

YAZICILAR HOLDİNG ANONİM ŐİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD JANUARY 1 - SEPTEMBER 30, 2016**

(ORIGINALLY ISSUED IN TURKISH)

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

Interim Condensed Consolidated Financial Statements as of September 30, 2016

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

**INTERIM CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2016 AND DECEMBER 31, 2015**

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

ASSETS	Notes	Unreviewed September 30, 2016	Audited December 31, 2015
CURRENT ASSETS			
Cash and Cash Equivalents	6	421.182	364.926
Financial Instruments		4.644	44.306
Trade Receivables		554.817	232.972
- Due from Related Parties	23.2	31.170	19.616
- Trade Receivables, Third Parties		523.647	213.356
Other Receivables		5.176	85.080
- Other Receivables, Third Parties		5.176	85.080
Derivative Financial Instruments		19.206	15.852
Inventories		431.432	283.000
Prepaid Expenses		57.892	49.154
Current Income Tax Assets	22.1	2.886	41.111
Other Current Assets	11.1	569.843	370.735
TOTAL CURRENT ASSETS		2.067.078	1.487.136
NON-CURRENT ASSETS			
Financial Instruments		383	6.659
Trade Receivables		8.470	3.215
- Trade Receivables, Third Parties		8.470	3.215
Other Receivables		2.807	3.454
- Other Receivables, Third Parties		2.807	3.454
Derivative Financial Instruments		6.793	6.522
Inventories		54.281	21.708
Investments Accounted Through Equity Method	8	5.326.113	5.121.625
Investment Property		254.349	257.254
Property, Plant and Equipment	9	747.412	757.196
Intangible Assets	10	27.004	24.206
Prepaid Expenses		14.144	16.374
Deferred Tax Assets	22.2	103.837	77.068
Other Non-Current Assets	11.2	1.348.259	1.058.254
TOTAL NON-CURRENT ASSETS		7.893.852	7.353.535
TOTAL ASSETS		9.960.930	8.840.671

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

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

**INTERIM CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2016 AND DECEMBER 31, 2015**

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

LIABILITIES	Notes	Unreviewed September 30, 2016	Audited December 31, 2015
CURRENT LIABILITIES			
Short-Term Borrowings	7	974.425	755.190
Current Portion of Long-Term Borrowings	7	868.830	746.018
Trade Payables		187.907	194.446
- Due to Related Parties	23.3	422	5.737
- Trade Payables, Third Parties		187.485	188.709
Other Payables		23.901	32.690
- Other Payables, Third Parties		23.901	32.690
Derivative Financial Instruments		142	-
Deferred Income	12.1	78.161	28.528
Income Tax Payable	22.1	7.244	444
Short-Term Provisions		30.632	16.591
- Short-Term Provisions for the Employee Benefits	13.1	23.690	11.764
- Other Short-Term Provisions	13.2	6.942	4.827
Other Current Liabilities	11.3	193	87
TOTAL CURRENT LIABILITIES		2.171.435	1.773.994
NON-CURRENT LIABILITIES			
Long-Term Borrowings	7	2.650.455	2.203.834
Other Payables		1.315	436
- Other Payables, Third Parties		1.315	436
Deferred Income	12.2	183.930	3.736
Long-Term Provisions		24.294	22.778
- Long-Term Provisions for the Employee Benefits	13.1	24.294	22.778
Deferred Tax Liability	22.2	46.087	44.168
Other Non-Current Liabilities	11.4	502.390	474.515
TOTAL NON-CURRENT LIABILITIES		3.408.471	2.749.467
TOTAL LIABILITIES		5.579.906	4.523.461
EQUITY			
Equity Attributable to Equity Holders of the Parent		3.615.961	3.525.938
Paid-in Share Capital	15	160.000	160.000
Share Premium (Discounts)		9.474	9.474
Non-controlling Put Option Valuation Fund		2.007	1.604
Other Comprehensive Income (Expense) Not To Be Reclassified to Profit or Loss		(7.407)	(5.948)
- Revaluation and Reclassification Gain (Loss)		(7.407)	(5.948)
- Income (Loss) on Remeasurements of Defined Benefit Plans		(7.407)	(5.948)
Other Comprehensive Income (Expense) To Be Reclassified to Profit or Loss		147.154	16.016
- Currency Translation Differences		149.169	8.970
- Hedge Gain (Loss)		3.554	8.959
- Revaluation and Reclassification Gain (Loss)	15	(5.569)	(1.913)
Restricted Reserves Allocated from Net Profit	15	32.000	30.090
Other Reserves		(65.213)	(65.213)
Retained Earnings	15	3.368.005	3.590.502
Net Income or Loss		(30.059)	(210.587)
Non-Controlling Interests		765.063	791.272
TOTAL EQUITY		4.381.024	4.317.210
TOTAL LIABILITIES		9.960.930	8.840.671

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

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

INTERIM CONSOLIDATED INCOME STATEMENTS FOR THE NINE AND THREE MONTHS PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

	Notes	Unreviewed		Unreviewed	
		January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Revenue		2.226.678	1.916.362	727.029	660.291
Cost of Sales		(1.787.703)	(1.499.228)	(573.281)	(517.044)
GROSS PROFIT (LOSS)		438.975	417.134	153.748	143.247
General Administrative Expenses	16	(144.381)	(145.542)	(47.246)	(48.037)
Marketing Expenses	16	(135.643)	(105.243)	(42.863)	(34.157)
Research and Development Expenses	16	(1.410)	(1.338)	(458)	(533)
Other Operating Income	17.1	13.916	10.952	4.690	6.157
Other Operating Expenses	17.2	(18.958)	(21.572)	(700)	(5.017)
Gain (Loss) from Investments Accounted Through Equity Method		75.376	(223.090)	33.851	(223.145)
OPERATING INCOME (LOSS)		227.875	(68.699)	101.022	(161.485)
Income from Investing Activities	18.1	27.413	17.244	1.481	1.380
Expenses from Investing Activities	18.2	(4.154)	(2.739)	(2.215)	(1.653)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		251.134	(54.194)	100.288	(161.758)
Financial Income	19	396.196	244.918	184.927	52.707
Financial Expenses	20	(717.204)	(625.135)	(377.088)	(431.825)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(69.874)	(434.411)	(91.873)	(540.876)
Tax (Expense) Income from Continuing Operations		3.769	24.064	10.077	50.025
- Current Period Tax (Expense) Income	22.3	(21.175)	(20.868)	(6.577)	23.916
- Deferred Tax (Expense) Income	22.3	24.944	44.932	16.654	26.109
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		(66.105)	(410.347)	(81.796)	(490.851)
NET INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS	21	(8.155)	201	223	2.534
NET INCOME (LOSS)		(74.260)	(410.146)	(81.573)	(488.317)
Attributable to:					
- Non-Controlling Interests		(44.201)	(103.813)	(33.155)	(131.969)
- Equity Holders of the Parent		(30.059)	(306.333)	(48.418)	(356.348)
Earnings / (Loss) per share (full TRL)		(0,19)	(1,92)	(0,31)	(2,24)
- Loss per share from continuing operations (full TRL)		(0,14)	(1,92)	(0,31)	(2,25)
- Loss per share from discontinued operations (full TRL)		(0,05)	-	-	0,01

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

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

INTERIM CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS FOR THE NINE AND THREE MONTHS PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

	Unreviewed	Unreviewed
	January 1- September 30, 2016	July 1- September 30, 2015
NET INCOME (LOSS) FOR THE PERIOD	(74.260)	(81.573)
OTHER COMPREHENSIVE INCOME		
Items Not To Be Reclassified To Profit or Loss	(1.609)	(40)
- Remeasurement Gain (Loss) from Defined Benefit Plans	(141)	394
- Shares of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified To Profit or Loss	(1.496)	(355)
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	28	(79)
- Deferred Tax (Loss)/ Income	28	(79)
Items To Be Reclassified To Profit or Loss	140.149	70.967
- Currency Translation Differences	(308)	1.347
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified To Profit or Loss	140.457	69.620
OTHER COMPREHENSIVE INCOME (LOSS)	138.540	70.927
TOTAL COMPREHENSIVE INCOME (LOSS)	64.280	(10.646)
Attributable to:		
- Non-Controlling Interest	(35.340)	(30.804)
- Equity Holders of the Parent	99.620	20.158

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

				Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss	Other Comprehensive Income or Expense To Be Reclassified To Profit or Loss					Retained Earnings				
	Paid-in Capital	Share Premium/Discount	Non-controlling Put Option Valuation Fund	Profit / Loss on Remeasurements of Defined Benefit Plans	Currency Translation Differences	Hedge Gain / Loss	Revaluation and Reclassification Gain / Loss	Restricted Reserves Allocated from Net Income	Other Reserves	Retained Earnings	Net Income/ Loss	Attributable to Equity Holders of the Parent	Non-Controlling Interests	Equity
Balances as of January 1, 2015	160.000	9.474	2.440	(4.634)	(127.193)	618	1.702	28.732	(65.213)	3.687.730	(59.996)	3.633.660	834.216	4.467.876
Transfers	-	-	-	-	-	-	-	1.358	-	(61.354)	59.996	-	-	-
Total comprehensive income / (expense)	-	-	-	(798)	291.581	6.211	(5.188)	-	-	-	(306.333)	(14.527)	(88.921)	(103.448)
Net Income/(Loss)	-	-	-	-	-	-	-	-	-	-	(306.333)	(306.333)	(103.813)	(410.146)
Other Comprehensive Income/(Expense)	-	-	-	(798)	291.581	6.211	(5.188)	-	-	-	-	291.806	14.892	306.698
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	26.838	26.838
Dividend paid	-	-	-	-	-	-	-	-	-	(40.000)	-	(40.000)	(6.044)	(46.044)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	4.100	-	4.100	5.043	9.143
Increase due to other changes	-	-	291	-	-	-	-	-	-	-	-	291	20	311
Balances as of September 30, 2015	160.000	9.474	2.731	(5.432)	164.388	6.829	(3.486)	30.090	(65.213)	3.590.476	(306.333)	3.583.524	771.152	4.354.676
Balances as of January 1, 2016	160.000	9.474	1.604	(5.948)	8.970	8.959	(1.913)	30.090	(65.213)	3.590.502	(210.587)	3.525.938	791.272	4.317.210
Transfers	-	-	-	-	-	-	-	1.910	-	(212.497)	210.587	-	-	-
Total comprehensive income / (expense)	-	-	-	(1.459)	140.199	(5.405)	(3.656)	-	-	-	(30.059)	99.620	(35.340)	64.280
Net Income/(Loss)	-	-	-	-	-	-	-	-	-	-	(30.059)	(30.059)	(44.201)	(74.260)
Other Comprehensive Income/(Expense)	-	-	-	(1.459)	140.199	(5.405)	(3.656)	-	-	-	-	129.679	8.861	138.540
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	22.039	22.039
Dividend paid	-	-	-	-	-	-	-	-	-	(10.000)	-	(10.000)	(12.936)	(22.936)
Increase due to other changes	-	-	403	-	-	-	-	-	-	-	-	403	28	431
Balances as of September 30, 2016	160.000	9.474	2.007	(7.407)	149.169	3.554	(5.569)	32.000	(65.213)	3.368.005	(30.059)	3.615.961	765.063	4.381.024

