

**YAZICILAR HOLDİNG ANONİM ŐİRKETİ**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD JANUARY 1– MARCH 31, 2017**

**(ORIGINALLY ISSUED IN TURKISH)**

# YAZICILAR HOLDİNG ANONİM ŞİRKETİ

## Interim Condensed Consolidated Financial Statements as of March 31, 2017

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### TABLE OF CONTENTS

	<u>Page</u>
<b>Interim Consolidated Balance Sheets</b> .....	<b>1-2</b>
<b>Interim Consolidated Income Statements</b> .....	<b>3</b>
<b>Interim Consolidated Comprehensive Income Statements</b> .....	<b>4</b>
<b>Interim Consolidated Statements of Changes in Equity</b> .....	<b>5</b>
<b>Interim Consolidated Cash Flow Statements</b> .....	<b>6</b>
<b>Explanatory Notes to Interim Condensed Consolidated Financial Statements (Notes)</b> .....	<b>7-50</b>
Note 1 Organization and Nature of Activities.....	7-9
Note 2 Basis of Presentation of Financial Statements .....	9-13
Note 3 Business Combinations .....	13
Note 4 Joint Ventures .....	14-16
Note 5 Segment Reporting .....	17-20
Note 6 Cash and Cash Equivalents .....	20
Note 7 Borrowings .....	21-22
Note 8 Investments Accounted Through Equity Method .....	23-25
Note 9 Property, Plant and Equipment.....	26-27
Note 10 Intangible Assets .....	28
Note 11 Other Assets and Liabilities.....	29-30
Note 12 Deferred Income.....	31
Note 13 Provisions, Contingent Assets and Liabilities .....	31
Note 14 Commitments .....	32-33
Note 15 Equity .....	33-35
Note 16 Operating Expenses .....	35
Note 17 Other Operating Income/Expenses.....	36
Note 18 Income/Expenses from Investing Activities .....	36-37
Note 19 Financial Income .....	37
Note 20 Financial Expenses .....	37
Note 21 Non-Current Assets Held for Sale and Discontinued Operations.....	38
Note 22 Tax Assets and Liabilities .....	39-41
Note 23 Related Party Balances and Transactions .....	42-45
Note 24 Nature and Level of Risks Arising from Financial Instruments .....	45-49
Note 25 Subsequent Events.....	50

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**INTERIM CONSOLIDATED BALANCE SHEETS AS AT MARCH 31, 2017 AND DECEMBER 31, 2016**

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

<b>ASSETS</b>	<b>Notes</b>	<b>Unreviewed March 31, 2017</b>	<b>Audited December 31, 2016</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	556.138	413.363
Financial Instruments		8.524	9.451
Trade Receivables		514.175	338.933
- Due from Related Parties	23.1	35.292	28.772
- Trade Receivables, Third Parties		478.883	310.161
Other Receivables		3.295	14.879
- Other Receivables, Third Parties		3.295	14.879
Derivative Financial Instruments		45.764	40.747
Inventories		239.698	221.130
Prepaid Expenses		68.601	34.646
Current Income Tax Assets	22.1	4.250	12.777
Other Current Assets	11.1	536.200	511.831
<b>TOTAL CURRENT ASSETS</b>		<b>1.976.645</b>	<b>1.597.757</b>
<b>NON-CURRENT ASSETS</b>			
Financial Instruments		327	327
Trade Receivables		17.125	9.957
- Trade Receivables, Third Parties		17.125	9.957
Other Receivables		3.132	2.937
- Other Receivables, Third Parties		3.132	2.937
Derivative Financial Instruments		23.540	20.567
Inventories		92.109	62.025
Investments Accounted Through Equity Method	8	5.556.039	5.011.551
Investment Property		251.302	251.934
Property, Plant and Equipment	9	785.405	752.513
Intangible Assets	10	31.751	27.231
Prepaid Expenses		17.091	17.985
Deferred Tax Assets	22.2	123.318	100.688
Other Non-Current Assets	11.2	1.542.565	1.492.594
<b>TOTAL NON-CURRENT ASSETS</b>		<b>8.443.704</b>	<b>7.750.309</b>
<b>TOTAL ASSETS</b>		<b>10.420.349</b>	<b>9.348.066</b>

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 MARCH 31, 2017 AND DECEMBER 31, 2016**

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>Unreviewed March 31, 2017</b>	<b>Audited December 31, 2016</b>
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	7	<b>1.048.675</b>	610.678
Current Portion of Long-Term Borrowings	7	<b>835.493</b>	922.746
Trade Payables		<b>283.372</b>	307.119
- <i>Due to Related Parties</i>	23.2	<b>453</b>	393
- <i>Trade Payables, Third Parties</i>		<b>282.919</b>	306.726
Other Payables		<b>32.036</b>	40.645
- <i>Other Payables, Third Parties</i>		<b>32.036</b>	40.645
Deferred Income	12.1	<b>145.402</b>	42.035
Income Tax Payable	22.1	<b>1.414</b>	2.648
Short-Term Provisions		<b>28.745</b>	26.964
- <i>Short-Term Provisions for the Employee Benefits</i>	13.1	<b>13.182</b>	12.010
- <i>Other Short-Term Provisions</i>	13.2	<b>15.563</b>	14.954
Other Current Liabilities	11.3	<b>504.407</b>	512.111
<b>TOTAL CURRENT LIABILITIES</b>		<b>2.879.544</b>	2.464.946
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Borrowings	7	<b>2.182.680</b>	2.147.252
Other Payables		<b>1.468</b>	1.463
- <i>Other Payables, Third Parties</i>		<b>1.468</b>	1.463
Deferred Income	12.2	<b>287.435</b>	215.638
Long-Term Provisions		<b>23.796</b>	25.199
- <i>Long-Term Provisions for the Employee Benefits</i>	13.1	<b>23.796</b>	25.199
Deferred Tax Liability	22.2	<b>8.166</b>	23.036
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2.503.545</b>	2.412.588
<b>TOTAL LIABILITIES</b>		<b>5.383.089</b>	4.877.534
<b>EQUITY</b>			
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>4.163.089</b>	3.755.171
Paid-in Share Capital	15	<b>160.000</b>	160.000
Share Premium (Discounts)		<b>9.474</b>	9.474
Non-controlling Interest Put Option Valuation Fund		<b>5.264</b>	5.512
Other Comprehensive Income (Expense) Not To Be Reclassified to Profit or Loss		<b>(8.091)</b>	(8.407)
- <i>Revaluation and Reclassification Gain (Loss)</i>		<b>(8.091)</b>	(8.407)
- <i>Income (Loss) on Remeasurements of Defined Benefit Plans</i>		<b>(8.091)</b>	(8.407)
Other Comprehensive Income (Expense) To Be Reclassified to Profit or Loss		<b>664.410</b>	509.341
- <i>Currency Translation Differences</i>		<b>648.204</b>	493.207
- <i>Hedge Gain (Loss)</i>		<b>16.206</b>	16.134
Restricted Reserves Allocated from Net Profit	15	<b>32.000</b>	32.000
Other Reserves		<b>(65.213)</b>	(65.213)
Retained Earnings	15	<b>3.112.115</b>	3.368.005
Net Income or Loss		<b>253.130</b>	(255.541)
<b>Non-Controlling Interests</b>		<b>874.171</b>	715.361
<b>TOTAL EQUITY</b>		<b>5.037.260</b>	4.470.532
<b>TOTAL LIABILITIES</b>		<b>10.420.349</b>	9.348.066

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 THREE MONTHS PERIODS ENDED  
MARCH 31, 2017 AND 2016**

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

		<b>Unreviewed</b>	<b>Unreviewed</b>
	<b>Notes</b>	<b>January 1- March 31, 2017</b>	<b>January 1- March 31, 2016</b>
Revenue		<b>692.644</b>	733.756
Cost of Sales		<b>(525.259)</b>	(601.673)
<b>GROSS PROFIT (LOSS)</b>		<b>167.385</b>	132.083
General Administrative Expenses	16	<b>(52.877)</b>	(49.372)
Marketing Expenses	16	<b>(47.298)</b>	(41.167)
Research and Development Expenses	16	<b>(392)</b>	(471)
Other Operating Income	17.1	<b>16.694</b>	5.061
Other Operating Expenses	17.2	<b>(15.559)</b>	(11.536)
Gain (Loss) from Investments Accounted Through Equity Method		<b>411.169</b>	(4.827)
<b>OPERATING INCOME (LOSS)</b>		<b>479.122</b>	29.771
Income from Investing Activities	18.1	<b>22.621</b>	22.397
Expenses from Investing Activities	18.2	<b>(356)</b>	(1.768)
<b>OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)</b>		<b>501.387</b>	50.400
Financial Income	19	<b>76.216</b>	67.640
Financial Expenses	20	<b>(205.698)</b>	(134.278)
<b>INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>371.905</b>	(16.238)
Tax (Expense) Income from Continuing Operations		<b>27.527</b>	497
- Current Period Tax (Expense) Income	22.3	<b>(10.046)</b>	(7.613)
- Deferred Tax (Expense) Income	22.3	<b>37.573</b>	8.110
<b>NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>399.432</b>	(15.741)
<b>NET INCOME (LOSS) FOR THE PERIOD FROM DISCONTINUED OPERATIONS</b>	21	<b>-</b>	(786)
<b>NET INCOME (LOSS)</b>		<b>399.432</b>	(16.527)
<b>Attributable to:</b>			
- Non-Controlling Interests		<b>146.302</b>	(11.204)
- Equity Holders of the Parent		<b>253.130</b>	(5.323)
Earnings / (Loss) per share (full TRL)		<b>1,58</b>	(0,03)
- Earnings / (Loss) per share from continuing operations (full TRL)		<b>1,58</b>	(0,03)
- Earnings / (Loss) per share from discontinued operations (full TRL)		<b>-</b>	(0,00)

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 STATEMENT  
FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2017 AND 2016**

