(Convenience Translation of Consolidated Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi

Consolidated Financial Statements
As of December 31, 2018
With Independent Auditor's Report

Deloitte.

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Coca-Cola İçecek A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Coca-Cola İçecek A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

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3) Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
Impairment testing of goodwill and intangible assets with indefinite useful lives Group has expanded its operations in the previous years with business combinations. As a result of the business combinations, the share of goodwill and intangible assets with indefinite useful life in total assets has reached to 19% as of 31 December 2018 in the consolidated financial statements. The Group Management performs annual impairment testing of its cash generating units to which goodwill and its intangible assets with indefinite useful lives has been allocated in accordance with TFRS. The recoverable amount of cash generating units and intangible assets with indefinite lives are determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimations, such as, earnings before interest, tax, depreciation and amortization ("EBITDA"), weighted average of cost of capital and long term growth rate. There are significant estimates and assumptions used in the impairment tests performed by the Group management and these assets have material magnitude on the consolidated financial statements, thus the impairment testing of goodwill and intangible assets with indefinite useful lives is determined as a key audit matter. The related disclosure including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Notes 2, 21 and 22.	The audit procedures applied including but not limited to the following are: • Evaluating the appropriateness of cash generating units determined by Group management, • Review of the Group's budget processes in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows, • Comparing forecasted cash flows for each cash generating unit with its historical financial performance, • Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions used in each cash generating unit, including earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates and discount rate, • Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations, • Review the appropriateness of related disclosures regarding to goodwill and intangible assets with indefinite useful lives in Note 2, 21 and 22.

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4) Other Matters

The consolidated financial statements of Coca Cola İçecek A.Ş. and its subsidiaries for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 27 February 2018.

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 27 February 2019.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2018 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

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

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

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

Yaman Polat
Partner

İstanbul, 27 February 2019

(Convenience Translation of Consolidated Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Financial Position as at December 31, 2018
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	Audited December 31, 2018	December 31, 2017
ASSETS			
Cash and Cash Equivalents	**6**	**2.289.734**	3.874.702
Investments in Securities	**7**	**21.163**	17.237
Trade Receivables		**750.679**	675.151
- *Due from related parties*	*38*	*126.645*	*108.059*
- *Other trade receivables from third parties*	*11*	*624.034*	*567.092*
Other Receivables	**12**	**32.341**	40.266
- *Other receivables from third parties*		*32.341*	*40.266*
Derivative Financial Instruments	**8**	**-**	152
Inventories	**15**	**803.952**	563.847
Prepaid Expenses	**13**	**191.115**	174.118
Current Income Tax Assets		**150.196**	110.429
Other Current Assets	**28**	**298.066**	249.358
- *Other current assets from third parties*		*298.066*	*249.358*
Total Current Assets		**4.537.246**	5.705.260
Other Receivables		**38.013**	12.602
- *Other receivables from third parties*		*38.013*	*12.602*
Property, Plant and Equipment	**20**	**6.489.084**	5.257.963
Intangible Assets		**2.688.881**	2.226.549
- *Goodwill*	*22*	*819.446*	*719.392*
- *Other intangible assets*	*21*	*1.869.435*	*1.507.157*
Prepaid Expenses	**13**	**258.476**	191.784
Deferred Tax Assets		**8.099**	-
Other Non-Current Assets	**28**	**643**	-
Total Non-Current Assets		**9.483.196**	7.688.898
Total Assets		**14.020.442**	13.394.158

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Financial Position as at December 31, 2018
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	
	Notes	**December 31, 2018**	December 31, 2017
LIABILITIES			
Short-term Borrowings	**9**	**212.258**	79.875
- *Bank borrowings*		*210.448*	*78.283*
- *Finance lease payables*		*1.810*	*1.592*
Current Portion of Long-term Borrowings	**9**	**706.358**	2.716.799
Trade Payables		**1.294.354**	955.589
- *Due to related parties*	*38*	*328.134*	*244.587*
- *Other trade payables to third parties*	*11*	*966.220*	*711.002*
Payables Related to Employee Benefits	**26**	**34.743**	39.593
Other Payables	**12**	**288.103**	232.418
- *Other payables to third parties*		*288.103*	*232.418*
Derivative Financial Instruments	**8**	**13.485**	-
Provision for Corporate Tax		**10.932**	4.842
Current Provisions	**26**	**58.251**	66.061
- *Current provisions for employee benefits*		*58.251*	*66.061*
Other Current Liabilities	**28**	**50.125**	32.380
Total Current Liabilities		**2.668.609**	4.127.557
Long-term Borrowings	**9**	**4.024.849**	3.194.034
- *Bank borrowings*		*4.022.525*	*3.190.310*
- *Finance lease payables*		*2.324*	*3.724*
Trade Payables		**46.985**	35.180
- *Due to related parties*	*38*	*40.782*	*29.100*
- *Other trade payables to third parties*		*6.203*	*6.080*
Non-Current Provisions	**26**	**82.548**	72.307
- *Non-current provisions for employee benefits*		*82.548*	*72.307*
Deferred Tax Liability	**36**	**548.695**	407.915
Other Non-Current Liabilities	**28**	**198.020**	117.572
Total Non-Current Liabilities		**4.901.097**	3.827.008
Equity of the Parent		**5.619.502**	4.735.738
Share Capital	**29**	**254.371**	254.371
Share Capital Adjustment Differences		**(8.559)**	(8.559)
Share Premium		**214.241**	214.241
Non-Controlling Interest Put Option Valuation Fund		**(4.748)**	22.353
Other comprehensive income items not to be reclassified to profit or loss		**(10.247)**	(10.801)
- *Actuarial gains / losses*		*(20.029)*	*(20.583)*
- *Other valuation funds*		*9.782*	*9.782*
Other comprehensive income items to be reclassified to profit or loss		**3.017.124**	2.233.385
- *Currency translation adjustment*		*3.162.108*	*2.208.338*
- *Cash flow hedge reserve*		*(144.984)*	*25.047*
Restricted Reserves Allocated from Net Profit	**29**	**155.300**	136.553
Accumulated Profit / Loss		**1.675.242**	1.656.568
Net Income / (Loss) for the period		**326.778**	237.627
Non-Controlling Interest		**831.234**	703.855
Total Equity		**6.450.736**	5.439.593
Total Liabilities		**14.020.442**	13.394.158