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

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2016 AND 2015

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

	Notes	Unreviewed	
		January 1 - September 30, 2016	January 1 - September 30, 2015
CASH FLOW FROM OPERATING ACTIVITIES		(388.361)	(364.725)
Profit / (Loss)		(74.260)	(410.146)
Adjustments to Reconcile Profit (Loss)		335.889	758.108
Adjustments for Depreciation and Amortisation Expense		90.629	77.846
Adjustments for Impairment Loss (Reversal of Impairment Loss)		1.385	3.485
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	17.2	2.371	1.558
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories		(986)	1.927
Adjustments for Provisions		21.046	20.790
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		18.931	19.473
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	13.2	1.693	(555)
- Adjustments for (Reversal of) Warranty Provisions	13.2	422	147
- Adjustments for (Reversal of) Other Provisions		-	1.725
Adjustments for Interest (Income) and Expenses		172.520	94.983
Adjustments for Unrealised Foreign Exchange Losses (Gains)		146.845	440.639
Adjustments for Fair Value Losses (Gains)		142	-
- Adjustments for Fair Value Losses (Gains) of Derivative Financial Instruments		142	-
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(75.376)	223.090
Adjustments for Tax (Income) Expenses		(3.438)	(24.023)
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		2.131	(12.635)
- Adjustments for Losses (Gains) on Disposal of Tangible Assets		2.131	(12.635)
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	18	(21.568)	52
Other Adjustments to Reconcile Profit (Loss)		1.573	(66.119)
Adjustments for Working Capital		(710.563)	(759.682)
Decrease (Increase) in Financial Investments		958	1.551
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(329.471)	(275.002)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		80.551	9.067
Adjustments for Decrease (Increase) in Inventories		(172.855)	(182.917)
Adjustments for Increase (Decrease) in Trade Accounts Payable		(6.539)	(407.835)
Adjustments for Increase (Decrease) in Other Operating Payables		(7.910)	15.477
Increase (Decrease) in Deferred Income		229.827	34.716
Other Adjustments for Increase (Decrease) in Working Capital		(505.124)	45.261
- Decrease (Increase) in Other Assets Related with Operations		(505.230)	(421.598)
- Increase (Decrease) in Other Payables Related with Operations		106	466.859
Cash Flows from (used in) Operations		(448.934)	(411.720)
Dividends Received		47.780	91.321
Payments Related with Provisions for Employee Benefits		(5.623)	(5.093)
Income Taxes Refund (Paid)	22.1	18.416	(39.233)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		4.935	(2.075.533)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		(37.500)	(1.923.936)
Proceeds from Sale of Share or Debt Instruments of Other Business Organizations or Funds		35.674	16.979
Cash Payments to Acquire Equity or Debt Instruments of Other Entities		(95)	(17.473)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		4.619	24.179
Purchase of Property, Plant, Equipment and Intangible Assets		(28.732)	(141.007)
Other Inflows (Outflows) of Cash		30.969	(34.275)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		446.548	1.702.511
Proceeds from Issuing Shares or Other Equity Instruments		22.039	26.838
Proceeds from Borrowings		4.208.896	3.864.583
Repayments of Borrowings		(3.577.740)	(2.050.983)
Dividends Paid		(22.936)	(46.044)
Interest Paid		(197.689)	(117.626)
Interest Received		13.978	25.743
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		63.122	(737.747)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(7.031)	68.943
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		56.091	(668.804)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	364.290	1.151.846
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		420.381	483.042

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2016

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

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

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

The interim condensed consolidated financial statements as of September 30, 2016 are authorized for issue by the Board of Directors on November 9, 2016, and are approved by the General Manager Sezai Tanrıverdi and Finance Director Osman Elmas on behalf of Board of Directors. General Assembly and other regulatory institutions have the right to change the statutory financial statements after the consolidated financial statements are issued.

Activities of the Group

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

The Group is organized and primarily managed in four principal segments: Automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts, motor vehicle renting); retailing (stationery, chain restaurant management and tourism); energy (production and sale of electricity) and other (information technology, trade, asset management, real estate). The Group has ended asset management operations as of June 29, 2016 as the details are mentioned in Note 21.

The average number of personnel of the Group for the period ended on September 30, 2016 is 6.564 (December 31, 2015: 6.875).

List of Shareholders

As of September 30, 2016 and December 31, 2015 the composition of shareholders and their respective percentage of shareholding rates can be summarized as follows:

	September 30, 2016		December 31, 2015	
	Amount	(%)	Amount	(%)
Yazıcı Families	60.422	37,76	60.640	37,90
Kamil Yazıcı Yönetim ve Danışma A.Ş.	54.163	33,85	54.163	33,85
Anadolu Ecopack Üretim ve Pazarlama A.Ş. (*)	218	0,14	-	-
Publicly traded (**)	45.197	28,25	45.197	28,25
Paid-in share capital	160.000	100,00	160.000	100,00

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

(**) As of September 30, 2016 TRL 5.073 of the publicly traded portion of shares, which is 3,17% of the paid-in share capital, is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş. (December 31, 2015: TRL 5.073 of the publicly traded portion, which is 3,17% of the paid-in share capital).

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YAZICILAR HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2016

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

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

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at September 30, 2016 and December 31, 2015 are as follows:

	Place of incorporation	Principal activities	Segment	Effective shareholding and voting rights %	
				September 30, 2016	December 31, 2015
Anadolu Endüstri Holding A.Ş. (AEH)	Turkey	Holding company	Other	68,00	68,00
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Kia motor vehicles and motor vehicle renting	Automotive	68,00	68,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	67,93	67,93
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Inactive	Automotive	68,00	68,00
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik) (3)	Turkey	Inactive	Automotive	34,65	34,65
Adel Kalemçilik Ticaret ve Sanayi A.Ş. (Adel) (1) (2)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	Retailing	38,68	38,68
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü) (2)	Turkey	Distribution of the products of Adel, and other imported stationery products	Retailing	49,76	49,76
Efestur Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of travelling and organization facilities	Retailing	68,00	68,00
Anadolu Bilişim Hizmetleri A.Ş. (ABH)	Turkey	IT, internet and e-commerce services	Other	67,04	67,04
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	Other	68,00	68,00
Anadolu Endüstri Holding Handels GmbH (AEH Handels)	Germany	Provides necessary market research of products abroad	Other	68,00	68,00
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant chain management	Retailing	68,00	68,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger)	Turkey	Restaurant chain management	Retailing	68,00	68,00
Artı Varlık Yönetim A.Ş. (Artı Varlık) (7)	Turkey	Inactive	Other	67,99	67,99
Anadolu Taşıt Ticaret A.Ş. (Anadolu Taşıt)	Turkey	Industrial and commercial operations	Energy	68,00	68,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Import, distribution and marketing of motor vehicles	Automotive	67,99	67,99
Anadolu Termik Santralleri Elektrik Üretim A.Ş. (Anadolu Termik)	Turkey	Production of electricity (Investment in progress)	Energy	68,00	68,00
AES Elektrik Enerjisi Toptan Satış A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity	Energy	68,00	68,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	68,00	68,00
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Energy	60,65	60,65
Antek Teknoloji Ürünleri Pazarlama ve Ticaret A.Ş. (Antek Teknoloji) (4)	Turkey	Inactive	Automotive	-	68,00
Georgia Urban Enerji LLC (GUE)	Georgia	Production and sale of electricity	Energy	54,58	54,58
AND Anadolu Gayrimenkul Yatırımları A.Ş. (AND Anadolu Gayrimenkul)	Turkey	Purchase, sale, rental and management of real estate	Other	68,00	68,00
AND Ankara Gayrimenkul Yatırımları A.Ş. (AND Ankara Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	68,00	68,00
AND Kartal Gayrimenkul Yatırımları A.Ş. (AND Kartal Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	68,00	68,00
Keyif Yiyecek Eğlence Hizmetleri A.Ş.	Turkey	Restaurant and cafe management	Other	68,00	68,00
Anadolu Aktif Teşebbüs ve Makine Ticaret A.Ş. (Anadolu Aktif Teşebbüs) (5)	Turkey	Inactive	Other	-	68,00
Atlas Varlık Yönetim A.Ş. (Atlas Varlık) (7)	Turkey	Inactive	Other	-	68,00
Kheledula Enerji Ltd. (Kheledula)	Georgia	Production and sale of electricity (Investment in progress)	Energy	68,00	68,00
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik) (6)	Turkey	Retailing	Other	68,00	68,00

(1) Shares of Adel are quoted on BIST.

(2) AEH controls Adel and Ülkü through its shareholding of 56,89% and 68,78%, respectively. Moreover, Adel has 7,67% stake at Ülkü. As a result, Adel and Ülkü are controlled by Yazıcılar Holding A.Ş.

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

(4) Merger of Antek Teknoloji Ürünleri Pazarlama ve Ticaret A.Ş. under AEH has been registered on March 24, 2016.

(5) Merger of Anadolu Aktif Teşebbüs ve Makine Ticaret A.Ş. under AEH has been registered on February 9, 2016.

(6) AEH owns 80,5% of MH Perakendecilik ve Ticaret A.Ş.. Put option liability of AEH for the remaining 19,5% shares are recognized, as a result, Yazıcılar's shareholding rate in MH Perakendecilik is 68,00%.

(7) As details mentioned in Note 21 the entire NPL portfolio under Artı Varlık and Atlas Varlık's assets were sold to Turkasset Varlık Yönetim A.Ş. on June 29, 2016 and asset management activities have been ceased. Also, 100% shares of Atlas Varlık have been transferred to Turkasset Varlık Yönetim A.Ş. on September 29, 2016.

