("Kipa") as of March 1, 2017, Kipa is defined as a related party (Note 3). As a result, as of reporting period the Group's trade receivables due from and trade payables due to Kipa are shown under "due from related parties" and "due to related parties" in the consolidated statement of financial position. Trade receivables and payables related to Kipa are shown under "trade receivables, third parties" and "trade payables, third parties" in the consolidated balance sheet as at December 31, 2016. Transactions made between March 1 - December 31, 2017 period with Kipa are shown under "sales of goods and services" note and "purchases of goods, property, plant & equipment and other charges" note under "related party balances and transactions" title.

32.1 Trade Receivables and Other Receivables from Related Parties

	December 31, 2017	December 31, 2016
Migros (1)	**150.426**	140.692
Anadolu Landini (1)	**74.613**	-
Kipa (2)	**26.067**	-
LLC Faber-Castell Anadolu (Russia) (1)	**1.250**	1.454
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	**1.207**	1.353
Other	**6.026**	1.724
	259.589	145.223

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

As of December 31, 2017 there is no other receivables from related parties (December 31, 2016: TRL 1.040).

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NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.2 Trade Payables to Related Parties

	December 31, 2017	December 31, 2016
Migros [(1)]	**657**	609
Other	**69**	48
	726	657

As of December 31, 2017 there is no long term trade payables due to related parties (December 31, 2016: None).

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

32.3 Related Party Transactions

Terms and conditions of transactions with related parties

Outstanding balances at the end of the period are unsecured, interest free and will be settled in cash. There has been no guarantees given or received for any related party receivables or payables. For the year ended December 31, 2017, the Group has not provided for any doubtful receivables, relating to amounts due from related parties (December 31, 2016: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

Significant transactions with related parties during the year ended as of December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Sales of goods and services, net		
Migros [(1)]	**462.650**	410.919
Anadolu Landini [(1)]	**68.011**	-
Kipa [(2)]	**53.715**	-
Ramstore Kazakhstan LLC (Kazakhstan) [(2)]	**7.589**	3.803
AEP Anadolu Etap Penkon Gıda ve Tarım Ürün. San. Ve Tic. A.Ş. [(1)]	**3.868**	2.779
Anadolu Efes Spor Kulübü [(4)]	**3.264**	2.237
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. [(4)]	**2.080**	2.268
Ana Gıda [(1)]	**316**	2.031
ABank [(1)]	**-**	9.864
Other	**1.762**	2.911
	603.255	436.812

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NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.3 Related Party Transactions (cont'd)

	December 31, 2017	December 31, 2016
Purchases of goods, property, plant & equipment and other charges		
Anadolu Efes Spor Kulübü (4)	**51.033**	64.229
Anadolu Eğitim ve Sosyal Yardım Vakfı (4)	**5.819**	3.595
Migros (1)	**3.712**	2.672
Kipa (2)	**2.225**	-
Other	**4.275**	1.077
	67.064	71.573

	December 31, 2017	December 31, 2016
Financial Income/(Expense), Net		
ABank (1)	**-**	16.833
	-	16.833

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

	December 31, 2017	December 31, 2016
Various sales included in other income (includes dividends received)		
Anadolu Landini (1)	**882**	-
Migros (1)	**221**	183
ABank (1)	**-**	3.900
Alternatif Menkul Değerler A.Ş. (AMenkul) (2)	**-**	271
Other	**420**	75
	1.523	4.429

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

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NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.3 Related Party Transactions (cont'd)

Compensation of Key Management Personnel of the Group

Group has defined the key management personnel as follows; the managers directly reporting to the general manager and board of directors, and the board of directors and general managers in the rest of the subsidiaries. Benefits provided to 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 December 31, 2017 and 2016 are as follows:

	December 31, 2017	December 31, 2016
Short term benefits provided to key management personnel	**61.772**	62.093
Post-employment benefits	**1.422**	4.070
Total gain	**63.194**	66.163
Social Security employer share	**1.390**	1.178

Other

The Company and its subsidiaries other than McDonald's and Hamburger donate 1% - 5% of their profit before corporate tax and such fiscal obligations to Anadolu Eğitim ve Sosyal Yardım Vakfı as stated in the entities' foundation agreements as long as these donations are exempt from tax. As of December 31, 2017, donations amount to TRL 5.831 (December 31, 2016: TRL 3.595).