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

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Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Income for the year ended December 31, 2018
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	
	Notes	**January 1 - December 31, 2018**	January 1 - December 31, 2017 (Restated-Note 2)
Net Revenue	30	10.623.385	8.392.143
Cost of Sales (-)	30	(7.096.596)	(5.619.832)
Gross Profit / (Loss)		**3.526.789**	2.772.311
General and Administration Expenses (-)	31	(446.450)	(388.975)
Distribution, Selling and Marketing Expenses (-)	31	(1.864.656)	(1.524.077)
Other Operating Income	33	136.518	137.546
Other Operating Expense (-)	33	(97.425)	(122.785)
Profit / (Loss) From Operations		**1.254.776**	874.020
Gain from Investing Activities	33	8.170	1.174
Loss from Investing Activities (-)	33	(17.466)	(14.566)
Gain / (Loss) from Associates	18	(882)	(421)
Profit / (Loss) Before Financial Income / (Expense)		**1.244.598**	860.207
Financial Income / (Expense)	34	(688.827)	(439.185)
Financial Income		1.885.448	508.251
Financial Expenses (-)		(2.574.275)	(947.436)
Profit / (Loss) Before Tax from Continuing Operations		**555.771**	421.022
Tax Expense of Continuing Operations		**(195.611)**	(139.525)
Deferred Tax Income / Expense (-)	*36*	(28.332)	*(48.192)*
Current Period Tax Expense (-)	*36*	(167.279)	*(91.333)*
Net Income / (Loss) from Continuing Operations		**360.160**	281.497
Attributable to:			
Non-controlling interest		33.382	43.870
Equity holders of the parent	37	326.778	237.627
Net Income / (Loss)		**360.160**	281.497
Equity Holders Earnings Per Share from Continuing Operations (full TL)	37	0,0128	0,0093
Equity Holders Earnings Per Diluted Share from Continuing Operations (full TL)	37	0,0128	0,0093

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Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Comprehensive Income for the year ended December 31, 2018
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Audited	
	December 31, 2018	December 31, 2017
Net Income	**360.160**	281.497
Actuarial Losses	**554**	1.691
Other comprehensive income items, not to be reclassified to profit or loss subsequently	**554**	1.691
Cash flow hedge reserve	**(179.140)**	(48.288)
Deferred tax effect	**9.109**	9.658
Currency translation adjustment	**1.084.789**	270.430
Other comprehensive income items to be reclassified to profit or loss subsequently	**914.758**	231.800
Total of Other Comprehensive Income After Tax	**1.275.472**	514.988
Attributable to:		
Non-controlling interest	**164.401**	35.007
Equity holders of the parent	**1.111.071**	479.981

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Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Change in Shareholders' Equity for the year ended December 31, 2018
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

					Other comprehensive income and expense items									
					Subsequently not to be reclassified to profit or loss		Subsequently to be reclassified to profit or loss							
Consolidated Statement of Changes in Shareholders' Equity	**Share Capital**	**Share Capital Adjustment Differences**	**Share Premium**	**Non-Controlling Interest Put Option Valuation Fund**	**Other Valuation Funds**	**Actuarial Gains / Losses**	**Cash Flow Hedge Reserve**	**Currency Translation Adjustment**	**Restricted Reserves Allocated from Net Profit**	**Accumulated Profit / Loss**	**Net Income**	**Total Equity of the Parent**	**Non-Controlling Interest**	**Total Equity**
January 1, 2017	254.371	(8.559)	214.241	21.653	9.782	(22.274)	63.677	1.929.045	131.734	1.739.892	(28.394)	4.305.168	691.779	4.996.947
Other comprehensive gain / (loss)	-	-	-	-	-	1.691	(38.630)	279.293	-	(28.394)	28.394	242.354	(8.863)	233.491
Net income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	237.627	237.627	43.870	281.497
Total Comprehensive Income / (loss)	-	-	-	-	-	1.691	(38.630)	279.293	-	(28.394)	266.021	479.981	35.007	514.988
Dividend paid	-	-	-	-	-	-	-	-	-	(50.111)	-	(50.111)	(23.791)	(73.902)
Transfers	-	-	-	-	-	-	-	-	4.819	(4.819)	-	-	-	-
Increase (Decrease) from Other Changes (*)	-	-	-	700	-	-	-	-	-	-	-	700	860	1.560
December 31, 2017	254.371	(8.559)	214.241	22.353	9.782	(20.583)	25.047	2.208.338	136.553	1.656.568	237.627	4.735.738	703.855	5.439.593
January 1, 2018	**254.371**	**(8.559)**	**214.241**	**22.353**	**9.782**	**(20.583)**	**25.047**	**2.208.338**	**136.553**	**1.656.568**	**237.627**	**4.735.738**	**703.855**	**5.439.593**
Other comprehensive gain / (loss)	**-**	**-**	**-**	**-**	**-**	**554**	**(170.031)**	**953.770**	**-**	**237.627**	**(237.627)**	**784.293**	**131.019**	**915.312**
Net income / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**326.778**	**326.778**	**33.382**	**360.160**
Total Comprehensive Income / (loss)	**-**	**-**	**-**	**-**	**-**	**554**	**(170.031)**	**953.770**	**-**	**237.627**	**89.151**	**1.111.071**	**164.401**	**1.275.472**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(200.206)**	**-**	**(200.206)**	**(30.087)**	**(230.293)**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18.747**	**(18.747)**	**-**	**-**	**-**	**-**
Increase (Decrease) from Other Changes (*)	**-**	**-**	**-**	**(27.101)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(27.101)**	**(6.935)**	**(34.036)**
December 31, 2018	**254.371**	**(8.559)**	**214.241**	**(4.748)**	**9.782**	**(20.029)**	**(144.984)**	**3.162.108**	**155.300**	**1.675.242**	**326.778**	**5.619.502**	**831.234**	**6.450.736**