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YAZICILAR HOLDİNG ANONİM ŞİRKETİ

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

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

Associates

The associates included in consolidation by equity method and its shareholding percentages at September 30, 2016 and December 31, 2015 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			September 30, 2016	December 31, 2015
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) (*)	Turkey	Production, bottling and distribution of beer, sparkling and still beverages	27,66	27,66
Alternatifbank A.Ş. (ABank)	Turkey	Banking services	17,00	17,00

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

Joint Ventures

The investments in joint ventures accounted through equity method and their shareholding percentages at September 30, 2016 and December 31, 2015 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			September 30, 2016	December 31, 2015
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) (*)	Turkey	Manufacturing and selling of Isuzu brand vehicles	37,56	37,56
Ana Gıda İhtiyaç Maddeleri Sanayi ve Ticaret A.Ş. (Ana Gıda)	Turkey	Production and marketing of olive oil, sunflower and corn oil under Kırlangıç, Komili and Madra Brands	37,57	37,57
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	22,67	22,67
Faber-Castell Anadolu LLC	Russia	Trading of all kinds of stationery	19,34	19,34
Migros Ticaret A.Ş. (Migros) (*) (**)	Turkey	Sales of food and beverage and durable goods	34,00	34,00

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

(**) AEH, the subsidiary of the Group, has 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, to participate 40,25 % in Migros. Put option liability of AEH for the remaining 19,5% shares are accounted in the financial statements, as a result, the Company's shareholding rate in Migros is 34,00%.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

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

The interim condensed consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and joint ventures and presented in TRL in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

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

Basis of Preparation of Financial Statements (cont'd)

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

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

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

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

Financial Reporting in Hyperinflationary Economies

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

Functional and Presentation Currency

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

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

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

Basis of Preparation of Financial Statements (cont'd)

Functional and local currencies of foreign subsidiaries are as follows:

		September 30, 2016	December 31, 2015
	Local Currency	Functional Currency	Functional Currency
AEH Handels	EUR	EUR	EUR
Oyex	EUR	EUR	EUR
GUE	Georgian Lari (GEL)	GEL	GEL
Kheledula Enerji Ltd.	Georgian Lari (GEL)	GEL	GEL

Significant Accounting Policies

The interim condensed consolidated financial statements for the period ended September 30, 2016 have been prepared in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2015, except the issues mentioned below. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

Comparative Information and Restatement of Prior Period Financial Statements

The interim condensed consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and significant changes are explained. The Group has made some reclassifications to conform to changes in presentation in the current period consolidated financial statements. The amount, the reason and the nature of the reclassifications are stated below:

- As explained under “Note 3- Transactions for the year of 2015” share transfer regarding the 40,25% indirect participation of AEH in Migros has been completed on July 15, 2015. The transaction has been evaluated within the scope of IFRS 3 "Business Combinations" and from this date the Group has defined Migros as a joint venture and defined MH Perakendecilik, which owns 50% of Migros as a subsidiary. Since fair value accounting of these purchase transactions were in progress as of September 30, 2015, this transaction which was provisionally recorded to September 30, 2015 interim financial statements is restated and recognized in fair value accounting is reflected to prior period financial statements in accordance with IFRS 3 “Business Combinations”.
- Within the scope of decision held by POA, adaption to 2016 TMS taxonomy decision dated June 2, 2016 and numbered 30, “assets used in renting activities” which was shown in consolidated balance sheet as of December 31, 2015, short term amounting to TRL 247.518 and long term amounting to TRL 1.031.536 have been reclassified to under “other current assets” and “other non-current assets” respectively.
- Current deferred income and advances taken amounting TRL 28.528 and non-current deferred income amounting TRL 3.736 which were under other liabilities in the consolidated balance sheet as of December 31, 2015, have been reclassified under current deferred income and non-current deferred income respectively.

Seasonality of Operations

Due to higher consumption of beer and soft drinks during the summer season, the interim condensed consolidated financial statements of Anadolu Efes, an associate of the Company, may include the effects of the seasonal variations. Therefore, the results of “Investments accounted through equity method” account for the nine months up to September 30, 2016 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

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

Changes in Accounting Policies

New standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements as at September 30, 2016 are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and IFRIC interpretations summarized below.

The new standards, amendments to published standards and interpretations effective applicable as of September 30, 2016:

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
- Amendments to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
- IFRS 14, 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.
- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:
 - IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.
 - IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts.
 - IAS 19, 'Employee benefits' regarding discount rates.
 - IAS 34, 'Interim financial reporting' regarding disclosure of information.
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.

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

The new standards, amendments to published standards and interpretations effective applicable as of September 30, 2016 (cont'd):

- Amendment to IFRS 10 ‘Consolidated financial statements’ and IAS 28, ‘Investments in associates and joint ventures’, effective from annual periods beginning on or after 1 January 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

Standards and amendments issued but not yet effective as of September 30, 2016:

- IAS 7, ‘Statement of cash flows’ on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB’s Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.
- IAS 12, ‘Income Taxes’, effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset’s tax base. It also clarifies certain other aspects of accounting for deferred tax assets.
- IFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- IFRS 9, ‘Financial instruments’, effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15, ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- IFRS 15, ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

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

Standards and amendments issued but not yet effective as of September 30, 2016 (cont'd):

- Amendments to IFRS 4 'Insurance contracts' regarding the Implementation of IFRS 9 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued.
 - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard, IAS 39.
- IFRS 16, 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a farreaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

NOTE 3 - BUSINESS COMBINATIONS

Transactions for the nine months period ended September 30, 2016

None.

Transactions for the year of 2015

Share transfer regarding the 40,25% indirect participation of AEH, a subsidiary of the Group, in Migros Ticaret A.Ş. (Migros) has been completed on July 15, 2015 after the approval of Competition Authority. Following the share transfer, 80,5% shares of MH Perakendecilik ve Ticaret A.Ş (MH Perakendecilik), which has 50% stake in Migros, belong to AEH and 19,5% shares of MH Perakendecilik belong to Moonlight Capital. Moonlight Capital owns 30,5% of the Migros shares directly and 19,5% of Migros shares are publicly traded. The balance paid for the acquisition of 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, by AEH including the indirectly acquired Migros shares amounts to TRL 2.490.869.210 (full TRL) and this payment is the sum of TRL 1.061.957.852 (full TRL) and Euro 297.041.599 (full Euro) payments, which indicate an indirect purchase price of TRL 26,86 (full TRL) for each Migros share with a nominal value of TRL 1 (full TRL), and AEH's 80,5% share in total cash amount of MH Perakendecilik. Therefore, the net payment ends up as 1.924.655.768 (full TRL).

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NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the year of 2015 (cont'd)

Under certain conditions and a time period, Migros will be managed jointly by AEH and the funds managed by BC Partners which controls Moonlight Capital. Therefore, in the financial statements Migros has been defined as a joint venture, and MH Perakendecilik which has 50% stake in Migros has been defined as a subsidiary of the Group. At the same time, for the 19,5% shares of Moonlight Capital in MH Perakendecilik, AEH has the right to buy (call option) and Moonlight Capital has the right to sell (put option) between May 1, 2017 and October 31, 2017. As of December 31, 2015 in Group's consolidated financial statements call option of AEH has not been accounted whereas put option liability arising from put option given to Moonlight Capital, amounting to TRL 474.515 has been accounted under "non-current liabilities". As a result of review of option's subjects and recognizing option liability, non-controlling interests related to regarding shares are not recognized in the Group's consolidated financial statements in accordance with related accounting standards. At the acquisition date, the difference amounting to TRL 549.701 between put option liability recognized in non-controlling interests and non-controlling interests amounting to TRL (92.524) that corresponds to 19,5% shares related to options, is recognized under investments accounted through equity method in the consolidated financial statements.

Fair value of net assets in the financial statements as of the date on which shares of Migros and MH Perakendecilik were acquired is as the following:

	Fair Value	Book Value
Cash and cash equivalents	1.529.231	1.529.231
Trade and other receivables	69.273	69.273
Receivables due from related parties	41	41
Inventories	1.232.365	1.066.309
Derivative financial instruments	2.661	2.661
Other current assets	40.745	40.745
Financial instruments	1.165	1.165
Investment property	222.997	60.768
Property, plant and equipment	1.521.347	1.273.179
Intangible assets		
- Goodwill	-	2.251.427
- Other intangible assets	198.125	156.263
Other non-current assets	11.141	11.141
Financial borrowings	(2.463.696)	(2.463.696)
Trade and other payables	(2.192.917)	(2.192.917)
Trade payables due to related parties	(1.201)	(1.201)
Derivative financial instruments	(1.267)	(1.267)
Other liabilities	(296.820)	(296.820)
Deferred tax liability	(115.669)	(85.224)
Net carrying amount	(242.479)	1.421.078
Total cost of acquisition	2.490.869	2.490.869
Portion of the net assets acquired by the Group	185.644	855.225
Fair value difference in investments accounted through equity method	2.305.225	1.635.644
Total cost of acquisition	2.490.869	2.490.869
Proceeds due to the acquisition (-)	(567.133)	(567.133)
Net acquisition cost in consolidated financial statements	1.923.736	1.923.736

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NOTE 4 - JOINT VENTURES

Joint Ventures

Entity	Principle activities	Country	September 30, 2016			December 31, 2015		
			Carrying value	Effective shareholding and voting rights (%)	Group's share of income/ (loss)	Carrying value	Effective shareholding and voting rights (%)	Group's share of income/ (loss)
Anadolu Isuzu (*)	Manufacturing and selling of Isuzu brand commercial vehicles	Turkey	111.231	37,56	(8.094)	124.885	37,56	6.819
Ana Gıda	Production and marketing of olive oil, sunflower and corn oil under Kirlangıç, Komili and Madra Brands	Turkey	35.801	37,57	2.712	33.132	37,57	744
Aslancık	Production of electricity	Turkey	16.966	22,67	2.756	14.210	22,67	(24.922)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	1.079	19,34	208	-	19,34	-
Migros (*) (**)	Sales of food and beverages and durable goods	Turkey	2.218.576	34,00	(23.194)	2.238.866	34,00	(128.154)
			2.383.653		(25.612)	2.411.093		(145.513)

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

(**) AEH, the subsidiary of the Group, owns 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, to participate 40,25 % in Migros. Put option liability of AEH for the remaining 19,5% shares are accounted in the financial statements, as a result, the Company's shareholding rate in Migros is 34,00%.

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

	September 30, 2016		December 31, 2015	
Anadolu Isuzu				
Total assets		919.450		881.203
Total liabilities		631.619		557.841
Net assets		287.831		323.362
Group's interest in net assets		111.231		124.885
	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Anadolu Isuzu				
Revenue	549.681	654.112	172.356	209.489
Net loss for the period	(21.064)	(9.439)	(11.033)	(19.895)
Group's share in net loss of the joint venture	(8.094)	(3.627)	(4.239)	(7.644)

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

	September 30, 2016		December 31, 2015	
Ana Gıda				
Total assets		175.517		181.795
Total liabilities		103.274		114.381
Net assets		72.243		67.414
Group's interest in net assets		35.801		33.132
	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Ana Gıda				
Revenue	230.224	246.214	59.965	73.623
Net income/(loss) for the period	4.909	3.258	(1.378)	(1.497)
Group's share in net income/(loss) of the joint venture	2.712	1.800	(762)	(827)

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NOTE 4 - JOINT VENTURES (cont'd)

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

	September 30, 2016		December 31, 2015	
Aslancık				
Total assets		459.708		470.309
Total liabilities		405.196		424.066
Net assets		54.512		46.243
Group's interest in net assets		16.966		14.210

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Aslancık				
Revenue	86.411	50.267	27.242	10.606
Net income/(loss) for the period	8.270	(86.034)	(10.145)	(46.324)
Group's share in net income/(loss) of the joint venture	2.756	(28.675)	(3.382)	(15.440)

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

	September 30, 2016		December 31, 2015	
Faber Castell Anadolu LLC				
Total assets		10.204		6.621
Total liabilities		8.042		5.297
Net assets		2.162		1.324
Group's interest in net assets (*)		1.079		-

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Faber Castell Anadolu LLC				
Revenue	10.648	8.781	4.662	3.681
Net income /(loss) for the period	417	(539)	213	(216)
Group's share in net income/(loss) of the joint venture	208	(269)	106	(108)

(*) As of December 31, 2015 Group's interest in Faber Castell Anadolu LLC, a joint venture of the Group, is calculated as negative balance which is not appropriate for IAS/IFRS reporting, therefore share in net assets of investments accounted through equity method is adjusted in an amount that make balance of Faber Castell Anadolu LLC equal to zero.