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

General

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

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

Credit Risk

Financial instruments have a counterparty risk as they may not fulfill requirements of the agreement.

The Group manages credit risk by constantly evaluating the credibility of the related parties and by determining counterparty credit limits and due dates on a customer basis. Group also receives collaterals from customers as needed. Instruments that increase the credit reliability as guarantees received to determine the maximum amount of credit risk as of reporting date, are not taken into account.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

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NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

As of December 31, 2017 and 2016 details of maximum credit risk exposure and aging of assets overdue but not impaired are stated below:

December 31, 2017	**Receivables**						
	Trade Receivables		**Other Receivables**				
	Due from related parties	**Due from third parties**	**Due from related parties**	**Due from third parties**	**Deposits in banks**	**Derivative Instruments**	**Other**
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	**259.589**	**2.055.465**	**-**	**133.636**	**5.733.309**	**95.093**	**160.371**
- Maximum credit risk secured by guarantees	63.086	1.469.356	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	256.126	1.865.831	-	133.636	5.733.309	95.093	160.371
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	3.463	193.651	-	-	-	-	-
- Under guarantee	-	98.376	-	-	-	-	-
D. Net carrying amount of financial assets impaired	-	(4.017)	-	-	-	-	-
- Past due (gross carrying value)	-	65.907	-	-	-	-	-
- impaired (-)	-	(69.925)	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	(4.017)	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-	-
E. Off-balance sheet items which include credit risk	-	-	-	-	-	-	-

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NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

December 31, 2016	Receivables						
	Trade Receivables		Other Receivables				
	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits in banks	Derivative Instruments	Other
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	145.223	1.794.635	1.040	132.437	3.239.144	62.786	65.077
- Maximum credit risk secured by guarantees	59.215	1.386.546	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	145.223	1.669.306	1.040	132.437	3.239.144	62.786	65.077
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	-	123.706	-	-	-	-	-
- Under guarantee	-	39.596	-	-	-	-	-
D. Net carrying amount of financial assets impaired	-	1.623	-	-	-	-	-
- past due (gross carrying value)	-	50.605	-	2.001	-	-	-
- impaired (-)	-	(48.982)	-	(2.001)	-	-	-
- Net carrying amount of financial assets under guarantee	-	1.623	-	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-	-
E. Off-balance sheet items which include credit risk	-	-	-	-	-	-	-

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NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

December 31, 2017	**Receivables**				
	Trade Receivables		**Other Receivables**		
	Due from related parties	**Due from third parties**	**Due from related parties**	**Due from third parties**	**Deposits**
Past due between 1-30 days	-	**149.740**	-	-	-
Past due between 1-3 months	-	**29.171**	-	-	-
Past due between 3-12 months	-	**6.111**	-	-	-
Past due for more than 1 year	-	**8.629**	-	-	-

December 31, 2016	Receivables				
	Trade Receivables		Other Receivables		
	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits
Past due between 1-30 days	-	83.989	-	-	-
Past due between 1-3 months	-	22.428	-	-	-
Past due between 3-12 months	-	9.522	-	-	-
Past due for more than 1 year	-	7.767	-	-	-

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, 2016	**Average exchange buying rate in the period**	**Exchange buying rate at December 31, 2017**
USD/TRL	Turkey	3,5192	3,6445	3,7719
EUR/TRL	Turkey	3,7099	4,1159	4,5155

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

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NOTE 33 - 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	-	-	-	-

As of December 31, 2016, USD 164 million was netted on foreign currency position table and sensitivity. As of December 31, 2017, there was no netting in the foreign currency position and foreign exchange sensitivity analysis table along with the reflection of the functional currency change.