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

	<u>Unreviewed</u> January 1- March 31, 2017	<u>Unreviewed</u> January 1- March 31, 2016
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>399.432</b>	<b>(16.527)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items Not To Be Reclassified To Profit or Loss</b>	<b>246</b>	<b>79</b>
- Remeasurement Gain (Loss) from Defined Benefit Plans	<b>365</b>	<b>550</b>
- Shares of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified To Profit or Loss	<b>(46)</b>	<b>(361)</b>
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	<b>(73)</b>	<b>(110)</b>
- Deferred Tax (Loss) Income	<b>(73)</b>	<b>(110)</b>
<b>Items To Be Reclassified To Profit or Loss</b>	<b>166.272</b>	<b>(5.238)</b>
- Currency Translation Differences	<b>(1.329)</b>	<b>(2.235)</b>
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified To Profit or Loss	<b>167.601</b>	<b>(3.003)</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>166.518</b>	<b>(5.159)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>565.950</b>	<b>(21.686)</b>
<b>Attributable to:</b>		
- Non-Controlling Interest	<b>157.800</b>	<b>(11.221)</b>
- Equity Holders of the Parent	<b>408.150</b>	<b>(10.465)</b>

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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 THREE MONTHS PERIODS ENDED MARCH 31, 2017 AND 2016**

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

				Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss	Other Comprehensive Income or Expense To Be Reclassified To Profit or Loss						Retained Earnings			
	Paid-in Capital	Share Premium/ Discount	Non- controlling Interest Put Option Valuation Fund	Profit / Loss on Remeasurements of Defined Benefit Plans	Currency Translation Differences	Hedge Gain / Loss	Revaluation and Reclassification Gain / Loss	Restricted Reserves Allocated from Net Income	Other Reserves	Retained Earnings	Net Income/ Loss	Attributable to Equity Holders of the Parent	Non- Controlling Interests	Equity
Balances as of January 1, 2016	160.000	9.474	1.604	(5.948)	8.970	8.959	(1.913)	30.090	(65.213)	3.590.502	(210.587)	3.525.938	791.272	4.317.210
Transfers	-	-	-	-	-	-	-	-	-	(210.587)	210.587	-	-	-
Total Comprehensive Income (Expense)	-	-	-	(157)	(1.966)	(5.266)	2.247	-	-	-	(5.323)	(10.465)	(11.221)	(21.686)
Net Income (Loss)	-	-	-	-	-	-	-	-	-	-	(5.323)	(5.323)	(11.204)	(16.527)
Other Comprehensive Income (Expense)	-	-	-	(157)	(1.966)	(5.266)	2.247	-	-	-	-	(5.142)	(17)	(5.159)
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	241	241
Increase (Decrease) Due To Other Changes (*)	-	-	(35)	-	-	-	-	-	-	-	-	(35)	(2)	(37)
Balances as of March 31, 2016	160.000	9.474	1.569	(6.105)	7.004	3.693	334	30.090	(65.213)	3.379.915	(5.323)	3.515.438	780.290	4.295.728
<b>Balances as of January 1, 2017</b>	<b>160.000</b>	<b>9.474</b>	<b>5.512</b>	<b>(8.407)</b>	<b>493.207</b>	<b>16.134</b>	<b>-</b>	<b>32.000</b>	<b>(65.213)</b>	<b>3.368.005</b>	<b>(255.541)</b>	<b>3.755.171</b>	<b>715.361</b>	<b>4.470.532</b>
Transfers	-	-	-	-	-	-	-	-	-	(255.541)	255.541	-	-	-
Total Comprehensive Income (Expense)	-	-	-	(49)	154.997	72	-	-	-	-	253.130	408.150	157.800	565.950
Net Income (Loss)	-	-	-	-	-	-	-	-	-	-	253.130	253.130	146.302	399.432
Other Comprehensive Income/(Expense)	-	-	-	(49)	154.997	72	-	-	-	-	-	155.020	11.498	166.518
Transactions With Non-Controlling Interests	-	-	-	-	-	-	-	-	-	(349)	-	(349)	1.027	678
Increase (Decrease) Due To Other Changes (*)	-	-	(248)	365	-	-	-	-	-	-	-	117	(17)	100
<b>Balances as of March 31, 2017</b>	<b>160.000</b>	<b>9.474</b>	<b>5.264</b>	<b>(8.091)</b>	<b>648.204</b>	<b>16.206</b>	<b>-</b>	<b>32.000</b>	<b>(65.213)</b>	<b>3.112.115</b>	<b>253.130</b>	<b>4.163.089</b>	<b>874.171</b>	<b>5.037.260</b>

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

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

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE THREE MONTHS PERIODS ENDED MARCH 31, 2017 AND 2016

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

	Notes	Unreviewed January 1 - March 31, 2017	Unreviewed January 1 - March 31, 2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss)		399.432	(16.527)
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>(260.307)</b>	89.757
Adjustments for Depreciation and Amortisation Expense		31.732	29.877
Adjustments for Impairment Loss (Reversal of Impairment Loss)		1.472	(215)
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	17.2	672	250
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories		800	(465)
Adjustments for Provisions		2.760	3.436
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		2.151	3.358
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	13.2	514	-
- Adjustments for (Reversal of) Warranty Provisions	13.2	95	78
Adjustments for Interest (Income) and Expenses		51.458	51.373
Adjustments for Unrealised Foreign Exchange Losses (Gains)		123.621	16.746
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		(411.169)	4.827
Adjustments for Tax (Income) Expenses		(27.527)	(780)
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		248	1.558
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	18	248	1.558
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	18	(21.280)	(20.276)
Other Adjustments to Reconcile Profit (Loss)		(11.622)	3.211
<b>Adjustments for Working Capital</b>		<b>(201.808)</b>	(139.776)
Decrease (Increase) in Financial Investments		1.881	1.554
Adjustments for Decrease (Increase) in Trade Accounts Receivable		(183.082)	(216.553)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		11.389	3.189
Adjustments for Decrease (Increase) in Inventories		(48.682)	(30.341)
Adjustments for Increase (Decrease) in Trade Accounts Payable		(23.747)	65.318
Adjustments for Increase (Decrease) in Other Operating Payables		(8.604)	(12.740)
Increase (Decrease) in Deferred Income		175.164	142.810
Other Adjustments for Increase (Decrease) in Working Capital		(126.127)	(93.013)
- Decrease (Increase) in Other Assets Related with Operations		(114.843)	(93.232)
- Increase (Decrease) in Other Liabilities Related with Operations		(11.284)	219
<b>Cash Flows from Operations</b>		<b>(62.683)</b>	(66.546)
Payments Related with Provisions for Employee Benefits		(2.017)	(2.413)
Income Taxes Refund (Paid)	22.1	(2.999)	(512)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>46.783</b>	8.868
Cash Inflows caused by Share Sales or Capital Decrease of Associate and/or Joint Ventures		55.622	-
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		-	(37.500)
Proceeds from Sale of Share or Debt Instruments of Other Business Organizations or Funds		1.001	26.594
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		305	828
Purchase of Property, Plant, Equipment and Intangible Assets		(9.191)	(9.547)
Other Inflows (Outflows) of Cash		(954)	28.493
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>187.651</b>	75.335
Proceeds from Issuing Shares or Other Equity Instruments		-	241
Proceeds from Borrowings		2.235.172	1.333.655
Repayments of Borrowings		(2.002.051)	(1.202.193)
Interest Paid		(51.127)	(59.810)
Interest Received		5.657	3.442
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>166.735</b>	14.732
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(24.110)	(13.536)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>142.625</b>	1.196
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6	<b>412.654</b>	372.548
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>555.279</b>	373.744

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 MARCH 31, 2017**

(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. 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 Company was incorporated in 1976.

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

The interim condensed consolidated financial statements as of March 31, 2017 are authorized for issue by the Board of Directors on May 10, 2017, and are approved by the General Manager Sezai Tanrıverdi and the Finance Director Osman Elmas on behalf of Board of Directors. General Assembly and other regulatory institutions have the right to change the statutory financial statements after the consolidated financial statements are issued.

**Activities of the Group**

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

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

The average number of personnel of the Group for the period ended at March 31, 2017 is 6.364 (December 31, 2016: 6.549).

**List of Shareholders**

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

	<b>March 31, 2017</b>		<b>December 31, 2016</b>	
	<b>Amount</b>	<b>(%)</b>	<b>Amount</b>	<b>(%)</b>
Yazıcı Families	<b>60.422</b>	<b>37,76</b>	60.422	37,76
Kamil Yazıcı Yönetim ve Danışma A.Ş.	<b>54.163</b>	<b>33,85</b>	54.163	33,85
Anadolu Ecopack Üretim ve Pazarlama A.Ş. (*)	<b>218</b>	<b>0,14</b>	218	0,14
Publicly traded (**)	<b>45.197</b>	<b>28,25</b>	45.197	28,25
<b>Paid-in share capital</b>	<b>160.000</b>	<b>100,00</b>	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 March 31, 2017 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, 2016: TRL 5.073 of the publicly traded portion, which is 3,17% of the paid-in share capital).

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

(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 March 31, 2017 and December 31, 2016 are as follows:

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

- (1) Shares of Adel are quoted on BIST.
- (2) AEH controls Adel and Ülkü through its shareholding of 56,89% and 68,81%, respectively. Moreover, Adel has 7,67% stake at Ülkü. As a result, Adel and Ülkü are controlled by Yazıcılar Holding A.Ş..
- (3) Anadolu Motor and AEH have 50,00% and 1,00% shareholding at Anadolu Elektronik, respectively. As a result, Anadolu Elektronik is controlled by Yazıcılar Holding A.Ş..
- (4) Capital of ABH has been increased on March 15, 2017. Only AEH participated in the capital increase, as a result, the Company's shareholding rate in ABH has increased to 67,56% from 67,04%.
- (5) On February 28, 2017, AEH sold 1.513.400 shares of Anadolu Taşıt, representing 10,81% of Anadolu Taşıt A.Ş.'s capital to Paravani Energy B.V.. As a result, the Company's shareholding rate in Anadolu Taşıt and Kheledula has decreased to 60,65% from 68,00%.
- (6) AEH owns 80,5% of MH Perakendecilik. Put option liability of AEH for the remaining 19,5% shares are recognized, as a result, Yazıcılar's shareholding rate in MH Perakendecilik is shown as 68,00%.