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NOTE 4 - JOINT VENTURES (cont'd)

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

	September 30, 2016	December 31, 2015
Migros		
Current assets	2.417.980	2.035.523
Non-current assets	3.746.817	3.725.194
Total assets	6.164.797	5.760.717
Short-term borrowings	208.849	212.910
Other current liabilities	2.860.845	2.512.761
Long-term borrowings	2.487.569	2.380.236
Other non-current liabilities	143.368	138.824
Total liabilities	5.700.631	5.244.731
Net assets	464.166	515.986
Attributable to:		
Non-controlling interests	730	644
Equity holders of the parent	463.436	515.342
Group's interest in net assets (*)	2.218.576	2.238.866

	1 January - 30 September, 2016	1 January - 30 September, 2015	1 July - 30 September, 2016	1 July - 30 September, 2015
Revenue	8.158.504	7.011.536	3.079.459	2.642.306
Net loss for the period	(56.895)	(455.512)	(3.971)	(341.659)
Non-controlling interests	38	5	9	2
Equity holders of the parent	(56.933)	(455.517)	(3.980)	(341.661)
Groups's interest in net loss	(23.194)	(168.004)	(4.672)	(168.004)
- Non-controlling interests	(7.422)	(53.761)	(1.495)	(53.761)
- Equity holders of the parent	(15.772)	(114.243)	(3.177)	(114.243)

(*) The balance includes fair value difference arising from recognizing acquisition transaction and put option liability.

The movement of carrying value of the joint venture, Migros in the interim condensed consolidated financial statements as of September 30, 2016 and September 30, 2015 is as follows:

	September 30, 2016	September 30, 2015
Balance at the beginning of period	2.238.866	2.381.834
Group's share in net loss	(23.194)	(168.004)
Group's share in currency translation differences	3.140	(5.283)
Group's share in remeasurement funds	(236)	404
Balance at the end of period	2.218.576	2.208.951

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NOTE 5 - SEGMENT REPORTING

The Group is organized and primarily managed in four principal segments: Automotive (including passenger vehicles, commercial vehicles, generators, spare and component parts, motor vehicle renting); retailing (stationery, chain restaurant management and tourism); energy (production and sale of electricity) and other (information technologies, trade, asset management, real estate). The Group has ended asset management operations as of June 29, 2016 as the details are mentioned in Note 21.

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

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NOTE 5 - SEGMENT REPORTING (cont'd)

January 1-September 30, 2016	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	1.384.356	706.601	45.446	90.275	-	2.226.678
Inter-segment sales	3.768	2.640	-	21.226	(27.634)	-
Total Sales	1.388.124	709.241	45.446	111.501	(27.634)	2.226.678
GROSS PROFIT (LOSS)	232.487	167.547	20.984	39.554	(21.597)	438.975
General administrative expenses	(47.263)	(44.114)	(8.156)	(64.926)	20.078	(144.381)
Marketing expenses	(60.343)	(58.658)	-	(19.853)	3.211	(135.643)
Research and development expenses	(1.507)	-	-	-	97	(1.410)
Other operating income	8.849	3.338	550	1.101	78	13.916
Other operating expenses	(1.977)	(11.535)	(18)	(5.436)	8	(18.958)
Gain (Loss) from the investments accounted through equity method (*)	-	208	-	-	75.168	75.376
OPERATING INCOME (LOSS)	130.246	56.786	13.360	(49.560)	77.043	227.875
Income from investing activities	693	1.886	-	25.765	(931)	27.413
Expenses from investing activities	-	(4.126)	-	(344)	316	(4.154)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	130.939	54.546	13.360	(24.139)	76.428	251.134
Financial income	342.911	5.994	11.497	35.794	-	396.196
Financial expenses (-)	(489.940)	(32.675)	(17.379)	(149.335)	(27.875)	(717.204)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(16.090)	27.865	7.478	(137.680)	48.553	(69.874)
Tax (Expense) Income from Continuing Operations	(3.493)	(11.190)	(5.824)	24.278	(2)	3.769
- Current period tax (expense) income	(441)	(14.924)	(181)	(5.629)	-	(21.175)
- Deferred tax (expense) income	(3.052)	3.734	(5.643)	29.907	(2)	24.944
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(19.583)	16.675	1.654	(113.402)	48.551	(66.105)
NET INCOME (LOSS) FOR THE PERIOD FOR DISCONTINUED OPERATIONS	-	-	-	(8.174)	19	(8.155)
Attributable to:	(19.583)	16.675	1.654	(121.576)	48.570	(74.260)
- Non-controlling interest	(42)	-	635	-	(44.794)	(44.201)
- Equity holders of the parent	(19.541)	16.675	1.019	(121.576)	93.364	(30.059)
Total Assets	2.745.645	778.116	418.210	4.410.154	1.608.805	9.960.930
Investments accounted through equity method	-	1.079	-	-	5.325.034	5.326.113
Total Liabilities	2.369.384	501.477	370.684	1.975.442	362.919	5.579.906
Net debt	2.145.033	296.635	352.126	1.274.090	-	4.067.884
Purchases of tangible & intangible assets and investment property (**)	13.628	11.270	119	3.715	-	28.732
Purchases of assets used in renting activities	974.339	-	-	-	-	974.339
Depreciation and amortization (**)	45.792	21.686	10.460	12.702	(11)	90.629

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

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

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NOTE 5 - SEGMENT REPORTING (cont'd)

January 1-September 30, 2015	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	1.119.078	676.751	39.146	81.387	-	1.916.362
Inter-segment sales	3.720	2.526	-	18.790	(25.036)	-
Total Sales	1.122.798	679.277	39.146	100.177	(25.036)	1.916.362
GROSS PROFIT(LOSS)	204.344	170.319	14.813	43.385	(15.727)	417.134
General administrative expenses	(38.599)	(43.473)	(7.548)	(70.544)	14.622	(145.542)
Marketing expenses	(50.143)	(52.572)	-	(3.609)	1.081	(105.243)
Research and development expenses	(1.339)	-	-	-	1	(1.338)
Other operating income	3.208	6.450	253	817	224	10.952
Other operating expenses	(1.418)	(17.615)	(43)	(2.503)	7	(21.572)
Gain (Loss) from the investments accounted through equity method (*)	-	(269)	-	-	(222.821)	(223.090)
OPERATING INCOME (LOSS)	116.053	62.840	7.475	(32.454)	(222.613)	(68.699)
Income from investing activities	190.423	66.998	7	4.790	(244.974)	17.244
Expenses from investing activities	-	(1.332)	-	(1.407)	-	(2.739)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	306.476	128.506	7.482	(29.071)	(467.587)	(54.194)
Financial income	15.453	12.868	3.010	213.593	(6)	244.918
Financial expenses (-)	(218.504)	(38.148)	(87.656)	(273.425)	(7.402)	(625.135)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	103.425	103.226	(77.164)	(88.903)	(474.995)	(434.411)
Tax (Expense) Income from Continuing Operations	7.626	(11.315)	10.785	16.972	(4)	24.064
- Current period tax (expense) income	(788)	(17.332)	-	(2.748)	-	(20.868)
- Deferred tax (expense) income	8.414	6.017	10.785	19.720	(4)	44.932
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	111.051	91.911	(66.379)	(71.931)	(474.999)	(410.347)
NET INCOME (LOSS) FOR THE PERIOD FOR DISCONTINUED OPERATIONS	-	-	-	165	36	201
Attributable to:	111.051	91.911	(66.379)	(71.766)	(474.963)	(410.146)
- Non-controlling interest	(62)	-	(6.333)	-	(97.418)	(103.813)
- Equity holders of the parent	111.113	91.911	(60.046)	(71.766)	(377.545)	(306.333)
Total Assets	2.217.834	874.653	474.731	4.315.787	1.509.218	9.392.223
Investments accounted through equity method	-	425	-	-	5.241.320	5.241.745
Total Liabilities	1.856.080	560.610	416.340	1.935.290	269.227	5.037.547
Net debt	1.637.356	281.313	373.116	1.335.301	-	3.627.086
Purchases of tangible & intangible assets and investment property (**)	11.758	46.778	2.177	348.803	(253.564)	155.952
Purchases of assets used in renting activities	678.704	-	-	-	-	678.704
Depreciation and amortization (**)	41.787	18.578	9.890	7.614	(23)	77.846

(*) Income recognized from ABank and Ana Gıda amounting TRL 30.471 and expense recognized from Anadolu Efes, Anadolu Isuzu, Aslancık and Migros amounting TRL 253.292 are recorded in 'unallocated' segment of 'gain/loss from the investments accounted through equity method'; expense recognized from Faber Castel Anadolu LLC amounting to TRL 269 is recorded in "retailing" segment.

(**) TRL 87.568 of the tangible & intangible assets and investment property purchases and TRL 272 of the depreciation and amortization belong to Investment Properties. Purchases of tangible & intangible assets and investment property includes capitalization of financial expenses amounting TRL 14.945.

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NOTE 5 - SEGMENT REPORTING (cont'd)

1 July-September 30, 2016	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	451.099	229.694	12.718	33.518	-	727.029
Inter-segment sales	1.274	504	-	7.345	(9.123)	-
Total Sales	452.373	230.198	12.718	40.863	(9.123)	727.029
GROSS PROFIT(LOSS)	88.038	55.266	3.732	13.727	(7.015)	153.748
General administrative expenses	(16.611)	(12.492)	(2.473)	(21.500)	5.830	(47.246)
Marketing expenses	(19.704)	(19.910)	-	(4.435)	1.186	(42.863)
Research and development expenses	(458)	-	-	-	-	(458)
Other operating income	3.291	981	11	407	-	4.690
Other operating expenses	(70)	1.167	(2)	(1.798)	3	(700)
Gain (Loss) from the investments accounted through equity method (*)	-	106	-	-	33.745	33.851
OPERATING INCOME (LOSS)	54.486	25.118	1.268	(13.599)	33.749	101.022
Income from investing activities	219	163	-	1.099	-	1.481
Expenses from investing activities	-	(2.492)	-	(39)	316	(2.215)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	54.705	22.789	1.268	(12.539)	34.065	100.288
Financial income	166.185	1.252	2.884	14.606	-	184.927
Financial expenses (-)	(259.217)	(11.714)	(4.654)	(91.965)	(9.538)	(377.088)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(38.327)	12.327	(502)	(89.898)	24.527	(91.873)
Tax (Expense) Income from Continuing Operations	34	(2.101)	(221)	12.365	-	10.077
- Current period tax (expense) income	105	(2.149)	(181)	(4.352)	-	(6.577)
- Deferred tax (expense) income	(71)	48	(40)	16.717	-	16.654
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(38.293)	10.226	(723)	(77.533)	24.527	(81.796)
NET INCOME (LOSS) FOR THE PERIOD FOR DISCONTINUED OPERATIONS	-	-	-	222	1	223
Attributable to:	(38.293)	10.226	(723)	(77.311)	24.528	(81.573)
- Non-controlling interest	(15)	-	70	-	(33.210)	(33.155)
- Equity holders of the parent	(38.278)	10.226	(793)	(77.311)	57.738	(48.418)
Purchases of tangible & intangible assets and investment property	4.956	5.041	12	960	-	10.969
Purchases of assets used in renting activities	286.018	-	-	-	-	286.018
Depreciation and amortization	15.974	7.124	3.538	4.326	-	30.962