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NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

December 31, 2016	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1. Trade receivables	156.069	7.530	15.123	73.465
2a. Monetary financial assets (cash and cash equivalents included)	1.861.580	419.567	56.217	176.482
2b. Non - monetary financial assets	-	-	-	-
3. Other	62.736	1.102	1.597	52.933
4. Current assets (1+2+3)	2.080.385	428.199	72.937	302.880
5. Trade receivables	2.256	641	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	12.256	-	3.202	377
8. Non - current assets (5+6+7)	14.512	641	3.202	377
9. Total assets (4+8)	2.094.897	428.840	76.139	303.257
10. Trade payables	395.833	23.682	23.297	226.062
11. Short - term borrowings and current portion of long - term borrowings	1.352.239	86.780	280.439	6.440
12a. Monetary other liabilities	46.376	1.230	1.830	35.258
12b. Non - monetary other liabilities	8.305	2.360	-	-
13. Current liabilities (10+11+12)	1.802.753	114.052	305.566	267.760
14. Trade payables	-	-	-	-
15. Long - term borrowings	7.272.427	1.313.272	707.663	25.402
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	111.154	31.585	-	-
17. Non - current liabilities (14+15+16)	7.383.581	1.344.857	707.663	25.402
18. Total liabilities (13+17)	9.186.334	1.458.909	1.013.229	293.162
19. Off balance sheet derivative items' net asset/(liability) position (19a-19b)	498.802	6.530	128.257	-
19a. Total hedged assets	498.802	6.530	128.257	-
19b. Total hedged liabilities	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(6.592.635)	(1.023.539)	(808.833)	10.095
21. Monetary items net foreign currency asset/(liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(7.046.970)	(997.226)	(941.889)	(43.215)
22. Total fair value of financial instruments used to manage the foreign currency position	(348)	(99)	-	-

Information related to export and import as of December 31, 2017 and 2016 are as follows:

	2017	2016
Total Export Amount	**438.702**	421.100
Total Import Amount	**3.353.015**	2.765.893

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NOTE 33 - 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	
	December 31, 2017 (*)	
	Income/(loss)	Income/(loss)
	Increase of the foreign currency	Decrease of the foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset/liability	(409.835)	409.835
2- USD denominated hedging instruments(-)	267	(267)
3- Net effect in USD (1+2)	**(409.568)**	**409.568**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset/liability	(455.226)	455.226
5- Euro denominated hedging instruments(-)	61.565	(61.565)
6- Net effect in Euro (4+5)	**(393.661)**	**393.661**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset/liability	(6.239)	6.239
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(6.239)	6.239
TOTAL (3+6+9)	**(809.468)**	**809.468**

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NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Interest Rate Risk

	Foreign currency position sensitivity analysis	
	December 31, 2016 (*)	
	Income/(loss)	Income/(loss)
	Increase of the foreign currency	Decrease of the foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset/liability	(362.502)	362.502
2- USD denominated hedging instruments(-)	2.298	(2.298)
3- Net effect in USD (1+2)	(360.204)	360.204
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset/liability	(347.651)	347.651
5- Euro denominated hedging instruments(-)	47.582	(47.582)
6- Net effect in Euro (4+5)	(300.069)	300.069
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset/liability	1.010	(1.010)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	1.010	(1.010)
TOTAL (3+6+9)	(659.263)	659.263

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap agreement. Total outstanding amount of IRS agreements was USD 43 million as of December 31, 2017 (December 31, 2016: USD 43 million).

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

Interest position table	**December 31, 2017**	December 31, 2016
Financial instruments with fixed interest rate		
Financial assets		
- Time deposits	**5.184.586**	2.608.459
Financial liabilities	**10.954.408**	6.743.348
Financial instruments with floating interest rate		
Financial liabilities	**3.158.112**	3.490.846

At December 31, 2017, if interest rate on the Group's borrowings would have been 100 basis points higher/lower with all other variables held constant, then profit before tax and minority interest for the period ended March 31, 2018 which is the following reporting period, would be:

	Effect on profit before tax	
Interest Increase	**December 31, 2017**	December 31, 2016
1% increase	**(7.853)**	(8.698)

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
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NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle within the normal terms of trade. To manage this risk, the Group periodically assesses the financial liability of customers. In addition, with the support of the reliable lenders' credit limits, cash inflows and outflows are balanced.