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

##### Associates

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

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

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

##### Joint Ventures

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

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

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

(\*\*) 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%.

(\*\*\*) The sale of 55,25% shares of AEH, a subsidiary of the Group in Ana Gıda to Koninklijke Bunge B.V. has been completed on February 21, 2017 and the share sale proceeds of TRL 55.622 was received in cash. At present, AEH does not have any shares in Ana Gıda .

#### 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 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.

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

## **YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

#### **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 (IAS/IFRS) as prescribed in the CMB Communiqué. 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 as at March 31, 2017 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 interim condensed consolidated financial statement disclosures (Note 14, 24).

##### **Financial Reporting in Hyperinflationary Economies**

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

##### **Functional and Presentation Currency**

###### **(a) Functional and presentation currency**

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

###### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the 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.

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

**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:

		<b>March 31, 2017</b>	December 31, 2016
	Local Currency	<b>Functional Currency</b>	Functional Currency
AEH Handels	EUR	<b>EUR</b>	EUR
Oyex	EUR	<b>EUR</b>	EUR
GUE	Georgian Lari (GEL)	<b>GEL</b>	GEL
Kheledula	Georgian Lari (GEL)	<b>GEL</b>	GEL

**Significant Accounting Policies**

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

**Comparative Information and Restatement of Prior Period Financial Statements**

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

**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 first three months up to March 31, 2017 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### 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 March 31, 2017 are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and IFRIC interpretations summarized below.

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

None.

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

None.

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

##### IFRS 9 Financial Instruments

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

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

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

##### IFRS 15 Revenue from Contracts with Customers

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

The five steps in the model are as follows:

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

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

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

**Changes in Accounting Policies (cont'd)**

**New standards and interpretations (cont'd)**

**IFRS 15 Revenue from Contracts with Customers (cont'd)**

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

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

**NOTE 3 - BUSINESS COMBINATIONS**

**Transactions for the period of March 31, 2017**

None.

**Transactions for the year of 2016**

None.

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 4 - JOINT VENTURES

##### Joint Ventures

Entity	Principle activities	Country	March 31, 2017			December 31, 2016		
			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	95.938	37,57	(5.592)	101.498	37,57	(17.812)
Ana Gıda (***)	Production and marketing of olive oil, sunflower and corn oil under Kirlangıç, Komili and Madra Brands	Turkey	-	-	-	33.977	37,57	907
Aslancık	Production of electricity	Turkey	(4.920)	22,67	(4.228)	(692)	22,67	(14.889)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	1.349	19,34	(66)	1.294	19,34	161
Migros (*) (**)	Sales of food and beverages and durable goods	Turkey	2.555.198	34,00	446.164	2.104.941	34,00	(143.877)
			<b>2.647.565</b>		<b>436.278</b>	2.241.018		(175.510)

(\*) 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%.

(\*\*\*) The sale of 55,25% shares of AEH, a subsidiary of the Group in Ana Gıda to Koninklijke Bunge B.V. has been completed on February 21, 2017 and the share sale proceeds of TRL 55.622 was received in cash. At present, AEH does not have any shares in Ana Gıda.

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

	March 31, 2017	December 31, 2016
<b>Anadolu Isuzu</b>		
Total assets	899.567	885.067
Total liabilities	651.569	622.602
Net assets	247.998	262.465
<b>Group's interest in net assets</b>	<b>95.938</b>	101.498
	March 31, 2017	March 31, 2016
<b>Anadolu Isuzu</b>		
Revenue	164.129	199.782
Net loss for the period	(14.548)	(2.126)
<b>Group's share in net loss of the joint venture</b>	<b>(5.592)</b>	(817)

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

	December 31, 2016
<b>Ana Gıda</b>	
Total assets	187.130
Total liabilities	118.189
Net assets	68.941
<b>Group's interest in net assets</b>	33.977
	March 31, 2016
<b>Ana Gıda</b>	
Revenue	81.673
Net income for the period	2.824
<b>Group's share in net income of the joint venture</b>	1.561

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

**NOTE 4 - JOINT VENTURES (cont'd)**

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

	<b>March 31, 2017</b>	December 31, 2016
<b>Aslancık</b>		
Total assets	<b>472.885</b>	465.905
Total liabilities	<b>484.038</b>	464.372
Net assets	<b>(11.153)</b>	1.533
<b>Group's interest in net assets</b>	<b>(4.920)</b>	(692)

  

	<b>March 31, 2017</b>	March 31, 2016
<b>Aslancık</b>		
Revenue	<b>20.379</b>	27.205
Net (loss)/income for the period	<b>(12.686)</b>	13.547
<b>Group's share in net (loss)/income of the joint ventures</b>	<b>(4.228)</b>	4.515

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

	<b>March 31, 2017</b>	December 31, 2016
<b>Faber Castell Anadolu LLC</b>		
Total assets	<b>12.116</b>	9.982
Total liabilities	<b>9.418</b>	7.395
Net assets	<b>2.698</b>	2.587
<b>Group's interest in net assets</b>	<b>1.349</b>	1.294

  

	<b>March 31, 2017</b>	March 31, 2016
<b>Faber Castell Anadolu LLC</b>		
Revenue	<b>4.000</b>	2.499
Net loss for the period	<b>(132)</b>	(15)
<b>Group's share in net loss of the joint ventures</b>	<b>(66)</b>	(8)

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

**NOTE 4 - JOINT VENTURES (cont'd)**

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

	March 31, 2017	December 31, 2016
<b>Migros</b>		
Current assets	2.886.980	2.471.347
Non-current assets	5.673.803	3.805.379
<b>Total assets</b>	<b>8.560.783</b>	6.276.726
Short-term borrowings	859.590	340.525
Other current liabilities	3.516.820	2.980.235
Long-term borrowings	2.790.999	2.623.011
Other non-current liabilities	227.395	140.342
<b>Total liabilities</b>	<b>7.394.804</b>	6.084.113
<b>Net assets</b>	<b>1.165.979</b>	192.613
<b>Attributable to:</b>		
Non-controlling interests	59.650	820
<b>Equity holders of the parent</b>	<b>1.106.329</b>	191.793
<b>Group's interest in net assets</b>	<b>2.555.198</b>	2.104.941
	March 31, 2017	March 31, 2016
Revenue	3.113.635	2.411.097
Net income/(loss) for the period	906.033	(25.743)
Non-controlling interests	(982)	15
<b>Equity holders of the parent</b>	<b>907.015</b>	(25.758)
<b>Group's interest in net income/(loss)</b>	<b>446.164</b>	(16.631)
- Non-controlling interests	142.772	(5.322)
- Equity holders of the parent	303.392	(11.309)

The movement of carrying value of the Group's joint venture, Migros in the interim condensed consolidated financial statements as of March 31, 2017 and March 31, 2016 is as follows:

	March 31, 2017	March 31, 2016
Balance at the beginning of period	<b>2.104.941</b>	2.238.866
Group's share in net income/(loss)	<b>446.164</b>	(16.631)
Group's share in currency translation differences	<b>4.093</b>	(875)
<b>Balance at the end of period</b>	<b>2.555.198</b>	2.221.360

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

**NOTE 5 - SEGMENT REPORTING**

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

Since segment reporting and information used in the Group management reporting is consistent with consolidated 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.

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 5 - SEGMENT REPORTING (cont'd)

January 1 –March 31, 2017	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	376.830	265.422	14.074	36.318	-	692.644
Inter-segment sales	1.805	823	-	6.351	(8.979)	-
<b>Total Sales</b>	<b>378.635</b>	<b>266.245</b>	<b>14.074</b>	<b>42.669</b>	<b>(8.979)</b>	<b>692.644</b>
<b>GROSS PROFIT(LOSS)</b>	<b>80.959</b>	<b>65.804</b>	<b>8.097</b>	<b>19.973</b>	<b>(7.448)</b>	<b>167.385</b>
General administrative expenses	(16.410)	(14.007)	(2.923)	(26.144)	6.607	(52.877)
Marketing expenses	(20.596)	(20.098)	-	(7.443)	839	(47.298)
Research and development expenses	(392)	-	-	-	-	(392)
Other operating income	2.836	2.750	12	553	10.543	16.694
Other operating expenses	(1.171)	(9.573)	(435)	(4.380)	-	(15.559)
Gain (Loss) from the investments accounted through equity method (*)	-	(66)	-	-	411.235	411.169
<b>OPERATING INCOME (LOSS)</b>	<b>45.226</b>	<b>24.810</b>	<b>4.751</b>	<b>(17.441)</b>	<b>421.776</b>	<b>479.122</b>
Income from investing activities	74	143	-	1.124	21.280	22.621
Expenses from investing activities	(2)	(297)	-	(57)	-	(356)
<b>OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)</b>	<b>45.298</b>	<b>24.656</b>	<b>4.751</b>	<b>(16.374)</b>	<b>443.056</b>	<b>501.387</b>
Financial income	25.714	2.899	34.205	13.190	208	76.216
Financial expenses	(129.456)	(9.451)	(5.115)	(58.098)	(3.578)	(205.698)
<b>INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(58.444)</b>	<b>18.104</b>	<b>33.841</b>	<b>(61.282)</b>	<b>439.686</b>	<b>371.905</b>
<b>Tax (Expense) Income from Continuing Operations</b>	<b>16.166</b>	<b>(5.683)</b>	<b>27</b>	<b>17.018</b>	<b>(1)</b>	<b>27.527</b>
- Current period tax (expense) income	-	(9.140)	-	(906)	-	(10.046)
- Deferred tax (expense) income	16.166	3.457	27	17.924	(1)	37.573
<b>NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>	<b>(42.278)</b>	<b>12.421</b>	<b>33.868</b>	<b>(44.264)</b>	<b>439.685</b>	<b>399.432</b>
<b>Attributable to:</b>	<b>(42.278)</b>	<b>12.421</b>	<b>33.868</b>	<b>(44.264)</b>	<b>439.685</b>	<b>399.432</b>
- Non-controlling interest	(28)	-	3.589	-	142.741	146.302
- Equity holders of the parent	(42.250)	12.421	30.279	(44.264)	296.944	253.130
<b>Total Assets</b>	<b>2.806.109</b>	<b>718.834</b>	<b>478.299</b>	<b>4.655.040</b>	<b>1.762.067</b>	<b>10.420.349</b>
Investments accounted through equity method	-	1.349	-	-	5.554.690	5.556.039
<b>Total Liabilities</b>	<b>2.562.951</b>	<b>457.763</b>	<b>429.120</b>	<b>1.509.608</b>	<b>423.647</b>	<b>5.383.089</b>
Net debt	2.174.353	207.429	401.725	718.679	-	3.502.186
Purchases of tangible & intangible assets and investment property (**)	6.042	2.542	463	144	-	9.191
Purchases of assets used in renting activities	221.297	-	-	-	-	221.297
Depreciation and amortization (**)	17.067	7.297	3.880	3.499	(11)	31.732

(\*) Income recognized from Migros amounting TRL 446.164 and expense recognized from Anadolu Efes, Anadolu Isuzu and Aslancık amounting TRL 34.929 which are accounted through equity method are recorded under gain/loss from the investments accounted through equity method in ‘unallocated’ segment; expense recognized from Faber Castel Anadolu LLC amounting to TRL 66 is recorded in “retailing” segment.