(*) Non-controlling interest share put option liability.

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Cash Flows for the year ended December 31, 2018
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	Audited December 31, 2018	December 31, 2017
Net Income		**360.160**	281.497
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		**1.572.556**	1.183.982
Depreciation and amortization	32	**598.630**	497.250
Adjustments for impairment loss (reversal)		**14.063**	29.297
- *Provision / (reversal) for doubtful receivable*	11	*8.795*	*11.821*
- *Provision / (reversal) for inventories*	15	*(12.198)*	*2.910*
- *Impairment loss / (reversal) in property, plant and equipment*	20, 33	*17.466*	*14.566*
Adjustments for provisions		**82.713**	79.596
- *Provision / (reversal) for employee benefits*	26	*82.713*	*79.596*
Adjustments for interest (income) expenses	*34*	**167.943**	113.678
- *Interest income*		*(215.825)*	*(93.875)*
- *Interest expense*		*383.768*	*207.553*
Unrealized foreign exchange (gain) / loss		520.884	325.389
(Gain) / loss from associates	18	882	421
Income tax expense		195.611	139.525
(Gain) / loss on sale of property, plant and equipment	33	(8.170)	(1.174)
Change in operating activities		**38.341**	62.784
Adjustments for decrease (increase) in trade accounts receivable		**(84.322)**	(82.626)
- *Increase / (decrease) on trade receivables*		*(18.585)*	*(31.426)*
- *Increase / (decrease) on due from related parties*		*(65.737)*	*(51.200)*
Change in inventories		**(227.907)**	(45.455)
Adjustments for increase (decrease) in trade accounts payable		**350.570**	190.865
- *Increase / (decrease) on trade payables*		*95.229*	*67.181*
- *Increase / (decrease) on due to related parties*		*255.341*	*123.684*
Cash flows from operating activities:		**1.971.057**	1.528.263
Interest paid		(389.472)	(181.622)
Interest received		215.825	93.875
Payments made for employee benefits	26	(84.578)	(79.010)
Tax returns / (payments)		(87.498)	(72.799)
Change in other working capital		(37.623)	(60.064)
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		**1.587.711**	1.228.643
Cash outflows arising from purchase of property, plant, equipment and intangible assets		**(857.646)**	(499.289)
- *Purchase of property, plant and equipment*	20	*(851.185)*	*(482.153)*
- *Purchase of intangibles*	21	*(6.461)*	*(17.136)*
Proceeds from sale of property, plant and equipment and intangibles		31.293	13.926
Change in other investing activities		(3.925)	(6.201)
B. NET CASH (USED) / GENERATED IN INVESTING ACTIVITIES		**(830.278)**	(491.564)
Finance lease payables		(1.182)	5.316
Proceeds from borrowings	9	1.095.143	3.240.584
Repayments of borrowings	9	(4.503.218)	(1.591.520)
Cash flow hedge reserve		122.348	(47.319)
Dividends paid	29	(230.293)	(73.902)
C. NET CASH (USED) / GENERATED FROM FINANCING ACTIVITIES		**(3.517.202)**	1.533.159
Net increase / (decrease) in cash and cash equivalents before currency translation effects (A+B+C)		**(2.759.769)**	2.270.238
Effects of currency translation on cash and cash equivalents		1.106.703	180.144
Effects of currency translation intercompany borrowings		244.509	30.685
Currency translation adjustment		(176.411)	(72.474)
D. CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		**1.174.801**	138.355
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)		**(1.584.968)**	2.408.593
E. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6	**3.874.702**	1.466.109
CASH AND CASH EQUIVALENTS AT PERIOD END (A+B+C+D+E)		**2.289.734**	3.874.702

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

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES

General

Coca-Cola İçecek Anonim Şirketi ("CCI" - "the Company"), is the bottler and distributor of alcohol-free beverages in Turkey, Pakistan, Central Asia and the Middle East. The operations of the Company consist of production, sales and distribution of sparkling and still beverages with The Coca-Cola Company ("TCCC") trademarks. The Company has 10 (2017 - 10) production facilities in different regions of Turkey and operates 16 (2017 - 15) production facilities in countries other than Turkey. The registered office address of CCI is OSB Mah. Deniz Feneri Sok. No:4 Ümraniye İstanbul, Turkey.