December 31, 2017

Maturities according to agreement	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities	**16.600.284**	**18.197.875**	**3.799.478**	**4.557.789**	**6.695.871**	**3.144.737**
Borrowings and financial leasing payables	**14.112.520**	**15.709.116**	**1.712.036**	**4.309.224**	**6.543.119**	**3.144.737**
Trade payable and due to related parties	**2.266.784**	**2.267.779**	**1.992.936**	**239.663**	**35.180**	**-**
Put option liability	**126.474**	**126.474**	**-**	**8.902**	**117.572**	**-**
Employee benefit obligations	**94.506**	**94.506**	**94.506**	**-**	**-**	**-**

December 31, 2016

Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	12.756.228	13.893.409	2.528.334	2.287.445	6.585.905	2.491.725
Borrowings and financial leasing payables	10.234.194	11.370.632	827.218	1.603.360	6.448.329	2.491.725
Trade payable and due to related parties	1.815.332	1.816.075	1.625.982	163.668	26.425	-
Put option liability	631.568	631.568	-	520.417	111.151	-
Employee benefit obligations	75.134	75.134	75.134	-	-	-

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Regarding capital risk management the Group follows net financial debt/equity ratio. Net financial debt is calculated by subtracting cash and cash equivalents and short term financial investments from total financial debt.

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
(Formerly Yazıcılar Holding Anonim Şirketi)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
(Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish)

NOTE 34 - FINANCIAL INSTRUMENTS

34.1 Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The optimum fair value of a financial instrument is the quoted market value, if any.

Since cash and cash equivalents, trade receivables, other current assets, trade payables and other payables are of short term; their fair values are the same with their values in the balance sheet.

Investments are recorded with their carrying value due to the lack of determined market values and inefficiency of other methods on determining fair values.

Fair value of short-term and long term lease obligations approximate their carrying values in the balance sheet since they are in foreign currencies and revalued as of year-end.

The fair value of financial lease receivables are calculated by discounting their cash flows to the present value by using current market rates.

The fair value of held to maturity financial assets are calculated based on their market prices.

The fair value of other assets and liabilities are calculated by discounting their cash flows to the present value by using current market rates (current libor rates).

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

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

	December 31, 2016	Level 1	Level 2	Level 3
Financial assets at fair value through profit/loss	483	483	-	-
Derivative financial assets	62.786	-	62.786	-
Derivative financial liabilities	65	-	65	-
Put option liability	623.262	-	623.262	-

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

(Currency - Thousands of Turkish Lira (TRL) unless otherwise indicated)
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NOTE 34 - FINANCIAL INSTRUMENTS (cont'd)

34.2 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognized at cost, and subsequently valued at fair value.

The Group documented the relationship between hedging instruments and hedged items at the beginning of the hedge transaction and also documented risk management objectives and the strategy for performing a variety of hedging transactions. Group, both at the beginning of the process of hedging transaction and on a regular basis of the hedging transaction, documented the assessment whether instruments used in hedging transactions are effective in high-level balancing changes in values of hedged items.

Although the Group's functional currency is Turkish Lira, due to a significant portion of lease receivables denominated in foreign currencies, the Group is exposed to currency risk. As lease receivables are represented in Turkish Lira, as a result, changes in exchange rates affect both the Group's net income and financial position.

In accordance with the Group's currency risk strategy, currency risk arising from future operating lease receivables has been hedged with foreign currency loans.

Çelik Motor, a subsidiary of the Group, has started to apply fair value hedge accounting since January 1, 2012. 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). Fair value changes resulting from the exchange risk of the hedged item has been accounted in "derivative financial instruments" as an asset or liability on the balance sheet, current year fair value changes has been accounted for under foreign exchange gain/losses in "financial income/expense" accounts in the statement of income fair value changes originating from prior periods have been accounted under "revenue".

As of December 31, 2017, CCİ has 2 aluminum swap transactions with a total nominal amount of TRL 427 (December 31, 2016: TRL 12.379) for 72 tones. The total of these aluminum swap contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flows for the highly probable purchases of can exposed to commodity price risk.

As of December 31, 2017, CCİ has 2 option transactions in which CCİ acquired the right to purchase 216 tonnes of aluminum at USD 1.650 per tonne to hedge its financial risk arising from the cash flows 2018 can purchases (December 31, 2016 - 4 option transactions for the right to purchase 6.300 tonnes of aluminum at USD 1.650 per tonne).