(\*\*) TRL 75 of the tangible & intangible assets and investment property purchases and TRL 707 of the depreciation and amortization belong to Investment Properties.

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 5 - SEGMENT REPORTING (cont'd)

January 1– March 31, 2016	Automotive	Retailing	Energy	Other	Unallocated	Consolidated
Sales	463.018	230.452	12.596	27.690	-	733.756
Inter-segment sales	1.289	1.234	-	7.441	(9.964)	-
Total Sales	464.307	231.686	12.596	35.131	(9.964)	733.756
GROSS PROFIT(LOSS)	67.571	51.936	7.443	13.035	(7.902)	132.083
General administrative expenses	(14.619)	(17.422)	(2.956)	(23.457)	9.082	(49.372)
Marketing expenses	(20.146)	(19.063)	-	(2.527)	569	(41.167)
Research and development expenses	(511)	-	-	-	40	(471)
Other operating income	3.125	1.443	7	472	14	5.061
Other operating expenses	(1.221)	(8.618)	(23)	(1.674)	-	(11.536)
Gain (Loss) from the investments accounted through equity method (*)	-	(8)	-	-	(4.819)	(4.827)
OPERATING INCOME (LOSS)	34.199	8.268	4.471	(14.151)	(3.016)	29.771
Income from investing activities	171	104	-	22.102	20	22.397
Expenses from investing activities	-	(1.634)	-	(134)	-	(1.768)
OPERATING INCOME (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	34.370	6.738	4.471	7.817	(2.996)	50.400
Financial income	44.688	2.981	4.385	15.586	-	67.640
Financial expenses	(75.687)	(10.721)	(4.139)	(34.649)	(9.082)	(134.278)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	3.371	(1.002)	4.717	(11.246)	(12.078)	(16.238)
Tax (Expense) Income from Continuing Operations	(739)	(3.587)	101	4.724	(2)	497
- Current period tax (expense) income	(436)	(6.380)	-	(797)	-	(7.613)
- Deferred tax (expense) income	(303)	2.793	101	5.521	(2)	8.110
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	2.632	(4.589)	4.818	(6.522)	(12.080)	(15.741)
NET INCOME (LOSS) FOR THE PERIOD FOR DISCONTINUED OPERATIONS	-	-	-	(797)	11	(786)
Attributable to:	2.632	(4.589)	4.818	(7.319)	(12.069)	(16.527)
- Non-controlling interest	(15)	-	689	-	(11.878)	(11.204)
- Equity holders of the parent	2.647	(4.589)	4.129	(7.319)	(191)	(5.323)
Total Assets	2.169.306	767.928	405.913	4.344.214	1.465.710	9.153.071
Investments accounted through equity method	-	175	-	-	5.113.221	5.113.396
Total Liabilities	1.770.571	483.119	358.694	1.906.160	338.799	4.857.343
Net debt	1.490.387	224.462	337.188	1.394.837	-	3.446.874
Purchases of tangible & intangible assets and investment property	5.173	3.957	28	389	-	9.547
Purchases of assets used in renting activities	261.281	-	-	-	-	261.281
Depreciation and amortization	14.586	7.351	3.332	4.619	(11)	29.877

(\*) Expense recognized from ABank, Anadolu Isuzu and Migros amounting TRL 28.721 and income recognized from Anadolu Efes, Ana Gıda and Aslancık amounting TRL 23.902 which are accounted through equity method are recorded under gain/loss from the investments accounted through equity method in ‘unallocated’ segment; expense recognized from Faber Castel Anadolu LLC amounting to TRL 8 is recorded in “retailing” segment.

(\*\*) Depreciation and amortization amounting TRL 1.396 of the property, plant and equipment and intangible assets belong to Investment Properties.

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 5 - SEGMENT REPORTING (cont'd)

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

Associate: The Group's effective shareholding rate for Anadolu Efes is 27,66% (December 31, 2016: 27,66%). The operations of Anadolu Efes and its subsidiaries consist of production, distribution and marketing of beer under a number of trademarks and selling and distribution of sparkling and still beverages with The Coca-Cola Company trademark principally in Turkey, Central Asia and Middle East. The result of these operations, for the periods ended March 31, 2017 and March 31, 2016 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 25.109 and income TRL 17.826 respectively. As of March 31, 2017 Group does not have shares in ABank which used to be an associate of the Group as mentioned in Note 8. The result of ABank's operations for the periods ended March 31, 2016 is reflected in "gain/loss from the investments accounted through equity method" line of the consolidated income statement as loss amounting to TRL 11.273.

#### NOTE 6 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	March 31, 2017	December 31, 2016
Cash	1.981	2.514
Banks	506.427	360.789
Other cash and cash equivalents (*)	46.871	49.351
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<b>555.279</b>	<b>412.654</b>
Interest income accruals	859	709
	<b>556.138</b>	<b>413.363</b>

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

As of March 31, 2017 cash and cash equivalents of Yazıcılar amount to TRL 92.632, cash and cash equivalents of AEH, a subsidiary of the Company amount to TRL 200.098 (December 31, 2016: TRL 91.937 and TRL 166.433).

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

**NOTE 7 - BORROWINGS**

	<b>March 31, 2017</b>	December 31, 2016
Bank borrowings	<b>859.889</b>	529.141
Bills issued (*)	<b>188.786</b>	81.537
Bonds issued (**)	<b>100.476</b>	103.938
Current portion of long term borrowings	<b>725.598</b>	809.418
Financial leasing payables	<b>9.419</b>	9.390
<b>Short term borrowings</b>	<b>1.884.168</b>	1.533.424
Bank borrowings	<b>2.160.903</b>	2.123.202
Financial leasing payables	<b>21.777</b>	24.050
<b>Long term borrowings</b>	<b>2.182.680</b>	2.147.252
<b>Total borrowings</b>	<b>4.066.848</b>	3.680.676

(\*) Çelik Motor, a subsidiary of the Group, has issued a bill to qualified investors without public offering at November 23, 2016, with 176 days maturity and 11,5 % interest rate. The carrying amount of the bill amounts to TRL 83.853 as of March 31, 2017 (December 31, 2016 : TRL 81.357). Çelik Motor has issued a bill to qualified investors without public offering at February 22, 2017, with 177 days maturity and 12,90 % interest rate. The carrying amount of the bill amounts to TRL 104.933 as of March 31, 2017.

(\*\*) Çelik Motor, a subsidiary of the Group, has issued a bond to qualified investors without public offering at September 17, 2015, with 729 days maturity, 13,8 % interest rate and fixed coupon payment in every 6 months. The carrying amount of the bond amounts to TRL 100.476 as of March 31, 2017 (December 31, 2016: TRL 103.938).

Total borrowings of AEH, a subsidiary of the Company as of March 31, 2017 amounts to TRL 638.304 (December 31, 2016: TRL 602.746).

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 7 - BORROWINGS (cont'd)

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

Short term	March 31, 2017			December 31, 2016		
	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	772.881	12,0% - 13,7%	-	425.165	10,4% - 15,0%	-
Borrowing in foreign currency (EUR)	626.593	2,5% - 4,7%	Libor + (3,5% - 4,4%)	701.854	2,2% - 4,9%	Libor + (3,5% - 4,4%)
Borrowing in foreign currency (USD)	186.013	3,5% - 6,8%	Libor + (3,0% - 4,4%)	211.540	3,5% - 6,8%	Libor + (3,0% - 4,4%)
Financial leasing payables in Turkish Lira	9.419	11,5% - 13,6%	-	9.390	11,5% - 13,6%	-
Bonds issued in Turkish Lira	100.476	13,8%	-	103.938	13,8%	-
Bills issued in Turkish Lira	188.786	11,5% - 12,9%	-	81.537	11,5%	-
	<b>1.884.168</b>			1.533.424		
Long term	Amount	Fixed interest rate	Floating interest rate	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	33.986	13,2% - 13,5%	-	-	-	-
Borrowing in foreign currency (EUR)	1.570.830	2,8% - 4,4%	Libor + (3,5% - 5,1%)	1.579.830	2,8% - 4,4%	Libor + (3,5% - 5,1%)
Borrowing in foreign currency (USD)	556.087	-	Libor + (3,5% - 4,4%)	543.372	-	Libor + (3,5% - 4,4%)
Financial leasing payables in Turkish Lira	21.777	11,5% - 12,6%	-	24.050	11,5% - 12,6%	-
	<b>2.182.680</b>			2.147.252		
	<b>4.066.848</b>			3.680.676		

Repayments schedules of long-term borrowings are as follows:

	March 31, 2017	December 31, 2016
2018	557.757	629.412
2019	1.141.177	1.076.558
2020	119.410	109.297
2021	80.210	71.378
2022 and thereafter	284.126	260.607
	<b>2.182.680</b>	2.147.252