CCI is a listed company on the Borsa Istanbul A.Ş. ("BIST"). CCI's American Depositary receipts issued under the Level I ADR program are traded over the counter in the United States, starting from July 2013. In July 2018 Board of Directors has decided to terminate the Regulation S and Rule 144A Global Depositary Receipt Program (GDR) and the Level I ADR programme, trading OTC (over the counter) in the United States, and the programme was terminated as of November 9, 2018. The sale of Capital Markets Board ("CMB") Tranche Issuance Certificated bonds to investors outside of Turkey has been completed as of September 19, 2017, and these bonds were admitted to the Irish Stock Exchange.

The Group consists of the Company, its subsidiaries and joint ventures.

The consolidated financial statements of the Group were approved for issue by the Board of Directors on February 27, 2019, which were signed by the Audit Committee and Chief Executive Officer Burak Başarır. The General Assembly and the regulatory bodies have the right to make amendments to the consolidated financial statements after their issuance.

Shareholders of the Company

AG Anadolu Grubu Holding A.Ş. is the ultimate controlling party of the Company. As of December 31, 2018, and 2017 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2018		December 31, 2017	
	Nominal Amount	**Percentage**	Nominal Amount	Percentage
Anadolu Efes Biracılık ve Malt Sanayi A.Ş. ("Anadolu Efes")	**102.047**	**%40,12**	102.047	40,12%
The Coca-Cola Export Corporation ("TCCEC")	**51.114**	**%20,09**	51.114	20,09%
Efes Pazarlama ve Dağıtım Ticaret A.Ş. ("Efpa")	**25.788**	**%10,14**	25.788	10,14%
Özgörkey Holding A.Ş.	**6.792**	**%2,67**	7.392	2,91%
Publicly Traded	**68.630**	**%26,98**	68.030	26,74%
	254.371	**%100,00**	254.371	100,00%
Inflation Restatement Effect	**(8.559)**	**-**	(8.559)	-
	245.812		245.812	

Özgörkey Holding A.Ş. shares with a nominal value of TL 433 has been listed to Central Registry Agency, with a sale purpose (December 31, 2017 - TL 1.033).

Nature of Activities of the Group

CCI and its subsidiary Coca-Cola Satış ve Dağıtım A.Ş. ("CCSD") are among the leading bottlers and distributors of alcohol-free beverages, operating in Turkey. The sole operation area of the Company is the production, sales and distribution of sparkling and still beverages.

The Company has exclusive rights to produce, sell and distribute TCCC branded beverages including Coca-Cola, Coca-Cola Zero, Coca-Cola Zero Sugar, Coca-Cola Light, Fanta, Sprite, Cappy, Sen Sun, Powerade and Fuse Tea in TCCC authorized packages throughout Turkey provided by Bottler's and Distribution Agreements signed between the Group with TCCEC and TCCC. Renewal periods of the signed Bottler's and Distribution Agreements varies between 2019 and 2028.

The Company has exclusive rights to produce, sell and distribute Burn and Gladiator branded energy drinks in authorized packages throughout Turkey, according to the Bottlers Agreements signed between the Company and Monster Energy Company ("MEC") and has the right for selling and distribution of Monster branded products in accordance with the International Distribution Agreement signed with Monster Energy Limited ("MEL") which has taken over TCCC's global energy drink portfolio and is partially owned by TCCC as well.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

According to the Sales and Distribution Agreement signed with Doğadan Gıda Ürünleri Sanayi ve Pazarlama A.Ş. ("Doğadan"), a subsidiary of TCCC, it's approved that sales and distribution of Doğadan products will be realized by CCSD throughout Turkey starting from September 2008.

The Company's international subsidiaries and joint ventures operating outside of Turkey are also engaged in the production, sales and distribution of sparkling and still beverages with TCCC trademarks.

The Company's subsidiary Mahmudiye Kaynak Suyu Limited Şirketi ("Mahmudiye"), which was acquired by CCI on March 16, 2006, is engaged in the production and filling of natural spring water Damla, a registered trademark of CCI, with TCCC approved packages, in Turkey.

The Group has the exclusive bottling and distribution rights in Turkey for Schweppes branded beverages under Bottler's and Distribution Agreement signed with Schweppes Holdings Limited. Special authorization for the Group operating countries, other than Turkey, may be granted from time to time.

Subsidiaries and Joint Ventures

As of December 31, 2018, and 2017 the list of CCI's subsidiaries and joint ventures and its effective participation percentages are as follows:

Subsidiaries

				Effective Shareholding and Voting Rights	
		Place of Incorporation	**Principal Activities**	**December 31, 2018**	December 31, 2017
1)	Coca-Cola Satış ve Dağıtım Anonim Şirketi ("CCSD")	Turkey	Distribution and sales of Coca-Cola, Doğadan and Mahmudiye products	**99,97%**	99,97%
2)	Mahmudiye Kaynak Suyu Limited Şirketi ("Mahmudiye")	Turkey	Filling of natural spring water	**100,00%**	100,00%
3)	J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership ("Almaty CC")	Kazakhstan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
4)	Azerbaijan Coca-Cola Bottlers Limited Liability Company ("Azerbaijan CC")	Azerbaijan	Production, distribution and sales of Coca-Cola products	**99,87%**	99,87%
5)	Coca-Cola Bishkek Bottlers Closed Joint Stock Company ("Bishkek CC")	Kyrgyzstan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
6)	CCI International Holland B.V. ("CCI Holland")	Holland	Holding company	**100,00%**	100,00%
7)	Tonus Turkish-Kazakh Joint Venture Limited Liability Partnership ("Tonus")	Kazakhstan	Holding company	**100,00%**	100,00%
8)	The Coca-Cola Bottling Company of Jordan Limited ("TCCBCJ")	Jordan	Production, distribution and sales of Coca-Cola products	**90,00%**	90,00%
9)	Turkmenistan Coca-Cola Bottlers ("Turkmenistan CC")	Turkmenistan	Production, distribution and sales of Coca-Cola products	**59,50%**	59,50%
10)	Sardkar for Beverage Industry/Ltd ("SBIL") (**)	Iraq	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
11)	Waha Beverages B.V. ("Waha B.V.")	Holland	Holding Company	**80,03%**	80,03%
12)	Coca-Cola Beverages Tajikistan Limited Liability Company ("Tajikistan CC")	Tajikistan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
13)	Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC ("Al Waha")	Iraq	Production, distribution and sales of Coca-Cola products	**80,03%**	80,03%
14)	Coca-Cola Beverages Pakistan Limited ("CCBPL") (*)	Pakistan	Production, distribution and sales of Coca-Cola products	**49,67%**	49,67%