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NOTE 5 - SEGMENT REPORTING (cont'd)

July 1-September 30, 2015	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	406.274	218.538	11.265	24.214	-	660.291
Inter-segment sales	1.274	668	-	6.436	(8.378)	-
Total Sales	407.548	219.206	11.265	30.650	(8.378)	660.291
GROSS PROFIT(LOSS)	75.397	51.706	3.190	14.284	(1.330)	143.247
General administrative expenses	(13.542)	(12.349)	(2.510)	(21.244)	1.608	(48.037)
Marketing expenses	(14.586)	(18.087)	-	(1.404)	(80)	(34.157)
Research and development expenses	(459)	-	-	-	(74)	(533)
Other operating income	1.624	3.305	253	373	602	6.157
Other operating expenses	(147)	(4.360)	176	(689)	3	(5.017)
Gain (Loss) from the investments accounted through equity method (*)	-	(108)	-	-	(223.037)	(223.145)
OPERATING INCOME (LOSS)	48.287	20.107	1.109	(8.680)	(222.308)	(161.485)
Income from investing activities	189.603	54.770	-	970	(243.963)	1.380
Expenses from investing activities	-	(281)	-	(1.372)	-	(1.653)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	237.890	74.596	1.109	(9.082)	(466.271)	(161.758)
Financial income	3.771	6.643	2.447	39.852	(6)	52.707
Financial expenses (-)	(131.252)	(21.051)	(23.362)	(248.758)	(7.402)	(431.825)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	110.409	60.188	(19.806)	(217.988)	(473.679)	(540.876)
Tax (Expense) Income from Continuing Operations	6.744	(2.544)	2.392	43.430	3	50.025
- Current period tax (expense) income	(788)	(3.170)	-	27.874	-	23.916
- Deferred tax (expense) income	7.532	626	2.392	15.556	3	26.109
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	117.153	57.644	(17.414)	(174.558)	(473.676)	(490.851)
NET INCOME (LOSS) FOR THE PERIOD FOR DISCONTINUED OPERATIONS	-	-	-	2.640	(106)	2.534
Attributable to:	117.153	57.644	(17.414)	(171.918)	(473.782)	(488.317)
- Non-controlling interest	(52)	1	(1.604)	-	(130.314)	(131.969)
- Equity holders of the parent	117.205	57.643	(15.810)	(171.918)	(343.468)	(356.348)
Purchases of tangible & intangible assets and investment property	2.580	20.423	317	282.034	(243.766)	61.588
Purchases of assets used in renting activities	251.684	-	-	-	-	251.684
Depreciation and amortization	13.691	6.436	3.424	2.589	1	26.141

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NOTE 5 - SEGMENT REPORTING (cont'd)

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

Associate: The Group's effective shareholding rate for Anadolu Efes is 27,66% (December 31, 2015: 27,66%). The operations of Anadolu Efes and its subsidiaries consist of production, distribution and marketing of beer under a number of trademarks and selling and distribution of sparkling and still beverages with The Coca-Cola Company trademark principally in Turkey, Central Asia and Middle East. The result of these operations, for the periods ended September 30, 2016 and September 30, 2015 are reflected in "gain/loss from the investments accounted through equity method" line of the interim condensed consolidated income statement as gain amounting to TRL 107.707 and loss amounting to TRL 52.986 respectively. Group has 17,00% shareholding rate at ABank (December 31, 2015: 17,00%). The result of ABank's operations for the periods ended September 30, 2016 and September 30, 2015 are reflected in "gain/loss from the investments accounted through equity method" line of the interim condensed consolidated income statement as loss amounting to TRL 6.719 and gain amounting to TRL 28.671.

NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	September 30, 2016	December 31, 2015
Cash	2.003	2.035
Banks	373.286	331.643
-Time deposits	349.526	302.979
-Demand deposits	23.760	28.664
Other cash and cash equivalents (*)	45.092	30.612
Cash and cash equivalents in the consolidated cash flow statement	420.381	364.290
Interest income accruals	801	636
	421.182	364.926

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

Cash and cash equivalents of Yazıcılar as of September 30, 2016 amounts to TRL 81.877, cash and cash equivalents of AEH, the subsidiary of the Company amounts to TRL 176.435. (December 31, 2015: TRL 62.352 and TRL 135.328).

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NOTE 7 - BORROWINGS

	September 30, 2016	December 31, 2015
Bank borrowings	974.425	755.190
Bills issued (*)	100.000	-
Current portion of long term borrowings	759.196	740.956
Financial leasing payables	9.060	1.005
Interest expense accruals of bonds issued (*)	574	4.057
Short term borrowings	1.843.255	1.501.208
Bank borrowings	2.624.133	2.101.912
Financial leasing payables	26.322	1.922
Bills issued (*)	-	100.000
Long term borrowings	2.650.455	2.203.834
Total borrowings	4.493.710	3.705.042

(*) Çelik Motor, a subsidiary of the Company, has issued a bond to qualified investors without public offering at September 17, 2015, with 729 days maturity, 13,8% interest rate and fixed coupon payment in every 6 months. The carrying amount of the bond amounts to TRL 100.574 as of September 30, 2016.

Total borrowings of AEH, the subsidiary of the Company as of September 30, 2016 amounts to TRL 1.237.399 (December 31, 2015: TRL 1.160.502).

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NOTE 7 - BORROWINGS (cont'd)

As of September 30, 2016 and December 31, 2015, the Group does not have any secured bank borrowings except subjects mentioned in Note 14.

Short term	September 30, 2016			December 31, 2015		
	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	802.198	10,0% - 14,5%	-	599.731	8,6% - 17,0%	-
Borrowing in foreign currency (EUR)	715.679	2,2% - 4,9%	Libor + (2,8% - 4,4%)	724.165	1,8% - 4,9%	Libor + (3,2% - 4,4%)
Borrowing in foreign currency (USD)	215.744	3,5% - 4,5%	Libor + (3,0% - 4,4%)	176.307	3,5% - 4,2%	Libor + (2,9% - 4,4%)
Financial leasing payables in Turkish Lira	9.060	7,2% - 12,6%	-	1.005	7,2% - 8,0%	-
Bonds issued in Turkish Lira	100.574	13,8%	-	-	-	-
	1.843.255			1.501.208		
Long term	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	-	-	-	47.618	10,8% - 14,6%	-
Borrowing in foreign currency (EUR)	2.139.150	3,1% - 4,4%	Libor + (2,8% - 4,4%)	1.492.037	3,2% - 4,9%	Libor + (3,8% - 4,4%)
Borrowing in foreign currency (USD)	484.983	-	Libor + (3,5% - 4,4%)	562.257	3,5% - 4,0%	Libor + (3,0% - 4,4%)
Financial leasing payables in Turkish Lira	26.322	8,6% - 12,6%	-	1.922	8,6% - 8,9%	-
Bonds issued in Turkish Lira	-	-	-	100.000	13,8%	-
	2.650.455			2.203.834		
	4.493.710			3.705.042		

Repayments schedules of long-term borrowings are as follows:

	September 30, 2016	December 31, 2015
2017	153.461	355.382
2018	581.426	165.988
2019	1.307.269	902.553
2020	360.263	518.251
2021 and thereafter	248.036	261.660
	2.650.455	2.203.834

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NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	September 30, 2016	December 31, 2015
Investment in associate	2.942.460	2.710.532
Interest in joint ventures (Note 4)	2.383.653	2.411.093
	5.326.113	5.121.625

8.1 Associates

Entity	Principle Activities	Country of business	September 30, 2016			December 31, 2015		
			Carrying value	Effective shareholding and voting rights (%)	Group's share of income/(loss)	Carrying value	Effective shareholding and voting rights (%)	Group's share of income/(loss)
Anadolu Efes (*)	Production, bottling and distribution of beer, sparkling and still beverages	Turkey	2.517.422	27,66	107.707	2.310.884	27,66	(58.477)
ABank	Banking services	Turkey	425.038	17,00	(6.719)	399.648	17,00	23.652
			2.942.460		100.988	2.710.532		(34.825)

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

Summary financial information of associate Anadolu Efes is as follows:

<i>Summary balance sheet:</i>	Anadolu Efes	Anadolu Efes
	September 30, 2016	December 31, 2015
Current Assets	5.925.822	4.942.542
Non-Current Assets	17.733.069	17.101.548
Total Assets	23.658.891	22.044.090
Short-Term Borrowings	716.452	744.593
Other Current Liabilities	2.336.958	1.880.570
Long-Term Borrowings	4.701.137	4.638.623
Other Non-Current Liabilities	2.340.254	2.206.799
Total Liabilities	10.094.801	9.470.585
Net Assets	13.564.090	12.573.505
Attributable to:		
Non-controlling interests	5.157.563	4.865.449
Net assets of the equity holders of the parent	8.406.527	7.708.056
Group's share in net assets	2.517.422	2.310.884

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

8.1 Associates (cont'd)

Summary Income Statement:

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Revenue	8.264.994	8.259.956	3.243.032	3.185.278
Net income / (loss)	582.233	(116.753)	231.124	(97.137)
Non-controlling interests	217.990	62.436	99.045	42.636
Equity holders of the parent	364.243	(179.189)	132.079	(139.773)
Group's share in net income / (loss)	107.707	(52.986)	39.056	(41.331)
- Non-controlling interests	6.947	(3.417)	2.519	(2.665)
- Equity holders of the parent	100.760	(49.569)	36.537	(38.666)

The movement of carrying value of the associate, Anadolu Efes in the interim condensed consolidated financial statements as of September 30, 2016 and September 30, 2015 is as follows:

	September 30, 2016	September 30, 2015
Balance at January 1	2.310.884	2.281.668
Group's share in net income/(loss)	107.707	(52.986)
Group's share in currency translation differences	147.601	317.678
Non-controlling interest put option valuation fund	431	311
Dividend received	(42.896)	(80.539)
Cash flow hedge reserve	(5.778)	6.639
Group's share in remeasurement funds	(527)	(647)
Balance at the end of the period	2.517.422	2.472.124

Summary financial information of ABank, the Group's associate is as follows:

Summary balance sheet:	ABank	ABank
	September 30, 2016	December 31, 2015
Total assets	14.894.035	13.942.041
Total liabilities	13.757.770	12.907.337
Net assets	1.136.265	1.034.704
Attributable to:		
Non-controlling interests	13	11
Net assets of the equity holders of the parent	1.136.252	1.034.693
Group's share in net assets	425.038	399.648

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

8.1 Associates (cont'd)

Summary Income Statement:

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Interest, fee and commission income	878.530	928.472	286.223	335.315
Net income / loss	(26.874)	116.248	30.976	41.391
Non-controlling interests	2	279	3	95
Equity holders of the parent	(26.876)	115.969	30.973	41.296
Group's share in net (loss)/income	(6.719)	28.671	7.744	10.209

The movement of carrying value of the associate ABank in the interim condensed consolidated financial statements as of September 30, 2016 and September 30, 2015 is as follows:

	September 30, 2016	September 30, 2015
Balance at January 1	399.648	380.701
Capital increase	37.500	-
Group's share in net (loss)/income	(6.719)	28.671
Group's share in revaluation funds	(5.376)	(7.548)
Group's share in remeasurement funds	(15)	(13)
Group's share in transactions with non-controlling interests	-	888
Balance at the end of the period	425.038	402.699

Based on the shareholders agreement signed with The Commercial Bank of Qatar (CBQ), AEH, the subsidiary of the Group which has 25% share in ABank, has an option to sell ABank shares to CBQ (CBQ's liability to purchase). The mentioned selling option can be used between the 3rd and 5th years following the date of July 18, 2013 which is the date of CBQ's purchase of ABank shares. Due to AEH's Board of Director's minute dated July 18, 2016 it was decided that AEH can use its option to sell 25% shares of ABank which makes 192.500.000 bearer shares in accordance with the "Shareholders Agreement" which was concluded on July 18, 2013. The Banking Regulation and Supervision Agency's "decision of authorization" dated October 20, 2016, numbered 7045 regarding the sale of shares has reached to AEH. Completion of the transactions in accordance with the legislation is subject to the permits to be obtained from the official institutions and it is predicted that the sale of shares will be concluded in 2016.