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

	March 31, 2017	December 31, 2016
Investment in associate	2.908.474	2.770.533
Interest in joint ventures (Note 4)	2.647.565	2.241.018
	<b>5.556.039</b>	5.011.551

#### 8.1 Associates

Entity	Principle Activities	Country of business	March 31, 2017			December 31, 2016		
			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	2.908.474	27,66	(25.109)	2.770.533	27,66	(20.935)
ABank	Banking services	Turkey	-	-	-	-	-	538
			<b>2.908.474</b>		<b>(25.109)</b>	2.770.533		(20.397)

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

Summary financial information of associate Anadolu Efes is as follows:

<i>Summary balance sheet:</i>	Anadolu Efes	Anadolu Efes
	March 31, 2017	December 31, 2016
Current Assets	6.693.210	6.008.675
Non-Current Assets	20.438.484	19.619.884
<b>Total Assets</b>	<b>27.131.694</b>	25.628.559
Short-Term Borrowings	655.899	500.870
Other Current Liabilities	2.810.364	2.185.587
Long-Term Borrowings	5.768.886	5.682.403
Other Non-Current Liabilities	2.512.015	2.442.677
<b>Total Liabilities</b>	<b>11.747.164</b>	10.811.537
<b>Net Assets</b>	<b>15.384.530</b>	14.817.022
<b>Attributable to:</b>		
Non-controlling interests	5.655.538	5.554.521
<b>Net assets of the equity holders of the parent</b>	<b>9.728.992</b>	9.262.501
<b>Group's share in net assets</b>	<b>2.908.474</b>	2.770.533

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 8 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

##### 8.1 Associates (cont'd)

<i>Summary income statement:</i>	<b>Anadolu Efes</b>	Anadolu Efes
	<b>March 31, 2017</b>	March 31, 2016
Revenue	2.425.697	1.933.242
Net (loss)/income	(147.204)	49.508
Non-controlling interests	(62.292)	(10.775)
<b>Equity holders of the parent</b>	<b>(84.912)</b>	60.283
<b>Group's share in net (loss)/income</b>	<b>(25.109)</b>	17.826
-Non-controlling interest	(1.619)	1.150
-Equity holders of the parent	(23.490)	16.676

The movement of carrying value of the associate, Anadolu Efes in the interim consolidated financial statements as of March 31, 2017 and March 31, 2016 is as follows:

	<b>March 31, 2017</b>	March 31, 2016
Balance at January 1	<b>2.770.533</b>	2.310.884
Group's share in net (loss)/income	<b>(25.109)</b>	17.826
Group's share in currency translation differences	<b>163.315</b>	13
Non-controlling interest put option valuation fund	<b>(265)</b>	(37)
Cash flow hedge reserve	<b>78</b>	(5.628)
Group's share in remeasurement funds	<b>(78)</b>	(70)
<b>Balance at the end of the period</b>	<b>2.908.474</b>	2.322.988

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

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

<i>Summary income statement:</i>	ABank
	March 31, 2016
Interest, fee and commission income	304.065
Net loss	(45.094)
Non-controlling interests	-
Equity holders of the parent	(45.094)
<b>Group's share in net loss</b>	<b>(11.273)</b>

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

##### 8.1 Associates (cont'd)

The movement of carrying value of ABank which used to be an associate of the Group in the interim condensed consolidated financial statements as of March 31, 2016 is as follows:

	March 31, 2016
Balance at January 1	399.648
Group's share in net loss	(11.273)
Group's share in revaluation funds	3.304
Group's share in remeasurement	(16)
<b>Balance at the end of the period</b>	<b>391.663</b>

##### 8.2 Joint Ventures

Entity	Principle activities	Country	March 31, 2017			December 31, 2016		
			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	95.938	37,57	(5.592)	101.498	37,57	(17.812)
Ana Gıda (***)	Production and marketing of olive oil, sunflower and corn oil under Kirlangıç, Komili and Madra Brands	Turkey	-	-	-	33.977	37,57	907
Aslancık	Production of electricity	Turkey	(4.920)	22,67	(4.228)	(692)	22,67	(14.889)
Faber-Castell Anadolu LLC	Trading of all kinds of stationery	Russia	1.349	19,34	(66)	1.294	19,34	161
Migros (*) (**)	Sales of food and drinks along with durable goods	Turkey	2.555.198	34,00	446.164	2.104.941	34,00	(143.877)
			<b>2.647.565</b>		<b>436.278</b>	<b>2.241.018</b>		<b>(175.510)</b>

(\*) 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%.

(\*\*\*) The sale of 55,25% shares of AEH, a subsidiary of the Group in Ana Gıda to Koninklijke Bunge B.V. has been completed on February 21, 2017 and the share sale proceeds of TRL 55.622 was received in cash. At present, AEH does not have any shares in Ana Gıda.

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

Movements of property, plant and equipment for the period ended on March 31, 2017 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
<b>Cost</b>									
January 1, 2017	39.960	398.777	383.742	18.300	62.239	3.527	132.794	15.110	1.054.449
Additions	-	-	1.110	377	843	17	589	6.098	9.034
Disposals (-)	-	-	(788)	(546)	(63)	-	-	-	(1.397)
Currency translation differences	2.376	33.203	13.992	95	146	-	-	80	49.892
Transfers (*)	-	-	612	-	100	-	20	(6.832)	(6.100)
<b>March 31, 2017</b>	<b>42.336</b>	<b>431.980</b>	<b>398.668</b>	<b>18.226</b>	<b>63.265</b>	<b>3.544</b>	<b>133.403</b>	<b>14.456</b>	<b>1.105.878</b>
<b>Accumulated depreciation</b>									
January 1, 2017	4.740	25.481	166.900	6.207	36.156	2.284	60.168	-	301.936
Depreciation charge for the period	310	2.333	7.184	747	1.915	84	2.216	-	14.789
Disposals (-)	-	-	(488)	(323)	(57)	-	-	-	(868)
Currency translation differences	197	1.701	2.559	74	85	-	-	-	4.616
<b>March 31, 2017</b>	<b>5.247</b>	<b>29.515</b>	<b>176.155</b>	<b>6.705</b>	<b>38.099</b>	<b>2.368</b>	<b>62.384</b>	<b>-</b>	<b>320.473</b>
<b>Net carrying amount</b>	<b>37.089</b>	<b>402.465</b>	<b>222.513</b>	<b>11.521</b>	<b>25.166</b>	<b>1.176</b>	<b>71.019</b>	<b>14.456</b>	<b>785.405</b>

(\*) TRL 6.100 of PP&E is transferred to rights under intangible assets.

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

Movements of property, plant and equipment for the period ended on March 31, 2016 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2016	37.907	370.883	365.844	18.523	58.640	3.381	136.317	13.161	1.004.656
Additions	2	288	2.653	1.541	1.156	-	109	3.554	9.303
Disposals (-)	-	-	(855)	(865)	(32)	-	(2.510)	-	(4.262)
Currency translation differences	(262)	(3.665)	(1.541)	(9)	(13)	-	-	(6)	(5.496)
Transfers (*)	-	-	(235)	204	(438)	-	-	(2.663)	(3.132)
March 31, 2016	37.647	367.506	365.866	19.394	59.313	3.381	133.916	14.046	1.001.069
Accumulated depreciation									
January 1, 2016	3.361	16.047	138.236	5.043	29.451	1.944	53.378	-	247.460
Depreciation charge for the period (**)	309	1.897	7.205	1.124	1.976	81	2.377	-	14.969
Disposals (-)	-	-	(468)	(424)	(18)	-	(1.184)	-	(2.094)
Currency translation differences	(20)	(114)	(170)	(11)	(11)	-	-	-	(326)
March 31, 2016	3.650	17.830	144.803	5.732	31.398	2.025	54.571	-	260.009
Net carrying amount	33.997	349.676	221.063	13.662	27.915	1.356	79.345	14.046	741.060

(\*) TRL 869 of property, plant and equipment is transferred to investment properties, TRL 2.263 of property, plant and equipment is transferred to rights under intangible assets.

(\*\*) Depreciation charge of property, plant and equipment for the period March 31, 2016 includes charges for discontinued operations amounting TRL 59.

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

**NOTE 10 - INTANGIBLE ASSETS**

Movements of intangible assets for the period ended on March 31, 2017 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible non-current assets	Total
<b>Cost</b>					
January 1, 2017	48.025	149	1.051	3.267	52.492
Additions	82	-	-	-	82
Disposals (-)	(50)	-	-	-	(50)
Currency translation differences	-	11	-	-	11
Transfers (*)	6.100	-	-	-	6.100
<b>March 31, 2017</b>	<b>54.157</b>	<b>160</b>	<b>1.051</b>	<b>3.267</b>	<b>58.635</b>
<b>Accumulated amortization</b>					
January 1, 2017	22.909	20	608	1.724	25.261
Amortization charge for the period	1.487	5	13	141	1.646
Disposals (-)	(26)	-	-	-	(26)
Currency translation differences	-	3	-	-	3
<b>March 31, 2017</b>	<b>24.370</b>	<b>28</b>	<b>621</b>	<b>1.865</b>	<b>26.884</b>
<b>Net carrying amount</b>	<b>29.787</b>	<b>132</b>	<b>430</b>	<b>1.402</b>	<b>31.751</b>

Movements of intangible assets for the period ended on March 31, 2016 are as follows:

	Rights	Patents and licenses	Franchise	Other intangible non-current assets	Total
<b>Cost</b>					
January 1, 2016	40.657	40	1.051	3.087	44.835
Additions	244	-	-	-	244
Disposals (-)	(255)	-	-	-	(255)
Transfers (**)	2.248	-	-	-	2.248
<b>March 31, 2016</b>	<b>42.894</b>	<b>40</b>	<b>1.051</b>	<b>3.087</b>	<b>47.072</b>
<b>Accumulated amortization</b>					
January 1, 2016	18.870	11	555	1.193	20.629
Amortization charge for the period (***)	1.560	1	13	127	1.701
Disposals (-)	(37)	-	-	-	(37)
<b>March 31, 2016</b>	<b>20.393</b>	<b>12</b>	<b>568</b>	<b>1.320</b>	<b>22.293</b>
<b>Net carrying amount</b>	<b>22.501</b>	<b>28</b>	<b>483</b>	<b>1.767</b>	<b>24.779</b>

(\*) TRL 6.100 of property, plant and equipment is transferred to rights.