(*) CCBPL is fully consolidated since 1 January 2013 in accordance with TFRS, due to amendments made on CCBPL's Shareholders' Agreement for transferring the control of CCBPL to CCI.
(**) The Company decided to change the trade name of (CC) Company for Beverages Industry Limited as Sardkar for Beverage Industry Ltd. ("SBIL") and new trade name was registered as of October 16, 2018.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

Joint Venture

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights	
			December 31, 2018	December 31, 2017
Syrian Soft Drink Sales and Distribution L.L.C. ("SSDSD")	Syria	Distribution and sales of Coca-Cola products	**50,00%**	50,00%

Economic Conditions and Risk Factors of Subsidiaries and Joint Ventures

The countries, in which certain subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the subsidiaries' and joint ventures ability to operate commercially. Group Management closely monitors uncertainties and adverse changes to minimize the probable effects of such changes.

In this context, Risk Detection Committee; which was established under the arrangements, terms and principles of Turkish Commercial Code, Capital Market Legislation and CMB's "Corporate Governance Principles" assess, manage and report Group risks. Some of the Group priority risks are defined as political instability and security, cyber security, exchange rate volatility, sustainable talent capability, corporate reputation, water and environmental impact of packaging, changing consumer preferences, discriminatory tax and regulations, channel mix shift, economic slowdown, law and order and industrial relations. Group does not expect any adverse effect on the business related to any significant regulatory changes and/or legal arrangements by the authorities. All compliance efforts are in place and there is no legal dispute that may adversely affect the business.

Average Number of Employees

Category-based average number of employees working during the period is as follows (Joint ventures are considered with full numbers for December 31, 2018 and 2017).

	December 31, 2018	December 31, 2017
Blue-collar	**3.412**	3.899
White-collar	**4.920**	4.704
Average number of employees	**8.332**	8.603

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

Basis of Preparation

CCI and its subsidiaries that are incorporated in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the CMB, Turkish Commercial Code ("TCC") and Tax Legislation and the Uniform Chart of Accounts which is issued by the Ministry of Finance. The subsidiaries incorporated outside of Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations of the countries in which they operate.

The consolidated financial statements have been prepared from the statutory financial statements of Group's subsidiaries' and joint ventures and presented in TL in accordance with CMB Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employee 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 included in Business Combination application, consolidated financial statements are prepared on a historical cost basis.

The consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting in Capital Markets" ("the Communiqué") announced by the CMB (hereinafter will be referred to as "the CMB Accounting Standards") on June 13, 2013 which is published on Official Gazette numbered 28676.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

In accordance with article 5 of the CMB Accounting Standards, companies should apply Turkish Financial Reporting Standards ("TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the POA and are presented in TL.

Summary of Significant Accounting Policies and Changes

The consolidated financial statements of the Group for the year ended December 31, 2018 have been prepared in accordance with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new and amended standards.

Comparative Information and Restatement on Prior Period Financial Statements

In the scope of TFRS 15 "Revenue from Contracts with Customers", Group accounts consideration payables to customers as reduction in revenue rather than selling, distribution and marketing expenses, since related expenses are undertaken by customers.

In this context, as of December 31, 2017, total cash concession amounting to TL 129.003 was reflected to "Sales Discounts" by reclassing from "Selling, Distribution and Marketing Expenses" for the aim of comparable presentation with current year consolidated financial statements.

New and amended IFRS Standards that are effective for the current year

TFRS 9, 'Financial instruments';

TFRS 9, Financial instruments; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Group has carried out valuation studies to determine the cumulative effect of the first transition and concluded that no changes should be made to the consolidated financial statements.

TFRS 9 "Financial Instruments" Standard: Classification and Measurement

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

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

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

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

Financial liabilities	**Classification under TAS 39**	**Classification under TFRS 9**
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Borrowings	Amortised Cost	Amortised cost
Trade payables	Amortised Cost	Amortised cost

Impairment

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

Transition to TFRS 15 Revenue from Contracts with Customers

TFRS 15, Revenue from Contracts with Customers; effective from annual periods beginning on or after 1 January 2018 and this standard replaces the guidance in TAS 18. The retrospective impact of transition on the consolidated financial statements of the Group explained under Note 2 "Comparative Information and Restatements on Prior Period Financial Statements" (Note 2).

TFRS 15 Revenue from Contracts with Customers

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

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

The Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

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

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

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

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

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

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

Product Sales

The Group produces, sells and distributes alcohol-free beverages. Revenue is recognized when the control of products is transferred to the customer. There is no significant effect of the new revenue standard on the Group's revenue, profit of losses.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Amendments to TFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in TFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. There isn't any material impact expected on the financial position or performance of the Group related to this amendment.