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
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NOTE 34 - FINANCIAL INSTRUMENTS (cont'd)

34.2 Derivative Financial Instruments and Hedge Accounting (cont'd)

Fair value of derivative financial instruments as of December 31, 2017 is as follows:

		December 31, 2017		December 31, 2016	
		Fair values		Fair values	
	Contract amount	**Assets**	**Liabilities**	Assets	Liabilities
Derivatives held for hedging:					
Receivables from operating leases	**622.654**	**94.757**	**-**	61.314	-
Commodity swap transactions	**427**	**152**	**-**	1.123	(65)
Foreign currency forward transactions	**7.457**	**184**	**-**	349	-
	630.538	**95.093**	**-**	62.786	(65)
Short term		**64.521**	**-**	42.219	(65)
Long term		**30.572**	**-**	20.567	-
		95.093	**-**	62.786	(65)

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES

The summary financial information of the subsidiary of the Group, of which non-controlling interest is at considerable level, is presented below:

	December 31, 2017			
Subsidiary	**Non-controlling interest (%)**	**Profit/loss allocated to non-controlling interest**	**Accumulated non-controlling interest**	**Dividend paid to non-controlling interest**
Anadolu Efes	**56,95**	**85.095**	**5.679.608**	**82.615**

	December 31, 2016			
Subsidiary	Non-controlling interest (%)	Profit/loss allocated to non-controlling interest	Accumulated non-controlling interest	Dividend paid to non-controlling interest
Anadolu Efes	56,95	(40.318)	5.274.994	82.615

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ
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NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES (cont'd)

Summary financial information for the related subsidiary is presented below:

Summary consolidated statement of financial position:	**Anadolu Efes**	Anadolu Efes
	December 31, 2017	December 31, 2016
Current assets	9.197.981	6.008.675
Non-current assets	20.492.924	19.619.884
Total assets	**29.690.905**	25.628.559
Short-term borrowings	3.045.478	500.870
Other current liabilities	2.773.176	2.185.587
Long-term borrowings	5.464.012	5.682.403
Other non-current liabilities	2.581.371	2.442.677
Total liabilities	**13.864.037**	10.811.537
Net assets	**15.826.868**	14.817.022
Attributable to:		
Non-controlling interests	5.853.895	5.554.521
Net assets of the equity holders of the parent	**9.972.973**	9.262.501

Summary consolidated statement of profit or loss:	**Anadolu Efes**	Anadolu Efes
	December 31, 2017	December 31, 2016
Revenue	12.946.918	10.420.257
Net income/(loss)	305.889	(40.055)
Non-controlling interests	156.469	30.740
Equity holders of the parent	**149.420**	(70.795)

Summary cash flow:	**Anadolu Efes**	Anadolu Efes
	December 31, 2017	December 31, 2016
Cash flows from operating activities	2.190.025	1.876.185
Cash flows used in investing activities	(788.653)	(732.898)
Cash flows from (used in) financing activities	1.085.374	(473.808)
Effect of currency translation differences	172.436	182.490
Net increase in cash and cash equivalents	**2.659.182**	851.969
Cash and cash equivalent at the beginning of the period	2.740.003	1.888.034
Total cash and cash equivalent at the end of the period	**5.399.185**	2.740.003

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NOTE 36 - EVENTS AFTER THE REPORTING PERIOD

1) The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated December 5, 2017 and numbered 30261. The 20% corporate tax rate, will be applied as 22% for entities' corporate income belonging to the taxation periods of 2018, 2019 and 2020 as amended in the provisional clause of article 10 of the Law (To financial years, which start within the related year for entities appointed a special accounting period.). The rate will be applied in the first temporary tax period in 2018.
2) CCİ, a subsidiary of the Group engaged in cross currency swap transactions for USD 150 million, in order to hedge its FX risk, as of January 16, 2018.
3) Concerning with Collective Labor Agreement negotiations of Anadolu Isuzu (the subsidiary of the Group), the parties, MESS (Union of Turkey Metal Industrialists) and the United Metal-Business Union reached a full consensus on the items discussed on January 30, 2018.
4) The capital of Anadolu Landini, a joint venture of the Group, has been increased by TRL 32.000 on February 6, 2018. Shareholders participated in the capital increase in terms of their share and the capital increase is paid fully in cash.
5) According to the board of directors decisions of shareholders of the Company, who are AG Sınai Yatırım ve Yönetim A.Ş. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti., dated March 7, 2018, AEP Anadolu Etap Penkon Pazarlama Ltd. Şti., and AG Sınai Yatırım ve Yönetim A.Ş. will merge in the Genel Assembly which will be held on March 19, 2018 and after the merger shareholders of AG Sınai Yatırım ve Yönetim A.Ş. will be (with ultimate control of S. Kamil Yazıcı Family) Kamil Yazıcı Yönetim ve Danışma A.Ş. and (with ultimate control of Özilhan Family) İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. by 50% share each. Upon completion of these transactions, AG Sınai Yatırım ve Yönetim A.Ş. will be indirectly managed by S. Kamil Yazıcı Family and İzzet Özilhan Family through equal shareholding and equal representation principle.
6) Çelik Motor, a subsidiary of the Group, has applied to CMB to issue a bond/bill to qualified investors without public offerring per the Board of Directors' decision dated May 3, 2017 for up to a total of TRL 500.000 in various arrangements and maturities all in Turkish Liras within one year period, after the approval of the CMB in November 2017, it issued a bill with a nominal amount of TRL 105.000 for 6 months in January 2018. Also, as of February 2018, it has received approval from the CMB to issue financing bill/bond for the amount of TRL 70.000.