(\*\*) TRL 2.263 of property, plant and equipment is transferred to rights, and TRL 15 of rights is transferred to investment properties.

(\*\*\*) Amortization charges of intangible assets as of March 31, 2016 includes charges for discontinued operations amounting TRL 22.

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 11 - OTHER ASSETS AND LIABILITIES

##### 11.1 Other Current Assets

	March 31, 2017	December 31, 2016
Assets used in renting activities	411.899	369.599
VAT receivable	115.431	130.263
Work advances	2.750	7.284
Other current assets	6.120	4.685
	<b>536.200</b>	<b>511.831</b>

Movements of current assets used in renting activities for periods ended March 31, 2017 and 2016 are as the following:

##### Current Assets Used in Renting Activities

	March 31, 2017	March 31, 2016
<b>Cost</b>		
Balance at January 1	374.985	251.376
Additions	93.641	117.335
Disposals	(140.951)	(193.052)
Transfers	86.872	84.914
<b>Balance at the end of the period</b>	<b>414.547</b>	<b>260.573</b>
<b>Accumulated depreciation</b>		
Balance at January 1	5.386	3.858
Depreciation charge for the period	24	8
Disposals	(10.995)	(11.995)
Transfers	8.233	11.669
<b>Balance at the end of the period</b>	<b>2.648</b>	<b>3.540</b>
<b>Net carrying amount</b>	<b>411.899</b>	<b>257.033</b>

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

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

**11.2 Other Non-Current Assets**

	<b>March 31, 2017</b>	December 31, 2016
Assets used in renting activities	<b>1.496.305</b>	1.461.854
VAT receivable	<b>46.197</b>	30.677
Other non-current assets	<b>63</b>	63
	<b>1.542.565</b>	1.492.594

Movements of non-current assets used in renting activities for periods ended March 31, 2017 and 2016 are as the following:

**Non-Current Assets Used in Renting Activities**

	<b>March 31, 2017</b>	March 31, 2016
<b>Cost</b>		
Balance at January 1	<b>1.532.948</b>	1.098.693
Additions	<b>127.656</b>	143.946
Transfers	<b>(86.872)</b>	(84.914)
<b>Balance at the end of the period</b>	<b>1.573.732</b>	1.157.725
<b>Accumulated depreciation</b>		
Balance at January 1	<b>71.094</b>	67.157
Depreciation charge for the period	<b>14.566</b>	11.803
Transfers	<b>(8.233)</b>	(11.669)
<b>Balance at the end of the period</b>	<b>77.427</b>	67.291
<b>Net carrying amount</b>	<b>1.496.305</b>	1.090.434

**11.3 Other Current Liabilities**

	<b>March 31, 2017</b>	December 31, 2016
Put option liability (Note 14)	<b>504.178</b>	512.111
Other payables	<b>229</b>	-
	<b>504.407</b>	512.111

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOT 12 - DEFERRED INCOME

##### 12.1 Current Deferred Income

	March 31, 2017	December 31, 2016
Advances taken	110.413	10.490
Other deferred income	34.989	31.545
	145.402	42.035

##### 12.2 Non-Current Deferred Income

	March 31, 2017	December 31, 2016
Advances taken (*)	262.896	211.218
Other deferred income	24.539	4.420
	287.435	215.638

(\*) Full amount of the advances taken is the balance received due to pre-sale related to the housing project that Kartal Gayrimenkul, a subsidiary of the Company which operates in real estate, started in Kartal province in İstanbul. TRL 225.052 of the advances taken is received in cash, and TRL 37.844 of the balance consists of bills (December 31, 2016: TRL 187.733 cash, TRL 23.485 bills).

#### NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### 13.1 Provision for Employee Benefits

The provisions for employee benefits as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
<b>Short-term</b>	<b>13.182</b>	12.010
Provision for bonus	7.194	7.484
Provision for vacation pay liability	5.988	4.526
<b>Long-term</b>	<b>23.796</b>	25.199
Provision for employee termination benefits	23.796	25.199
	36.978	37.209

##### 13.2 Other Provisions

The provisions as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
Provision for litigations	14.212	13.698
Warranty provisions (*)	1.351	1.256
	15.563	14.954

(\*) 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.

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 14 - COMMITMENTS

As of March 31, 2017 and December 31, 2016 letter of guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

March 31, 2017	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	427.108	53.225	76.662	24.292
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	58.512	-	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	-	-	-	-
	<b>485.620</b>	53.225	92.743	24.292
December 31, 2016	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR
Letter of guarantees, pledge and mortgages provided by the Company				
A. Total amount of GPMs given on behalf of the Company's legal personality	409.552	49.865	76.662	24.232
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	56.592	-	16.081	-
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-
D. Total amount of other GPM's	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-
	466.144	49.865	92.743	24.232

As of March 31, 2017, the ratio of other GPMs over the Company's equity is 0% (December 31, 2016: 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 308.189, TRL 3.637, TRL 52.223 and TRL 4.873, respectively (December 31, 2016: TRL 286.750, TRL 5.303, TRL 51.655 and TRL 4.858).

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

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 14 - COMMITMENTS (cont'd)

AEH, a subsidiary of the Company, has given a support guarantee for the planned payments of the long term project financing loan that GUE, a subsidiary of the Group, borrowed for the construction of a hydroelectric power plant with a capacity of 87 MW in Georgia, during the time electricity production begins and the specified conditions are met. As of March 31, 2017 the remaining amount of the mentioned loan is USD 99.750.000. “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 given in favor of the parent company and subsidiaries included in full consolidation consists of guarantee amounting to TRL 58.511 (December 31, 2016 : TRL 56.591)

Çelik Motor, the subsidiary of the Company, 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.

Regarding 19,5% shares of Moonlight Capital in MH Perakendecilik, a subsidiary of the Group, Moonlight Capital has the right to sell, which was granted by AEH, a subsidiary of the Group, and AEH has the right to buy, which was granted by Moonlight Capital, between May 1, 2017 and October 31, 2017. As of May 2, 2017, Moonlight Capital has informed AEH of its decision to sell the shares. Within the scope of this transaction, when calculating the shares, the base price for 1 share of Migros, an associate of MH Perakendecilik, has been set as TRL 30,2 (full TRL), in line with the provisions of December 31, 2014. Share purchase price has been calculated as TRL 509.029.436 (full TRL) after adjustments, according to the provisions of the Share Purchase Agreement. According to Share Purchase Agreement, the exercise of the right, the transfer of share amount and the transfer of shares shall be completed in 10 working days following this notification (precisely on May 16, 2017). In the interim condensed consolidated financial statements as of March 31, 2017, the put option granted to Moonlight Capital was calculated and accounted as TRL 504.178 following the adjustments according to Share Purchase Agreement. As a result of revaluation of put option, the amount of put option on May 16, 2017, the expected date of share transfer, shall be equivalent to share purchase price which is TRL 509.029.

#### NOTE 15 - EQUITY

##### Shared Capital / Adjustments to Share Capital and Equity Instruments

	March 31, 2017		December 31, 2016	
	Amount	(%)	Amount	(%)
Yazıcı Families	60.422	37,76	60.422	37,76
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	218	0,14
Publicly traded (**)	45.197	28,25	45.197	28,25
<b>Paid-in share capital - historical</b>	<b>160.000</b>	<b>100,00</b>	<b>160.000</b>	<b>100,00</b>
Inflation adjustment to share capital	-		-	
<b>Total share capital</b>	<b>160.000</b>		<b>160.000</b>	

(\*) 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 March 31, 2017 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, 2016: TRL 5.073 of the publicly traded portion, which is 3,17% of the paid-in share capital).

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 15 - EQUITY (cont'd)

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

Movement of paid in share capital as at March 31, 2017 and December 31, 2016 is as follows (historical amounts):

	March 31, 2017		December 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Balance at January 1	160.000.000	160.000	160.000.000	160.000
-Inflation adjustment to share capital	-	-	-	-
<b>Balance at the end of the period</b>	<b>160.000.000</b>	<b>160.000</b>	<b>160.000.000</b>	<b>160.000</b>

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
	<b>160.000.000</b>	<b>100,00</b>	<b>6</b>

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

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

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

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### 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.

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

##### Retained Earnings

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

	March 31, 2017	December 31, 2016
Equity reserves	1.166	1.166
Extraordinary reserves	271.729	271.729
Other profit reserves	2.557	2.558
Retained earnings	2.836.663	3.092.552
	3.112.115	3.368.005

##### Non-Controlling Interest

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

#### NOTE 16 - OPERATING EXPENSES

	March 31, 2017	March 31, 2016
General administrative expenses	52.877	49.372
Marketing expenses	47.298	41.167
Research and development expenses	392	471
	100.567	91.010

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 17 - OTHER OPERATING INCOME/EXPENSES

##### 17.1 Other Operating Income

	March 31, 2017	March 31, 2016
VAT adjustment income	10.574	-
Foreign exchange gains arising from trading activities	2.129	1.395
Rediscount gains arising from trading activities	1.028	414
Distributor contribution	962	1.841
Commission income	97	2
Reversal of provision	27	79
Corporate identity income	10	331
Other	1.867	999
	<b>16.694</b>	<b>5.061</b>

##### 17.2 Other Operating Expenses

	March 31, 2017	March 31, 2016
Rediscount expenses arising from trading activities	8.452	6.390
Foreign exchange losses arising from trading activities	3.949	2.000
Donations	734	661
Provision for doubtful receivables	672	250
Litigation provision expenses	531	-
Restaurant closing expenses	107	534
Other	1.114	1.701
	<b>15.559</b>	<b>11.536</b>

#### NOTE 18 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

##### 18.1 Income from Investing Activities

	March 31, 2017	March 31, 2016
Gain on sale of an associate (*)	21.280	-
Rent income	1.262	1.132
Gain on sale of property, plant and equipment	79	194
Gain on sale of financial investment (**)	-	20.292
Gain on revaluation of marketable securities	-	779
	<b>22.621</b>	<b>22.397</b>

(\*) The sale of 55,25% shares of AEH in Ana Gıda to Koninklijke Bunge B.V. has been completed on February 21, 2017 and the share sale proceeds of TRL 55.622 was received in cash. At present, AEH does not have any shares in Ana Gıda.