Amendments to IAS '40 Transfers of Investment Property'; Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

- TFRS 1, 'First time adoption of TFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10,
- TAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

TFRSYK 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This TFRSYK addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. There isn't any impact expected on the financial position or performance of the Group related to this interpretation.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

New and revised IFRS Standards in issue but not yet effective

Amendment to TFRS 9, 'Financial instruments'; effective from annual periods beginning on or after 1 January 2019. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39. There isn't any material impact expected on the financial position or performance of the Group related to this amendment.

Amendment to TAS 28, 'Investments in associates and joint venture'; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies account for long-term interests in associate or joint venture to which the equity method is not applied using TFRS 9. There isn't any material impact expected on the financial position or performance of the Group related to this standard.

TFRS 16, 'Leases'; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration**.**

Transition to IFRS 16 Leases

The Group is planning to adopt IFRS 16 "Leases" retrospectively starting from January 1, 2019, which will be effective for the periods after December 31, 2018.

On transition to IFRS 16, the Group applied definition of a lease under IFRS 16 to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease.

A preliminary assessment indicates that Group will recognize a right-of-use asset of TL 132.951 (net) and a corresponding lease liability of TL 162.451 in respect of all these leases. The impact on profit or loss is to decrease rent expenses by TL 48.923, increase depreciation by TL 35.101, increase interest expense by TL 8.790 and increase foreign exchange loss accounted under financial expense by TL 14.967.

IFRS 16 Leases

The Group is planning to adopt IFRS 16 "Leases" retrospectively. For the contracts entered into before 1 January 2017, the Group determined whether the arrangement was or contained a lease based on the assessment whether:

a) the fulfilment of the arrangement was dependent on the use of specific asset or assets; and
b) the arrangement has conveyed a right of use the asset

In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project and started to measure lease liabilities at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate.

The right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Group decided to use the following practical expedients;

- Group applied a single discount rate to a portfolio of leases with similar characteristics
- Used hindsight when determining the lease term when the contract contains options to renew or terminate the lease.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly
b) the asset should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified;
c) the Group has the right to obtain substantially all the economic benefits from the use of an asset throughout the period of use; and
d) the Group has the right to direct use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing the how and for what purpose the asset is used is predetermined, the Group has the right the use of asset if either:
   i. the Group has the right to operate the asset or;
   ii. the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Right of use asset

The Group recognizes a right-of use asset and a lease liability at the lease commencement date.

The right of use asset is initially recognized at cost comprising of:

a) amount of the initial measurement of the lease liability;
b) any initial direct costs incurred by the Group; and

The Group re-measure the right of use asset:

a) after netting-off depreciation and reducing impairment losses from right of use asset,
b) adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applied TMS16 “Property, Plant and Equipment” to calculate the right of use asset depreciation.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted using the Group’ incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) fixed payments, including in-substance fixed payments;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;

After initial recognition, the lease liability is measured:

a) increasing the carrying amount to reflect interest on lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group reassesses the lease liabilities starting from the commencement date under consideration of changes in the lease contracts. The Group recognizes the amount of the re-measurement of lease liability as an adjustment to the right of use asset. Where there is a change in lease terms, the Group reflects the effects on future periods of the contract. In such case, the Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

The Group accounts for a lease modification as a separate lease if both:

a) the modification increases the scope of the lease by adding the right to use one or more underlying assets and
b) consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the contract.

Finance leases

The main differences between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the finance leases as at 31 December 2018 and on the basis of the facts and circumstances that exist at that date, the Group management does not expect any material impact on the Group's consolidated financial statements.

TFRSYK 23, 'Uncertainty over income tax treatments'; effective from annual periods beginning on or after 1 January 2019. This TFRSYK clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. TFRSYK 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. TFRSYK 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is assessing the impact of this interpretation on the financial position.

Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

- TFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Amendments to TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'; effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

- Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Functional and Presentation Currency

The majority of the consolidated foreign subsidiaries and joint venture are regarded as foreign operations since they are financially, economically and organizationally autonomous. In accordance with "TAS 21 The Effects of Changes in Foreign Exchange Rates", there has been a change in the functional currency of the foreign subsidiaries and joint venture from US Dollars ("USD") to the foreign subsidiaries' and joint ventures' local currencies effective from January 1, 2017. This was done considering the multinational structure of foreign operations and realization of most of their operations, by assessing the currency of the primary economic environment of foreign operations, the currency that influences sales prices for goods and services, the currency in which receipts from operating activities are usually retained and the currency that mainly influences costs and other expenses for providing goods and services. The group has applied the change in functional currency prospectively, in accordance with the requirements of TFRS and the relevant Accounting Standards. All assets and liabilities are converted into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost

Functional and presentation currency of the Company is Turkish Lira (TL).