Other Informations

Other Informations

DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBER CANDIDATES

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş.;

• No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

• I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

• I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

• I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

• I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

• I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

• I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

• I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

• I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

• I have not been registered and announced as a board member representing the legal entity for which I will be elected.

Date: 01.02.2018
Name - Surname:
Ali Galip Yorgancıoğlu

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş.;

• No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

• I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

• I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

• I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

• I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

• I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

• I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

• I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

• I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

• I have not been registered and announced as a board member representing the legal entity for which I will be elected.

Date: 01.02.2018
Name - Surname:
Uğur Bayar

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş.;

• No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

• I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

• I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

• I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

• I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

• I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

• I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

• I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

• I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

• I have not been registered and announced as a board member representing the legal entity for which I will be elected.

Date: 01.02.2018
Name - Surname:
Mehmet Ercan Kumcu

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş.;

• No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

• I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

• I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

• I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

• I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

• I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

• I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

• I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

• I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

• I have not been registered and announced as a board member representing the legal entity for which I will be elected.

Date: 01.02.2018
Name - Surname:
Fatma Aslı Başgöz

Other Informations

LEGAL AND OTHER INFORMATION ABOUT ACTIVITIES

1. Trade Registry Information

Trade Name: AG Anadolu Grubu Holding A.Ş.
Mersis (Central Registration System) No.: 0-9450 0453-3100015
Trade Registry No.: 143399/90907
Date of Incorporation: 30 December 1976
Head Office Address: Fatih Sultan Mehmet Mah. Balkan Cad. No: 58 Buyaka E Blok Tepeüstü Ümraniye/İstanbul
Head Office Contact No.: 0 216 578 85 00
Website Address: www.anadolugrubu.com.tr

2. Amendments to the Articles of Association

In relation to the merger through take-over of Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. in their entirety together will all their assets and liabilities by Yazıcılar Holding A.Ş. (the Merger), it has been approved at the Extraordinary General Assembly convened on 26 December 2017 to amend Articles 1, 3, 4, 7, 9, 10, 11, 12 and 18 of the Company's Articles of Association, revoke Article 8 thereof, and supplement Provisional Article 1 thereto. The related Articles of Association Amendment Text was disclosed to the public on the Public Disclosure Platform (in Turkish: KAP) in attachment to our disclosure of 01 February 2017 about the General Assembly and in attachment to our disclosure of 26 December 2017 about the Extraordinary General Assembly.

3. Capital Structure

The Company's paid-in capital is TRL 243,534,518 as at 31 December 2017. Out of the Company's capital, TRL 194,827,614 consists of Group A shares, and TRL 48,706,904 consists of Group B shares. Information about the new capital structure of the Company that resulted from the merger mentioned above, and about voting rights and privileged shares are presented on pages 10 and 11 of our annual report.

The Company has distributed 25.00% cash dividends out of the 2014 profit in 2015, 6.25% cash dividends out of the 2015 profit in 2016, 28.125% cash dividends out of the 2016 profit in 2017, and additional cash dividends at the ratio of 32.50% at year-end 2017.

4. Organizational Structure

The organization chart and the resumés of the executives named therein are presented on pages 27 and 33 of our annual report.

5. Information about the Governing Body, Senior Executives and Employees

Information about the Company's Board of Directors is presented on pages 22 and 26 of the Annual Report.

Remuneration, benefits and similar interests provided to the Board of Directors members and senior executives are provided under the related section of the Corporate Governance Principles Compliance Report and additionally, under note no. 32 of the Consolidated Financial Statements.