8.2 Joint Ventures

Entity	Principle activities	Country	September 30, 2016			December 31, 2015		
			Carrying value	Effective shareholding and voting rights (%)	Group's share of income/ (loss)	Carrying value	Effective shareholding and voting rights (%)	Group's share of income/ (loss)
Anadolu Isuzu (*)	Manufacturing and selling of Isuzu brand commercial vehicles	Turkey	111.231	37,56	(8.094)	124.885	37,56	6.819
Ana Gıda	Production and marketing of olive oil, sunflower and corn oil under Kirlangıç, Komili and Madra Brands	Turkey	35.801	37,57	2.712	33.132	37,57	744
Aslancık	Production of electricity	Turkey	16.966	22,67	2.756	14.210	22,67	(24.922)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	1.079	19,34	208	-	19,34	-
Migros (*) (**)	Sales of food and drinks along with durable goods	Turkey	2.218.576	34,00	(23.194)	2.238.866	34,00	(128.154)
			2.383.653		(25.612)	2.411.093		(145.513)

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

(**) AEH, the subsidiary of the Group, has 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, to participate 40,25% in Migros. Put option liability of AEH for the remaining 19,5% shares are accounted in the financial statements, as a result, the Company's shareholding rate in Migros is 34,00%.

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

Movements of property, plant and equipment for the period ended on September 30, 2016 are as follows:

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

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

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

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

Movements of property, plant and equipment for the period ended on September 30, 2015 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
At January 1, 2015	39.032	334.626	375.336	13.175	50.460	2.736	139.864	69.701	1.024.930
Additions (***)	172	592	12.829	6.864	7.590	955	2.057	31.723	62.782
Disposals (-)	-	(7.377)	(18.350)	(2.852)	(791)	(651)	(2.478)	-	(32.499)
Currency translation differences	505	7.048	2.833	17	26	-	-	51	10.480
Transfers (*)	(2.629)	(96)	7.953	497	285	309	1.533	(24.158)	(16.306)
September 30, 2015	37.080	334.793	380.601	17.701	57.570	3.349	140.976	77.317	1.049.387
Accumulated depreciation									
At January 1, 2015	3.857	20.093	151.985	4.298	26.112	2.006	48.194	-	256.545
Depreciation charge for the period (**)	777	4.666	19.487	2.414	4.873	188	6.903	-	39.308
Disposals (-)	-	(2.519)	(14.470)	(1.346)	(593)	(606)	(1.421)	-	(20.955)
Currency translation differences	39	329	496	15	18	-	-	-	897
Transfers (*)	(1.573)	(8.194)	(1.765)	-	(18)	274	-	-	(11.276)
September 30, 2015	3.100	14.375	155.733	5.381	30.392	1.862	53.676	-	264.519
Net carrying amount	33.980	320.418	224.868	12.320	27.178	1.487	87.300	77.317	784.868

(*) TRL 5.030 of property, plant and equipment is transferred to investment property.

(**) Depreciation charge of property, plant and equipment for the period September 30, 2015 includes charges for discontinued operations amounting TRL 156.

(***) Additions of property, plant and equipment includes capitalization of financial expenses amounting TRL 14.945.

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NOTE 10 - INTANGIBLE ASSETS

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

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

Movements of intangible assets for the period ended on September 30, 2015 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible assets	Total
Cost					
January 1, 2015	30.853	27	1.051	3.037	34.968
Additions	5.474	-	-	128	5.602
Currency translation differences	-	1	-	-	1
September 30, 2015	36.327	28	1.051	3.165	40.571
Accumulated amortization					
January 1, 2015	14.688	6	502	652	15.848
Amortization charge for the period (**)	3.036	2	39	362	3.439
Currency translation differences	-	2	-	-	2
September 30, 2015	17.724	10	541	1.014	19.289
Net carrying amount	18.603	18	510	2.151	21.282

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

(**) Amortization charges of intangible assets for the periods September 30, 2016 and 2015 includes charges for discontinued operations amounting TRL 67 and TRL 59 respectively.

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NOTE 11 – OTHER ASSETS AND LIABILITIES

11.1 Other Current Assets

	September 30, 2016	December 31, 2015
Assets used in renting activities	403.865	247.518
VAT receivable	152.124	114.398
Work advances	8.167	5.509
Other current assets	5.687	3.310
	569.843	370.735

Movements of current assets used in renting activities for periods ended September 30, 2016 and 2015 are as the following:

Current Assets Used in Renting Activities

	September 30, 2016	September 30, 2015
Cost		
Balance at January 1	251.376	171.604
Additions	398.004	325.571
Disposals	(526.197)	(343.341)
Transfers (*)	284.497	159.498
Balance at the end of the period	407.680	313.332
Accumulated depreciation		
Balance at January 1	3.858	7.093
Depreciation charge for the period	13	1.272
Disposals	(34.727)	(38.213)
Impairment	-	(297)
Transfers (*)	34.671	33.398
Balance at the end of the period	3.815	3.253
Net carrying amount	403.865	310.079

(*) TRL 204 of property, plant and equipment is transferred to current assets used in renting activities.

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

11.2 Other Non-Current Assets

	September 30, 2016	December 31, 2015
Assets used in renting activities	1.320.295	1.031.536
VAT receivable	27.901	26.664
Other non-current assets	63	54
	1.348.259	1.058.254

Movements of non-current assets used in renting activities for periods ended September 30, 2016 and 2015 are as the following:

Non-Current Assets Used in Renting Activities

	September 30, 2016	September 30, 2015
Cost		
Balance at January 1	1.098.693	829.382
Additions	576.335	353.133
Transfers	(284.153)	(159.498)
Balance at the end of the period	1.390.875	1.023.017
Accumulated depreciation		
Balance at January 1	67.157	66.986
Depreciation charge for the period	37.954	33.555
Transfers	(34.531)	(33.398)
Balance at the end of the period	70.580	67.143
Net carrying amount	1.320.295	955.874

11.3 Other Current Liabilities

	September 30, 2016	December 31, 2015
Other payables	193	87
	193	87

11.4 Other Non-Current Liabilities

	September 30, 2016	December 31, 2015
Put option liability (Note 14)	502.390	474.515
	502.390	474.515

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NOT 12 – DEFERRED INCOME

12.1 Current Deferred Income

	September 30, 2016	December 31, 2015
Advances taken	70.465	7.722
Other deferred income	7.696	20.806
	78.161	28.528

12.2 Non-Current Deferred Income

	September 30, 2016	December 31, 2015
Advances taken	168.149	-
Other deferred income	15.781	3.736
	183.930	3.736

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

13.1 Provision for Employee Benefits

The provisions for employee benefits as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31, 2015
Short-term	23.690	11.764
Provision for bonus	19.381	7.098
Provision for vacation pay liability	4.263	4.666
Provision for employee termination benefits	46	-
Long-term	24.294	22.778
Provision for employee termination benefits	24.294	22.778
	47.984	34.542

13.2 Other Provisions

The provisions as of September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016	December 31, 2015
Provision for litigations	5.790	4.097
Warranty provisions (*)	1.152	730
	6.942	4.827

(*) Warranty provisions are resulting from sales of Anadolu Motor which is a subsidiary 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.

As of September 30, 2016, the Group has no long term provisions (December 31, 2015: None).

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NOTE 14 - COMMITMENTS

As of September 30, 2016 and December 31, 2015 letter of guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

September 30, 2016	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	318.572	82.175	76.662	2.001
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	48.177	-	16.081	-
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-
D. Total amount of other GPM's	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-
	366.749	82.175	92.743	2.001
December 31, 2015	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	305.619	70.818	78.644	1.931
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	70.971	24.214	16.081	-
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-
D. Total amount of other GPM's	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-
	376.590	95.032	94.725	1.931

As of September 30, 2016, the ratio of other GPMs over the Company's equity is 0%. (December 31, 2015: 0%).

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

The Group's letter of guarantees, letters of guarantee, cheques and notes of guarantee, mortgage and other guarantees received from its customers in consideration of its receivables amount to TRL 296.168, TRL 4.870, TRL 50.254 and TRL 4.623, respectively (December 31, 2015: TRL 190.556, TRL 4.538, TRL 35.912 and TRL 1.823).

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. The Group has increased the corporate tax base related to years 2011-2015 within the scope of the "Law on Restructuring of Certain Receivables" numbered 6736 and enacted on August 19, 2016. As a result of the corporate tax base increase, income tax expense due to prior periods amounting TRL 4.168 as of report publication date has been recorded as "Current Period Tax Expense" in the interim condensed consolidated financial statement ended September 30, 2016 and as "Income Tax Payable" in the balance sheet as at the same date (Note 22.1). Otherwise, the Group has not provided any tax provision regarding prior years.

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

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NOTE 14 - COMMITMENTS (cont'd)

AEH, which is a subsidiary of the Company, is a guarantor of the long term loan that GUE, which is a subsidiary of the Company, borrowed for construction of a hydroelectric power plant with a capacity of 87 MW in Georgia amounting to USD 115.500.000, for the period until start of electricity production following the fulfillment of specified conditions. “Total amount of GPMs given in favor of subsidiaries included in full consolidation” stated in the table of the letter of guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation consists of guarantee amounting to TRL 48.176 (December 31, 2015 : TRL 46.756)

Çelik Motor, the subsidiary, operates in motor vehicles lease business for the various rental periods.