Functional Currencies of the Subsidiaries and Joint Ventures

	December 31, 2018		December 31, 2017	
	Local Currency	**Functional Currency**	Local Currency	Functional Currency
CCSD	**Turkish Lira**	**Turkish Lira**	Turkish Lira	Turkish Lira
Mahmudiye	**Turkish Lira**	**Turkish Lira**	Turkish Lira	Turkish Lira
Almaty CC	**Kazakh Tenge**	**Kazakh Tenge**	Kazakh Tenge	Kazakh Tenge
Tonus	**Kazakh Tenge**	**Kazakh Tenge**	Kazakh Tenge	Kazakh Tenge
Azerbaijan CC	**Manat**	**Manat**	Manat	Manat
Turkmenistan CC	**Turkmen Manat**	**Turkmen Manat**	Turkmen Manat	Turkmen Manat
Bishkek CC	**Som**	**Som**	Som	Som
TCCBCJ	**Jordanian Dinar**	**Jordanian Dinar**	Jordanian Dinar	Jordanian Dinar
SBIL	**Iraq Dinar**	**Iraq Dinar**	Iraq Dinar	Iraq Dinar
SSDSD	**Syrian Pound**	**Syrian Pound**	Syrian Pound	Syrian Pound
CCBPL	**Pakistan Rupee**	**Pakistan Rupee**	Pakistan Rupee	Pakistan Rupee
CCI Holland	**Euro**	**U.S. Dollars**	Euro	U.S. Dollars
Waha B.V.	**Euro**	**U.S. Dollars**	Euro	U.S. Dollars
Al Waha	**Iraq Dinar**	**Iraq Dinar**	Iraq Dinar	Iraq Dinar
Tajikistan CC	**Somoni**	**Somoni**	Somoni	Somoni

Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey used by the Group's subsidiaries in Turkey. USD amounts presented in the balance sheet are translated into TL with the official TL exchange rate for purchases of USD on December 31, 2018, USD 1,00 (full) = TL 5,2609 (December 31, 2017; USD 1,00 (full) = TL 3,7719). Furthermore, USD amounts in the income statement have been translated into TL, at the average TL exchange rate for purchases of USD for the period is USD 1,00 (full) = TL 4,8301 (December 31, 2017; USD 1,00 (full) = TL 3,6445).

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Offsetting

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

Estimation Uncertainty

Group management has to make key assumptions concerning the future and other key sources of estimation uncertainty on the balance sheet date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities in the preparation of consolidated financial statements. Actual results can be different from estimations. These estimations are reviewed at each balance sheet date; required corrections are made and reflected in the results of operations of the related period.

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the financial statements are as follows:

a) The Group has made significant assumptions over the useful life of buildings, machinery and equipment based on the expertise of the technical departments (Note 20).

b) The Group reviews the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount (net realizable value) of property, plant and equipment is the greater of net selling price and value in use (Note 20 and Note 21).

c) The Group performs impairment test for bottling rights with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2018, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is determined taking the value in use calculation as basis. During these 5 and 10 years period calculations, estimated free cash flow before tax from financial budgets that were approved by board of directors are used for 3-year period. Estimated free cash flows before tax after 3-year period are calculated by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product per capita and consumer price indices were derived from external sources. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units (Note 21 and Note 22). For the impairment test, below assumptions were used for the year-end December 31, 2018;

	Perpetuity Growth Rate	Weighted Average Cost of Capital
Almaty CC	%9,4	%12,6
Azerbaijan CC	%6,5	%12,9
Turkmenistan CC	%13,0	%25,9
Bishkek CC	%8,4	%15,1
TCCBCJ	%4,7	%10,8
SBIL	%4,9	%11,1
CCBPL	%9,4	%16,7
Al Waha	%4,9	%14,4
Tacikistan CC	%11,5	%19,4

d) Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Basis of Consolidation and Interests in Joint Ventures

The consolidated financial statements comprise the financial statements of the parent company, CCI, its subsidiaries and joint ventures prepared as for the year ended December 31, 2018. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The consolidated financial statements cover CCI and the subsidiaries it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to non-controlling interests are shown separately in the consolidated balance sheet and consolidated income statement.

TFRS 11 "Joint Arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard defines joint control with a realistic view, which is the contractually agreed sharing of control of an arrangement. There are two types of joint arrangements: joint operations and joint ventures. Among other changes introduced, under this new standard, proportionate consolidation is not permitted for joint ventures. With this amendment, joint ventures were accounted for under the equity method of accounting at the consolidated financial statements, starting from January 1, 2013. Investment in associates accounted for under the equity method of accounting is carried in the consolidated balance sheet at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short-term deposits with an original maturity of less than 3 months and cheques dated on or before the relevant period end which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Financial assets classification and measurement

Group classified its assets in three categories, financial assets carried at amortized cost, financial assets carried at fair value though profit or loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

a) Financial assets carried at amortized cost; Assets that are held for collection of contractual cash flows where cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivate instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position. Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component (Note 11).

b) Financial assets carried at fair value through other comprehensive income; Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. Group carried these assets at their fair values. The fair value gains and losses are recognized in other comprehensive income after the deduction of impairment losses and foreign exchange income and expenses. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

c) Financial assets carried at fair value; Asset that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the implementation of fair value gain or loss.

Derivative financial instruments

The Company engages in commodity swap transactions to hedge price risk arising from fluctuations in the prices of required commodity for final production.

Hedge accounting

For hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

For fair value hedges the change in the fair value of a hedging instrument is recognized in the consolidated income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated income statement as part of finance income and costs.

For cash flow hedges the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of consolidated income as part of financial income and costs.

Amounts recognized as other comprehensive income are transferred to the statement of consolidated income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecasted purchase occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the statement of consolidated income when a sale occurs.

The Company has made aluminium swap and aluminium swap call option contracts in order to offset the possible losses that may arise from anticipated purchases of cans which are subject to aluminium price volatility and designates these aluminium swap transactions as hedging instruments for cash flow hedge relation against highly probable future outflows as the hedged item (Note 8, Note 39, Note 40).