Total number of employees as at 31 December 2017 is 21,811 on consolidated basis (31 December 2016: 23,145) and 127 on an unconsolidated basis (31 December 2016: 124).

6. Financial Condition

Analysis, summary and key ratios pertaining to the Company's consolidated financial results as at 31 December 2017 are presented on pages 98 to 108 of the Annual Report.

In 2017, the Company booked a dividend income in the amount of TRL 76,319,672 from its subsidiaries and associates.

	TRL
Anadolu Efes Biracılık ve Malt San. A.Ş.	62,448,333
Adel Kalemcilik Ticaret ve Sanayi A.Ş.	9,676,232
AEH Sigorta Acenteliği A.Ş.	3,000,000
Oyex Handels GmbH	794,265
Efestur Turizm İşletmeleri A.Ş.	400,000
Coca-Cola İçecek A.Ş.	842
Total	**76,319,672**

The Company management predicts that the robust and regular cash flow of the Company's financial structure will allow the Company to cover all of its obligations; the capital did not remain uncovered nor the Company is overindebted. In this framework, the Company's financial structure is sufficiently healthy, and does not require improvement.

The Company's Dividend Policy is presented under the relevant section of the Corporate Governance Principles Compliance Report of the Annual Report.

7. Production and Sales

In 2017, the Company booked TRL 60,528,978 in consultancy income.

8. Research & Development

The Company does not have any R&D activities or investments, nor does it have an R&D policy.

9. Investment Expenses

The Company incurred TRL 1,979,138 in investment expenses during 2017.

10. Donations

The Company's donations during 2017 amounted to TRL 6,748,595 on a consolidated basis and TRL 86,850 on an unconsolidated basis.

11. Affiliated Company Report

The "Affiliated Company Report" describing our relations with our controlling shareholder that the Company's Board of Directors is obliged to prepare under Article 199 of the Turkish Commercial Code has been approved at the Board of Directors meeting held on 12 March 2018, and its conclusion part is quoted hereinbelow:

"It has been concluded that AG Anadolu Grubu Holding A.Ş. did not engage in any transaction with its controlling shareholders or subsidiaries thereof at the instruction of the controlling company or with the intent to obtain results that would be to the benefit of exclusively to the controlling company or a company affiliated thereto, nor is there any action taken or avoided to the benefit of the controlling company or a company affiliated thereto; also according to the conditions and circumstances known to us, a counter-performance on arm's length was provided in all transactions the Company carried out in 2017 with its controlling shareholder or subsidiaries thereof so as to ensure continuation of the operation in a competitive manner at the market conditions prevailing at the time the transaction was performed. Furthermore, there were no actions taken or avoided to the benefit of the controlling shareholder in AG Anadolu Grubu Holding A.Ş. or subsidiaries thereof that might cause loss to the Company and hence, there are no transactions or actions that would require offsetting."

Other Informations

12. Other Information

This section covers our explanations regarding other matters that are required to be included in the Annual Report pursuant to the TCC other than those listed above.

- At the Company's Ordinary General Assembly, the Board of Directors members were authorized under Articles 395 and 396 of the Turkish Commercial Code no. 6762 with respect to prohibition of doing business and competing with the Company. In the related fiscal year, the Board members did not do business nor did they compete with the Company.
- Information about the Company's direct and indirect subsidiaries and shareholding interests is provided on pages 9 and 11 of Financial Statements.
- The Company did not repurchase its own shares during the reporting period.
- The Company did not undergo any special audit during the fiscal year.
- As at 31 December 2017, there are no lawsuits filed against the Company, which might negatively affect the Company's financial condition and activities.
- There are no administrative or judicial sanctions imposed against the Company or the Board of Directors members on account of violation of regulatory provisions.
- Information about the Company's internal control and internal audit activities, risk management policy and the Committee for Early Detection of Risks is provided under the related sections within the Corporate Governance Principles Compliance Report of the Annual Report.
- The Company's Ordinary General Assembly convened on 28 April 2017, and all of the resolutions adopted at the meeting have been implemented.
- During the reporting period, two separate extraordinary General Assembly meetings were convened on 28 November 2017 and on 26 December 2017.
- Significant events that took place following the end of the fiscal year are described under note 36 of Consolidated Financial Statements.

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