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

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

##### 18.2 Expenses from Investing Activities

	March 31, 2017	March 31, 2016
Loss on sale of property, plant and equipment	327	1.752
Loss on revaluation of marketable securities	29	-
Loss on sale of marketable securities	-	16
	<b>356</b>	<b>1.768</b>

#### NOTE 19 - FINANCIAL INCOME

	March 31, 2017	March 31, 2016
Foreign exchange gain	69.764	63.508
Interest income	6.452	3.880
Derivative transactions income	-	252
	<b>76.216</b>	<b>67.640</b>

#### NOTE 20 - FINANCIAL EXPENSES

	March 31, 2017	March 31, 2016
Foreign exchange loss	140.497	70.096
Interest expense	57.283	53.509
Put option liability revaluation expense	3.580	9.082
Other expenses	4.338	1.591
	<b>205.698</b>	<b>134.278</b>

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

The entire NPL portfolio under Artı Anadolu 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 have been transferred to Turkasset Varlık Yönetim A.Ş. on September 29, 2016 for TRL 10.748. In the interim consolidated financial statements as at March 31, 2016 income or loss due to Artı Anadolu and Atlas Varlık have been reclassified as income/loss for the period for discontinued operations in accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations'.

Summary income statements of discontinued operations are as the following:

	March 31, 2016
General administrative expenses	(3.540)
Other operating income/expense, net	15
Financial income/expense, net	2.043
Eliminations	413
(Loss)/gain before tax from discontinued operations	(1.069)
Tax (expense) / income	283
(Loss)/gain after tax from discontinued operations	(786)

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

<i>Summary cash flow:</i>	March 31, 2016
Cash flow from operating activities	3.636
Cash flow from (used in) investing activities	(6)
Cash flow from (used in) financing activities	(3.866)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(236)</b>
Cash and cash equivalents at the beginning of the period	827
<b>Cash and cash equivalents at the end of the period</b>	<b>591</b>

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 22 - TAX ASSETS AND LIABILITIES

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

The corporation tax rate for the fiscal year is 20% in Turkey (2016: 20%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 20% (2016: 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

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

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

#### 22.1 Current Income Tax Assets and Tax Provision

	March 31, 2017	December 31, 2016
Current income tax assets	4.250	12.777
Income tax payable (-)	(1.414)	(2.648)
<b>Net tax asset</b>	<b>2.836</b>	<b>10.129</b>

	March 31, 2017	March 31, 2016
Balance at January 1	10.129	40.667
Income tax expense (*)	(10.046)	(7.679)
Paid taxes (-)	2.999	512
Other	(246)	-
<b>Balance at the end of the period</b>	<b>2.836</b>	<b>33.500</b>

(\*) As of March 31, 2016 tax expenses due to discontinued operations are TRL 66 (Note 21).

#### 22.2 Deferred Tax Assets and Liabilities

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

	March 31, 2017	December 31, 2016
Deferred tax asset	123.318	100.688
Deferred tax liability (-)	(8.166)	(23.036)
<b>Total deferred tax asset / (liability), net</b>	<b>115.152</b>	<b>77.652</b>

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

##### 22.2 Deferred Tax Assets and Liabilities (cont'd)

Movement of net deferred tax asset as of the period ended on March 31, 2017 is as follows:

	Balance December 31 ,2016	Recorded to income statement	Balance March 31, 2017
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(17.139)	(14.880)	(32.019)
Tax loss carried forward	41.239	44.255	85.494
Employee termination benefit	5.019	(286)	4.733
Inventories	53.296	1.210	54.506
Investment incentive	4.279	22	4.301
Provision for doubtful receivables	479	(64)	415
Hedge accounting	(12.263)	(1.598)	(13.861)
Revenue and distributor provisions	(72)	3.556	3.484
Other	2.814	5.285	8.099
<b>Net deferred tax asset</b>	<b>77.652</b>	<b>37.500</b>	<b>115.152</b>
Loss on remeasurements of defined benefit plans	-	73	-
	<b>77.652</b>	<b>37.573</b>	<b>115.152</b>

The movement of net deferred tax asset as of the period ended on March 31, 2016 is as follows:

	Balance December 31 ,2015	Recorded to income statement	Balance March 31, 2016
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(42.464)	(7.755)	(50.219)
Tax loss carried forward	19.055	12.915	31.970
Employee termination benefit	4.544	53	4.597
Inventories	48.754	112	48.866
Investment incentive	4.284	-	4.284
Provision for doubtful receivables	400	-	400
Hedge accounting	(4.475)	557	(3.918)
Other	2.802	2.323	5.125
<b>Net deferred tax asset</b>	<b>32.900</b>	<b>8.205</b>	<b>41.105</b>
Currency translation difference	-	144	-
Loss on remeasurements of defined benefit plans	-	110	-
Reclassification of discontinued operations	-	(349)	-
	<b>32.900</b>	<b>8.110</b>	<b>41.105</b>

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

##### 22.2 Deferred Tax Assets and Liabilities (cont'd)

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

	March 31, 2017	December 31, 2016
2022	12.824	-
2021	163.689	161.458
2020	119.148	119.233
2019	78.902	79.003
2018	186.612	186.612
2017	-	18.399
	561.175	564.705

##### 22.3 Tax Expense

	March 31, 2017	March 31, 2016
Income tax expense (-)	(10.046)	(7.613)
Deferred tax income	37.573	8.110
	27.527	497

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

#### NOTE 23 - RELATED PARTY BALANCES AND TRANSACTIONS

Since Migros, a joint venture of the Company has participated in Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. (“Kipa”) as of March 1, 2017, Kipa is defined as a related party. As a result, as of reporting period the Groups’ trade receivables due from and trade payables due to Kipa are shown under “due from related parties” and “due to related parties” in the interim condensed consolidated balance sheet. Trade receivables and payables related to Kipa are shown under “trade receivables, third parties” and “trade payables, third parties” in the consolidated balance sheet as at December 31, 2016. Transactions made between March 1 – March 31, 2017 period with Kipa are shown under “sales of goods and services” note and “purchases of goods, property, plant & equipment and other charges” note under “related party balances and transactions” title.

#### 23.1 Due from Related Parties

	March 31, 2017	December 31, 2016
Migros (2)	10.612	10.774
JSC Moscow Efes Brewery (Russia) (3)	5.213	2.435
Kipa (3)	3.171	-
Coca-Cola Satış ve Dağıtım A.Ş. (3)	2.951	1.329
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	2.189	1.247
Faber-Castell Anadolu LLC (Russia) (2)	1.796	1.454
Efes Pazarlama Ticaret A.Ş. (Efpa) (3)	1.559	3.003
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (3)	1.449	534
JSC Efes Kazakhstan Brewery (Kazakhstan) (3)	1.442	979
Anadolu Efes (1)	1.160	3.937
Coca-Cola İçecek A.Ş. (3)	1.013	917
Anadolu Isuzu (2)	743	997
JSC Lomisi (Georgia) (3)	656	284
Other	1.338	882
	<b>35.292</b>	<b>28.772</b>

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

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

## YAZICILAR HOLDİNG ANONİM ŞİRKETİ

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017

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

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

##### 23.2 Due to Related Parties

	March 31, 2017	December 31, 2016
Efpa (3)	264	11
Faber-Castell Anadolu LLC (Russia) (2)	98	-
Migros (2)	61	308
Other	30	74
	<b>453</b>	<b>393</b>

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

##### 23.3 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 March 31, 2017, the Group has not recorded any provisions for doubtful receivables, relating to amounts owned by related parties (December 31, 2016: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

The Company has no shares left in ABank, which used to be an associate of the Company, due to sale of ABank shares to The Commercial Bank of Qatar (“CBQ”) by use of sale option as mentioned in Note 8. As of March 31, 2017 ABank is not defined as a related party of the Group and as of March 31, 2016 the transactions made with ABank and AMenkul and ALease, which are controlled by ABank are shown under related party transactions.

Significant transactions with related parties during the period ended as of March 31, 2017 and March 31, 2016 are as follows:

	March 31, 2017	March 31, 2016
<b>Sales of goods and services, net</b>		
Efes Breweries International N.V. (3)	12.465	7.963
Anadolu Efes (1)	11.006	6.348
Efpa (3)	7.267	6.954
Coca-Cola Satış ve Dağıtım A.Ş. (3)	5.636	4.834
Migros (2)	4.448	1.043
Anadolu Isuzu (2)	3.178	3.454
Anadolu Efes Spor Kulübü (5)	1.011	586
AEP Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (3)	785	547
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (5)	582	579
ABank (1)	-	1.856
Tarbes (3) (*)	-	1.290
Other	1.978	2.635
	<b>48.356</b>	<b>38.089</b>

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

- (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 AS AT MARCH 31, 2017**

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

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

**23.3 Related Party Transactions (cont'd)**

	March 31, 2017	March 31, 2016
<b>Purchases of goods, property, plant &amp; equipment and other charges</b>		
Anadolu Eğitim ve Sosyal Yardım Vakfı (5)	650	600
Migros (2)	377	246
Anadolu Efes Spor Kulübü (5)	247	659
Anadolu Isuzu (2)	-	3.008
Other	173	282
	<b>1.447</b>	<b>4.795</b>
	March 31, 2017	March 31, 2016
<b>Financial Income / (Expense), Net</b>		
ABank (1)	-	11
	-	11
	March 31, 2017	March 31, 2016
<b>Various sales included in other income (includes dividends received)</b>		
Anadolu Isuzu (2)	289	28
ABank (1)	-	952
AMenkul (3)	-	87
Other	3	-
	<b>292</b>	<b>1.067</b>

(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 AS AT MARCH 31, 2017

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

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

##### 23.3 Related Party Transactions (cont'd)

###### *Compensation of Key Management Personnel of the Group*

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

The details of benefits provided to the key management personnel for the periods ended on March 31, 2017 and March 31, 2016 are as follows:

	March 31, 2017	March 31, 2016
Short term benefits provided to key management personnel	9.206	6.869
Post-employment benefits	-	1.470
<b>Total gain</b>	<b>9.206</b>	<b>8.339</b>
<b>Social Security employer share</b>	<b>164</b>	<b>127</b>

###### *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 March 31, 2017, donations amount to TRL 650 (March 31, 2016: TRL 600).