AEH, the subsidiary of the Company, has acted as a guarantor in the proportion of its capital (33,33%), to its joint venture Aslancık's long term project finance loan which was taken in 2011 amounting to USD 160.000.000 in relation to its 120 MW hydro power plant under construction in Giresun.

The Turkish Radio and Television Corporation (TRT) General Directorate has made total of 9 notifications to Anadolu Elektronik, a subsidiary of the Company, in 2013 for bandrole payments made between 2005-2010. The fees of the notifications include default interests, administrative fine and principal that amounts to TRL 16.673. In January 2014, Anadolu Elektronik has litigated against and bandrole principal and interests have been canceled by courts of first instance. Appeal process is still going on since there is considerably high possibility of a favorable case result, there are not any provisions booked in the consolidated financial statements for the related notifications.

AEH, the subsidiary of the Group, has acquired 80,5% shares of MH Perakendecilik, which has 50% stake in Migros, to participate 40,25 % in Migros shares at July 15, 2015. AEH has pledged shares of MH Perakendecilik for the payment of the long term loan which is borrowed for the related acquisition till the end of the maturity of loan.

Regarding the 19,5% shares of Moonlight Capital in MH Perakendecilik, a subsidiary of the Group which is to take place between May 1, 2017 and October 31, 2017, AEH has given “the right to sell” option to Moonlight Capital and Moonlight Capital has given “the right to buy” option to AEH. Put option liability of Moonlight Capital amounting to TRL 502.390 (December 31, 2015: 474.515 TRL) has been recognized under “non-current liabilities” and put option liability valuation expense amounting TRL 27.875 has been recognized under “financial expenses” while call option of AEH has not been recognized in the interim condensed consolidated financial statements as at September 30, 2016.

NOTE 15 - EQUITY

Shared Capital / Adjustments to Share Capital and Equity Instruments

	September 30, 2016		December 31, 2015	
	Amount	(%)	Amount	(%)
Yazıcı Families	60.422	37,76	60.640	37,90
Kamil Yazıcı Yönetim ve Danışma A.Ş.	54.163	33,85	54.163	33,85
Anadolu Ecopack Üretim ve Pazarlama A.Ş. (*)	218	0,14	-	-
Publicly traded (**)	45.197	28,25	45.197	28,25
Paid-in share capital - historical	160.000	100,00	160.000	100,00
Inflation adjustment to share capital	-		-	
Total share capital	160.000		160.000	

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

(**) As of September 30, 2016 TRL 5.073 of the publicly traded portion of shares, which is 3,17% of the paid-in share capital, is owned by Kamil Yazıcı Yönetim ve Danışma A.Ş. (December 31, 2015: TRL 5.073 of the publicly traded portion, which is 3,17% of the paid-in share capital).

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NOTE 15 - EQUITY (cont'd)

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

Movement of paid in share capital as at September 30, 2016 and December 31, 2015 is as follows (historical amounts):

	September 30, 2016		December 31, 2015	
	Number of shares	Amount	Number of shares	Amount
Balance at January 1	160.000.000	160.000	160.000.000	160.000
-Inflation adjustment to share capital	-	-	-	-
Balance at the end of the period	160.000.000	160.000	160.000.000	160.000

Kamil Yazıcı Yönetim ve Danışma A.Ş. (henceforth as Management Company) is a professional management company established by members of the Kamil Yazıcı Family to manage their investments. With the special board nomination rights granted to Class A and Class B shares (1 + 3) which it owns, it is entitled to appoint four of the six directors to the Company's board of directors. Namely;

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

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

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

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

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

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

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NOTE 15 - EQUITY (cont'd)

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

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

	September 30, 2016	December 31, 2015
Revaluation and remeasurement income /(loss)	(5.569)	(1.913)
-Available for sale financial assets	(5.569)	(1.913)

	September 30, 2016	December 31, 2015
Restricted reserves allocated from net profit	32.000	30.090

Retained Earnings

As of September 30, 2016 and December 31, 2015 the summary of equity reserves, extraordinary reserves, other profit reserves, and retained earnings are as follows:

	September 30, 2016	December 31, 2015
Equity reserves	1.166	1.166
Extraordinary reserves	271.729	201.897
Other profit reserves	2.558	2.558
Retained earnings	3.092.552	3.384.881
	3.368.005	3.590.502

Non-Controlling Interests

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

NOTE 16 - OPERATING EXPENSES

	January September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
General administrative expenses	144.381	145.542	47.246	48.037
Marketing expenses	135.643	105.243	42.863	34.157
Research and development expenses	1.410	1.338	458	533
	281.434	252.123	90.567	82.727

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NOTE 17 - OTHER OPERATING INCOME/EXPENSES

17.1 Other Operating Income

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Foreign exchange gains arising from trading activities	4.356	4.739	1.426	3.181
Commission income	3.523	144	832	49
Rediscount gain from trading activities	1.415	361	973	(45)
Withdrawal income from second hand vehicle sale	936	140	357	56
Gain on corporate identities	619	-	92	-
Reversal of provision	346	457	84	-
Restaurant contract termination compensation income	87	1.115	87	535
Other	2.634	3.996	839	2.381
	13.916	10.952	4.690	6.157

17.2 Other Operating Expenses

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Rediscount expense from trading activities	3.743	3.646	(4.201)	(4.783)
Foreign exchange losses arising from trading activities	3.432	2.207	419	1.380
Provision for doubtful receivables	2.371	1.558	1.800	642
Restaurant closing expenses	2.131	1.876	657	186
Donations	1.800	2.180	298	402
Idle capacity expenses	-	6.748	-	6.748
Other	5.481	3.357	1.727	442
	18.958	21.572	700	5.017

NOTE 18 – INCOME/EXPENSES FROM INVESTING ACTIVITIES

18.1 Income from Investing Activities

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Gain on sale of financial investment (*)	20.293	-	-	-
Rent income	3.416	3.029	1.173	1.045
Gain on sale of property, plant and equipment	2.193	13.678	229	335
Gain on sale of marketable securities	1.285	-	66	-
Gain on sale of a subsidiary (**)	13	-	13	-
Other	213	537	-	-
	27.413	17.244	1.481	1.380

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

(**) This amount is due to gain from sale of shares of Atlas Varlık, a subsidiary of the Company as details are noted in Note 21.

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

18.2 Expenses from Investing Activities

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Loss on sale of property, plant and equipment	3.930	1.333	2.176	283
Loss on revaluation of marketable securities	201	1.354	39	1.354
Expense due to sale of marketable securities	23	52	-	16
	4.154	2.739	2.215	1.653

NOTE 19 - FINANCIAL INCOME

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Foreign exchange gain	381.703	210.778	179.236	47.712
Interest income	14.090	25.510	6.051	7.605
Derivative transactions income	403	8.630	(360)	(2.610)
	396.196	244.918	184.927	52.707

NOTE 20 - FINANCIAL EXPENSES

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Foreign exchange loss	500.306	498.583	298.368	358.342
Interest expense	183.157	115.419	67.070	64.716
Put option liability revaluation expense (Note 14)	27.875	7.408	9.538	7.408
Other expense	5.866	3.725	2.112	1.359
	717.204	625.135	377.088	431.825

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

The entire NPL portfolio under Artı Varlık and Atlas Varlık's assets were sold to Turkasset Varlık Yönetim A.Ş. on June 29, 2016 for TRL 71.100 and asset management activities have been ceased. Also, 100% shares of Atlas Varlık has been transferred to Turkasset Varlık Yönetim A.Ş. on September 29, 2016 for TRL 10.748. In the interim condensed consolidated financial statements as at September 30, 2016 and to conform to changes in presentation with the current period financial statements in the interim condensed consolidated financial statements as at September 30, 2015 income or loss have been reclassified as income/loss for the period for discontinued operations in accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'.

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NOTE 21 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (cont'd)

Summary income statements of discontinued operations are as the following;

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
General administrative expenses	(7.783)	(10.412)	(17)	(3.635)
Other operating income/expense, net (*)	(4.299)	(1.630)	-	131
Income/expense from investing activities, net	(394)	290	-	-
Financial income/expense, net	3.807	10.981	295	6.188
Eliminations	845	1.013	-	396
Loss before tax from discontinued operations	(7.824)	242	278	3.080
Tax expense	(331)	(41)	(55)	(546)
Loss after tax from discontinued operations	(8.155)	201	223	2.534

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

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

Summary cash flow:

	September 30, 2016	September 30, 2015
Net cash from operating activities	76.629	14.061
Net cash flow (used in)/from investing activities	(34)	545
Net cash flow used in financing activities	(25.947)	(17.433)
Net increase / (decrease) in cash and cash equivalents	50.648	(2.827)
Cash and cash equivalents at the beginning of the period	827	3.744
Cash and cash equivalents at the end of the period	51.475	917

NOTE 22 - TAX ASSETS AND LIABILITIES

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

The corporation tax rate for the fiscal year is 20% in Turkey (2015: 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% (2015: 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

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

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

The corporation tax rate in Georgia in where GUE and Kheledula, subsidiaries of the Group, operate is 15% (2015:15%).

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

22.1 Current Income Tax Assets and Tax Provision

	September 30, 2016	December 31, 2015
Current income tax assets	2.886	41.111
Income tax payable (-) (*)	(7.244)	(444)
Net tax liability/asset	(4.358)	40.667

	September 30, 2016	September 30, 2015
Balance at January 1	40.667	8.547
Income tax expense (*) (**)	(21.350)	(21.403)
Taxes paid (-)	8.576	39.233
Taxes refunded	(26.992)	-
Other	(5.259)	(1.686)
Balance at the end of the period	(4.358)	24.691

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

(**) As of September 30, 2016 and September 30, 2015 tax expense due to discontinued operations is TRL 175 and TRL 535 (Note 21).