#### 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 AS AT MARCH 31, 2017

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

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

##### Financial Risk Management Objectives and Policies (cont'd)

##### Foreign currency risk

The Group predominantly operates in Turkey.

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

		Exchange buying rate at December 31, 2016	Average exchange buying rate in the period	Exchange buying rate at March 31, 2017
TRL /USD	Turkey	3,5192	3,6928	3,6386
TRL /EUR	Turkey	3,7099	3,9331	3,9083

Çelik Motor, a subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). In addition, AEH, a subsidiary of the Company, performs forward and swap transactions to reduce the cost of foreign currency denominated loans. The Group does not hedge investments, receivables, accounts payables, lease obligations and borrowings denominated in a foreign currency. The Group does not hedge their estimated foreign currency exposure in respect of sales and purchases.

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

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

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

<b>March 31, 2017</b>	<b>TRL Equivalent (Functional currency)</b>	<b>Thousand USD</b>	<b>Thousand EUR</b>	<b>Thousand GBP</b>	<b>Thousand JPY</b>
1. Trade receivables	8.424	610	1.588	-	-
2a. Monetary financial assets (cash and cash equivalents included)	308.647	50.110	32.308	10	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	9.938	1.631	1.021	3	-
<b>4. Current assets (1+2+3)</b>	<b>327.009</b>	<b>52.351</b>	<b>34.917</b>	<b>13</b>	<b>-</b>
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	847	216	16	-	-
<b>8. Non - current assets (5+6+7)</b>	<b>847</b>	<b>216</b>	<b>16</b>	<b>-</b>	<b>-</b>
<b>9. Total assets (4+8)</b>	<b>327.856</b>	<b>52.567</b>	<b>34.933</b>	<b>13</b>	<b>-</b>
10. Trade payables	12.672	2.665	469	1	34.815
11. Short - term borrowings and current portion of long - term borrowings	812.606	51.122	160.324	-	-
12a. Monetary other liabilities	749	206	-	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>826.027</b>	<b>53.993</b>	<b>160.793</b>	<b>1</b>	<b>34.815</b>
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	2.126.917	152.830	401.922	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non - monetary other liabilities	-	-	-	-	-
<b>17. Non - current liabilities (14+15+16)</b>	<b>2.126.917</b>	<b>152.830</b>	<b>401.922</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>2.952.944</b>	<b>206.823</b>	<b>562.715</b>	<b>1</b>	<b>34.815</b>
<b>19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)</b>	<b>451.701</b>	<b>983</b>	<b>114.659</b>	<b>-</b>	<b>-</b>
19a. Total hedged assets	451.701	983	114.659	-	-
19b. Total hedged liabilities	-	-	-	-	-
<b>20. Net foreign currency asset / (liability) position (9-18+19)</b>	<b>(2.173.387)</b>	<b>(153.273)</b>	<b>(413.123)</b>	<b>12</b>	<b>(34.815)</b>
<b>21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(2.635.873)</b>	<b>(156.103)</b>	<b>(528.819)</b>	<b>9</b>	<b>(34.815)</b>
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
<b>23. Export</b>	<b>7.075</b>	<b>576</b>	<b>1.258</b>	<b>-</b>	<b>-</b>
<b>24. Import</b>	<b>232.740</b>	<b>10.952</b>	<b>47.880</b>	<b>30</b>	<b>118.758</b>

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

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

**Financial Risk Management Objectives and Policies (cont'd)**

**Foreign Currency Risk (cont'd)**

December 31, 2016	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Thousand GBP	Thousand JPY
1. Trade receivables	8.341	984	1.315	-	-
2a. Monetary financial assets (cash and cash equivalents included)	200.647	43.439	12.874	4	-
2b. Non - monetary financial assets	-	-	-	-	-
3. Other	1.702	392	83	3	66
4. Current assets (1+2+3)	210.690	44.815	14.272	7	66
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non - current assets (5+6+7)	-	-	-	-	-
9. Total assets (4+8)	210.690	44.815	14.272	7	66
10. Trade payables	19.141	4.612	371	2	50.807
11. Short - term borrowings and current portion of long - term borrowings	913.394	60.110	189.184	-	-
12a. Monetary other liabilities	-	-	-	-	-
12b. Non - monetary other liabilities	-	-	-	-	-
13. Current liabilities (10+11+12)	932.535	64.722	189.555	2	50.807
14. Trade payables	-	-	-	-	-
15. Long - term borrowings	2.123.202	154.402	425.842	-	-
16a. Monetary other liabilities	-	-	-	-	-
16b. Non - monetary other liabilities	-	-	-	-	-
17. Non - current liabilities (14+15+16)	2.123.202	154.402	425.842	-	-
18. Total liabilities (13+17)	3.055.737	219.124	615.397	2	50.807
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	481.206	1.530	128.257	-	-
19a. Total hedged assets	481.206	1.530	128.257	-	-
19b. Total hedged liabilities	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(2.363.841)	(172.779)	(472.868)	5	(50.741)
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(2.846.749)	(174.701)	(601.208)	2	(50.807)
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-	-
23. Export	58.651	3.891	14.054	-	-
24. Import	993.469	41.607	256.352	30	439.780

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

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

**Financial Risk Management Objectives and Policies (cont'd)**

**Foreign Currency Risk (cont'd)**

<b>Foreign currency position sensitivity analysis</b>		
<b>March 31, 2017</b>		
	<b>Income / (loss)</b>	<b>Income / (loss)</b>
	<b>Increase of the</b>	<b>Decrease of the</b>
	<b>foreign currency</b>	<b>foreign currency</b>
<b>Change in the USD against TRL by 10% +/-:</b>		
1- USD denominated net asset / liability	(56.128)	56.128
2- USD denominated hedging instruments(-)	358	(358)
<b>3- Net effect in USD (1+2)</b>	<b>(55.770)</b>	<b>55.770</b>
<b>Change in the EUR against TRL by 10% +/-:</b>		
4- Euro denominated net asset / liability	(206.273)	206.273
5- Euro denominated hedging instruments(-)	44.812	(44.812)
<b>6- Net effect in Euro (4+5)</b>	<b>(161.461)</b>	<b>161.461</b>
<b>Change in the other foreign currencies against TRL by 10% +/-:</b>		
7- Other foreign currency denominated net asset / liability	(108)	108
8- Other foreign currency hedging instruments(-)	-	-
<b>9- Net effect in other foreign currency (7+8)</b>	<b>(108)</b>	<b>108</b>
<b>TOTAL (3+6+9)</b>	<b>(217.339)</b>	<b>217.339</b>

<b>Foreign currency position sensitivity analysis</b>		
<b>December 31, 2016</b>		
	<b>Income / (loss)</b>	<b>Income / (loss)</b>
	<b>Increase of the</b>	<b>Decrease of the</b>
	<b>foreign currency</b>	<b>foreign currency</b>
<b>Change in the USD against TRL by 10% +/-:</b>		
1- USD denominated net asset / liability	(61.343)	61.343
2- USD denominated hedging instruments(-)	539	(539)
<b>3- Net effect in USD (1+2)</b>	<b>(60.804)</b>	<b>60.804</b>
<b>Change in the EUR against TRL by 10% +/-:</b>		
4- Euro denominated net asset / liability	(223.011)	223.011
5- Euro denominated hedging instruments(-)	47.581	(47.581)
<b>6- Net effect in Euro (4+5)</b>	<b>(175.430)</b>	<b>175.430</b>
<b>Change in the other foreign currencies against TRL by 10% +/-:</b>		
7- Other foreign currency denominated net asset / liability	(150)	150
8- Other foreign currency hedging instruments(-)	-	-
<b>9- Net effect in other foreign currency (7+8)</b>	<b>(150)</b>	<b>150</b>
<b>TOTAL (3+6+9)</b>	<b>(236.384)</b>	<b>236.384</b>

**YAZICILAR HOLDİNG ANONİM ŞİRKETİ**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2017**

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

**NOTE 25 - SUBSEQUENT EVENTS**

As stated in the Company’s material event disclosure dated July 15, 2015, Moonlight Capital has “the right to sell” and AEH has “the right to buy” 19,5% of the shares in Moonlight Capital (managed by BC partners), held by MH Perakendecilik that held 50% of Migros’s shares, between May 1, 2017 and October 31, 2017.

In this context, Moonlight Capital has notified AEH as of May 2, 2017, of its decision on the aforementioned sales of the shares. Within the scope of this transaction, it is calculated that AEH shall pay total amount of TRL 509.029.436 (full TRL) after adjustments, for the purchase of 19,5% share, in line with the provisions of Share Purchase Agreement dated December 31, 2014, by taking base price as TRL 30,2 (full TRL) for 1 share of Migros, a subsidiary of MH Perakendecilik. According to the provisions of Share Purchase Agreement, the exercise of the right, the transfer of share amount and the transfer of shares shall be completed in 10 working days following this notification (precisely May 16, 2017). After the transaction, AEH’s share in MH Perakendecilik shall increase to 100,0% and accordingly its indirect share in Migros shall increase to 50,0%, while total share of BC Partners in Migros through the funds that its manages shall be 30,5%. The management of Migros shall continue to be equally shared by the funds managed by BC Partners and AEH, as such there shall be no mandatory tender offer obligation.

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