22.2 Deferred Tax Assets and Liabilities

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

	September 30, 2016	December 31, 2015
Deferred tax asset	103.837	77.068
Deferred tax liability (-)	(46.087)	(44.168)
Total deferred tax asset/(liability), net	57.750	32.900

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

	Balance December 31, 2015	Recorded to income statement	Balance September 30, 2016
Property, plant and equipment, and intangibles, investment properties, assets used in renting activities	(42.464)	(20.462)	(62.926)
Tax loss carried forward	19.055	32.402	51.457
Employee termination benefit	4.544	297	4.841
Inventories	48.754	3.383	52.137
Investment incentive	4.284	(25)	4.259
Provision for doubtful receivables	400	328	728
Hedge accounting	(4.475)	(725)	(5.200)
Provision for revenue and distributor bonus	30	4.757	4.787
Other	2.772	4.895	7.667
Net deferred tax asset	32.900	24.850	57.750
Currency translation difference	-	(44)	-
Loss on remeasurements of defined benefit plans	-	(18)	-
Reclassification of discontinued operations	-	156	-
	32.900	24.944	57.750

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

22.2 Deferred Tax Assets and Liabilities (cont'd)

The movement of net deferred tax asset as of the period ended on September 30, 2015 is as follows:

	Balance December 31, 2014	Recorded to income statement	Balance September 30, 2015
Property, plant and equipment, and intangibles, investment properties, assets used in renting activities	(61.927)	7.736	(54.191)
Tax loss carried forward	27.984	38.393	66.377
Employee termination benefit	4.142	375	4.517
Investment incentive	299	14	313
Provision for doubtful receivables	299	(12)	287
Provision for revenue and distributor bonus	90	6.320	6.410
Hedge accounting	(471)	(10.612)	(11.083)
Other	2.604	6.936	9.540
Net deferred tax (liability)/asset	(26.980)	49.150	22.170
Currency translation difference	-	(3.662)	-
Loss on remeasurements of defined benefit plans	-	(62)	-
Reclassification of discontinued operations	-	(494)	-
	(26.980)	44.932	22.170

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

	September 30, 2016	December 31, 2015
2021	71.666	-
2020	103.223	101.508
2019	71.289	34.218
2018	100.660	164.696
2017	16.658	12.327
2016	-	58.764
	363.496	371.513

22.3 Tax Expense

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Income tax expense (-) (*)	(21.175)	(20.868)	(6.577)	23.916
Deferred tax income	24.944	44.932	16.654	26.109
	3.769	24.064	10.077	50.025

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

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NOTE 23 - RELATED PARTY BALANCES AND TRANSACTIONS

23.1 Balances with Related Parties

Bank Balances with Related Parties

As of September 30, 2016 deposits in ABank amounts to TRL 149.851 (December 31, 2015: TRL 43.854). As of September 30, 2016 deposits in ABank have less than 3 months term and weighted average interest rate for TRL denominated time deposits is 10,20%, for USD denominated time deposits the rate is 3,31%, for EUR denominated time deposits, the rate is 0,55%.

As of September 30, 2016 loans given by ABank to related parties amount to TRL 132.583 (December 31, 2015: TRL 133.896). The Group's financial leasing payables to ALease are TRL 1.845 (December 31, 2015: TRL 2.927).

23.2 Due from Related Parties

	September 30, 2016	December 31, 2015
Migros (2)	8.156	8.867
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	5.894	1.044
Anadolu Efes (1)	5.249	1.466
Coca-Cola İçecek A.Ş. (3)	2.919	611
JSC Moscow Efes Brewery (Russia) (3)	2.396	1.336
Faber-Castell Anadolu LLC (Russia) (2)	1.552	1.168
Coca-Cola Satış ve Dağıtım A.Ş. (3)	1.165	1.075
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	978	761
JSC Lomisi (Georgia) (3)	576	367
Efes Vitanta Moldova Brewery JSC (Moldova) (3)	410	400
Anadolu Isuzu (2)	405	503
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (3)	369	359
JSC Efes Kazakhstan Brewery (Kazakhstan) (3)	301	439
Other	800	1.220
	31.170	19.616

As of September 30, 2016 there is no amount in long term portion of due from related parties (December 31, 2015: None).

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

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AS AT SEPTEMBER 30, 2016**

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

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

23.3 Due to related parties

	September 30, 2016	December 31, 2015
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (3)	182	-
ABank (1)	75	4
Migros (2)	57	81
Anadolu Isuzu (2)	20	5.382
Kamil Yazıcı Yönetim ve Danışma A.Ş. (4)	10	18
Other	78	252
	422	5.737

As of September 30, 2016 there is no amount in long term portion of due from related parties (December 31, 2015: None).

23.4 Related Party Transactions

Terms and conditions of transactions with related parties

Outstanding balances at the end of the period are unsecured and interest free. Their settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended September 30, 2016, the Group has not recorded any provisions for doubtful receivables, relating to amounts owned by related parties (December 31, 2015: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

Significant transactions with related parties during the period ended as of September 30, 2016 and 2015 are as follows:

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Sales of goods and services, net				
Anadolu Efes (1)	25.151	21.785	12.640	6.548
Efpa (3)	19.819	19.268	6.016	6.167
Efes Breweries International N.V. (3)	19.437	15.540	6.764	10.255
Coca-Cola Satış ve Dağıtım A.Ş. (3)	14.148	14.635	4.626	4.918
Anadolu Isuzu (2)	10.607	9.358	3.505	3.238
Migros (2)	7.736	5.760	6.201	5.760
ABank (1)	6.573	6.290	2.883	1.964
Tarbes (3)	3.948	4.868	1.319	2.846
Coca-Cola İçecek A.Ş. (3)	3.422	3.519	1.118	854
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	1.637	1.947	523	610
Ana Gıda (2)	1.308	1.293	418	404
Other	7.155	8.195	2.209	2.361
	120.941	112.458	48.222	45.925

(1) An associate

(2) A joint venture

(3) A Company controlled by an associate

(4) Shareholder of the Company

(5) Other

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

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

23.4 Related Party Transactions (cont'd)

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Purchases of goods and other charges				
Anadolu Isuzu (2)	3.795	761	643	217
Anadolu Efes Spor Kulübü (5)	1.709	-	-	-
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	1.509	2.023	100	253
Migros (2)	867	711	336	711
ABank (1)	252	1.246	228	1.205
ALease (3)	244	326	67	121
Other	341	1.412	61	184
	8.717	6.479	1.435	2.691
	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Financial Income / (Expense), Net				
ABank (1)	765	9.354	434	1.190
ALease (3)	-	(70)	-	-
Alternatif Menkul A.Ş. (AMenkul) (3)	-	(3)	-	-
	765	9.281	434	1.190
	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Various sales included in other income (includes dividends received)				
ABank (1)	2.819	2.535	948	927
AMenkul (3)	256	227	86	73
Other	165	192	134	53
	3.240	2.954	1.168	1.053

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 23 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

23.4 Related Party Transactions (cont'd)

Compensation of Key Management Personnel of the Group

Group has defined the key management personnel as follows; the managers directly reporting to the general manager and board of directors, and the board of directors and general managers in the rest of the subsidiaries.

The details of benefits provided to the key management personnel for the periods ended on September 30, 2016 and September 30, 2015 are as follows:

	January 1- September 30, 2016	January 1- September 30, 2015	July 1- September 30, 2016	July 1- September 30, 2015
Short term benefits provided to key management personnel	15.257	17.909	2.983	5.702
Post-employment benefits	2.301	219	831	-
Total gain	17.558	18.128	3.814	5.702
Social Security employer share	347	332	102	127

Other

The Company and its subsidiaries other than McDonald's and Hamburger are obligated to donate 1% - 5% of their profit before corporate tax and such fiscal obligations to Anadolu Eğitim ve Sosyal Yardım Vakfı as stated in the entities' foundation agreements as long as these donations are exempt from tax. As of September 30, 2016, donations amount to TRL 1.509 (September 30, 2015: TRL 2.023).

NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

General

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

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

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

YAZICILAR HOLDİNG ANONİM ŞİRKETİ

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign currency risk

The Group predominantly operates in Turkey.

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

		Exchange buying rate at December 31, 2015	Average exchange buying rate in the period	Exchange buying rate at September 30, 2016
TRL /USD	Turkey	2,9076	2,9309	2,9959
TRL /EUR	Turkey	3,1776	3,2710	3,3608

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). The Group does not hedge investments, receivables, accounts payables, lease obligations and borrowings denominated in a foreign currency. The Group does not hedge their estimated foreign currency exposure in respect of sales and purchases.

Foreign currency risk arises from the EUR, USD, GBP, JPY, CAD, NOK denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's functional currency. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

YAZICILAR HOLDİNG ANONİM ŞİRKETİ**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 24 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**Financial Risk Management Objectives and Policies (cont'd)****Foreign currency risk (cont'd)**

September 30, 2016	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	10.807	1.803	1.609	-	-
2a. Monetary financial assets (cash and cash equivalents included)	171.436	42.318	13.287	1	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	5.213	705	915	6	-
4. Current assets (1+2+3)	187.456	44.826	15.811	7	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non - current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	187.456	44.826	15.811	7	-
10. Trade payables	15.937	5.034	255	-	-
11. Short - term borrowings and current portion of long - term borrowings	931.423	72.013	212.949	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	947.360	77.047	213.204	-	-
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	2.624.132	161.882	636.500	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	2.624.132	161.882	636.500	-	-
18. Total liabilities (13+17)	3.571.492	238.929	849.704	-	-
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	410.818	4.728	118.023	-	-
19a. Total hedged assets	410.818	4.728	118.023	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(2.973.218)	(189.375)	(715.870)	7	-
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(3.389.249)	(194.808)	(834.808)	1	-
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	51.829	3.081	13.084	-	-
24. Import	853.696	36.633	225.361	30	335.310

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

December 31, 2015	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	14.498	3.077	1.747	-	-
2a. Monetary financial assets (cash and cash equivalents included)	260.165	34.663	50.156	-	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	7.769	1.990	619	4	-
4. Current assets (1+2+3)	282.432	39.730	52.522	4	-
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	39	13	-	-	-
8. Non - current assets (5+6+7)	39	13	-	-	-
9. Total assets (4+8)	282.471	39.743	52.522	4	-
10. Trade payables	22.952	7.779	94	8	-
11. Short - term borrowings and current portion of long - term borrowings	900.472	60.637	227.897	-	-
12a. Monetary other liabilities	518	162	15	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	923.942	68.578	228.006	8	-
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	2.054.294	193.375	469.548	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	2.054.294	193.375	469.548	-	-
18. Total liabilities (13+17)	2.978.236	261.953	697.554	8	-
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	338.218	4.880	101.973	-	-
19a. Total hedged assets	338.218	4.880	101.973	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(2.357.547)	(217.330)	(543.059)	(4)	-
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(2.703.573)	(224.213)	(645.651)	(8)	-
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	35.156	6.871	5.457	-	-
24. Import	931.215	49.729	261.701	57	257.376

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

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

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

Foreign currency position sensitivity analysis		
December 31, 2015		
	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	(64.610)	64.610
2- USD denominated hedging instruments(-)	1.419	(1.419)
3- Net effect in USD (1+2)	(63.191)	63.191
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(204.965)	204.965
5- Euro denominated hedging instruments(-)	32.403	(32.403)
6- Net effect in Euro (4+5)	(172.562)	172.562
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	(2)	2
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(2)	2
TOTAL (3+6+9)	(235.755)	235.755

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NOTE 25 - SUBSEQUENT EVENTS

- The corporate governance rating of Yazıcılar Holding A.Ş. was revised as 9,19 (out of 10) by SAHA Corporate Governance and Credit Rating Services Inc. ("SAHA") through the annual revision as of October 07, 2016. The breakdown of the rating in terms of principal rating areas is as follows:

Shareholders (weight 25%)	: 86,36
Public Disclosure and Transparency (weight 25%)	: 96,67
Stakeholders (weight 15%)	: 97,40
Board of Directors (weight 35%)	: 90,04
Total	: 91,88

A copy of the Corporate Governance Rating report by SAHA is available at www.yazicilarholding.com.

- The Banking Regulation and Supervision Agency's "decision of authorization" dated October 20, 2016, numbered 7045 regarding the sale of 25% of shares of ABank, an associate of the Company to CBQ has reached to AEH, a subsidiary of the Company. Completion of the transactions in accordance with the legislation is subject to the permits to be obtained from the official institutions and it is predicted that the sale of shares will be concluded in 2016.

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