The Company engages in cross currency swap transactions to hedge long term exchange rate exposure.

The Group has decided to hold a total of USD 150 million cash on April 18, 2018, in order to hedge the foreign exchange risk arising from the raw material procurements in 2019.

Other derivatives not designated for hedge accounting

Other derivatives not designated for hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in statement of consolidated income when incurred. After initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognized in the statement of consolidated income as part of finance income and costs.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Trade Receivables

Trade receivables, which generally have payment terms of 15 - 65 days, are recognized at original invoice amount less doubtful receivable.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value reflected to comprehensive income, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime "Expected Credit Loss (ECL)" of the related financial assets.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Related Parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;

(b) Parties are considered related to the Company if;
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Inventories

Inventories are valued at the lower of cost or net realizable value, less provision for obsolete and slow-moving items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost includes all costs incurred in bringing the product to its present location and condition, and is determined primarily based on weighted average cost method.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings and Leasehold Improvements	5 - 49 years
Machinery and Equipment	6 - 20 years
Furniture and Fixtures	5 - 10 years
Vehicles	5 - 10 years
Other Tangible Assets	5 - 12 years

Useful life of leasehold improvements is determined according to contract based lease period. Useful life of the investment is equal to the contract based remaining lease period of the leased asset.

Repair and maintenance costs for tangible assets are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Group. All other costs are charged to the statements of income during the financial year in which they are incurred. All costs incurred for the construction of property, plant and equipment are capitalized and are not depreciated until the asset is ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount (net realizable value) of property, plant and equipment is the greater of net selling price and value in use. Value in use is assessed by discounting future cash flows to their present value using a pre-tax discount rate that reflects current market conditions and the risks specific to the asset. If the related asset is not a unit that generates cash inflows by itself, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

The increase in the carrying value of property, plant and equipment because of the impairment reversal is recognized in the income statement, by considering not to exceed the book value amount if the impairment losses were not reflected to financial statements in prior years (net book value after depreciation).

Intangible Assets

Intangible assets acquired separately are measured at initial acquisition cost. The cost of an intangible asset acquired in a business combination is recognized at fair value, if its fair value can be reliably measured. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives, except Bottlers and Distribution Agreements.

In the scope of consolidation, intangible assets identified during the acquisition and in the fair value financial statements of subsidiaries and joint venture which are operating in foreign countries, represent the “Bottlers and Distribution Agreements” that are signed with TCCC. Taking into consideration TCCC’s ownership in the Company, contribution to development of long term strategic plans and business processes, and its working principles with other bottlers the Company management believes that no time constraint is required for bottling and distribution agreements as they will be extended without additional cost after expiration date. The intangible assets relating to the Bottlers and Distribution Agreements are therefore not amortized. Such intangible assets which are not amortized are annually reviewed for impairment or when events or changes in circumstances indicate that the carrying value may not be recoverable.

Water sources usage rights are amortized on a straight-line basis over their useful lives, which are between 9 and 40 years.

Other rights are amortized on a straight-line basis over their 2-15 years estimated useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Business Combinations and Goodwill

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed are recognized at TFRS 3 fair values on the date of acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from combination date.

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the acquired business, at the date of acquisition. Group do not amortize goodwill arising from the business combinations and annually review for impairment.

Any goodwill arising from the acquisition of a foreign operation and fair value adjustments to the carrying amounts of assets and liabilities are treated as assets and liabilities of the acquired foreign operation. Therefore, these assets and liabilities are translated at the closing rate from their presentation currencies.

Due to ongoing uncertainties regarding the political and regulatory environment in South Iraq and by closely monitoring to minimize the probable effects of such changes, Group Management decided to provide impairment loss for the goodwill amounting to USD 17,9 million as of December 31, 2016, which was accounted as of December 31, 2012 in accordance with IFRS 3 “Business Combinations” with the full consolidation of Al-Waha.

Recognition and Derecognition of Financial Assets and Liabilities

The Group recognizes a financial asset or financial liability in its consolidated balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset. The Group derecognizes a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

Borrowings

All borrowings are initially recognized at cost.

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.

Borrowing Costs

All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are being capitalized and other costs except them are being expensed after January 1, 2009. After this date, borrowing costs were expensed as they incurred.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Leases (Group as a lessee)

a) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Lease payments are presented under borrowings. Finance charges calculated over fixed interest rate are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

b) Operating Lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Trade Payables

Trade payables which generally have 7 - 30-day terms are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, when they are billed to the Group.

Employee Benefits

Turkish Entities:

(a) Defined Benefit Plans

The reserve for employee termination benefits is provided for in accordance with TAS 19 “Employee Benefits” and is based on actuarial study. In the consolidated financial statements, the Group has reflected a liability calculated using the “Projected Unit Credit Method”. According to the valuations made by qualified actuaries, all actuarial gains and losses are recognized in the income statement.

The employee termination benefits are discounted to the present value of the estimated future cash outflows using government bonds’ rate of return on the balance sheet date.

The gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income. Actuarial assumptions used to determine net periodic pension costs are as follows as of balance sheet dates:

	December 31, 2018	December 31, 2017
Discount rate	**%16**	%11,5
Inflation	**%11,3**	%8,3
Rate of compensation increase	**%11,3**	%8,3

(b) Defined Contribution Plan

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. For the year ended December 31, 2018, contributions paid by the Group to the Social Security Institution of Turkey is amounting to TL 39.502 (December 31, 2017 - TL 35.399).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Foreign Subsidiaries

Subsidiaries and joint ventures in foreign countries pay contributions according to each country's local regulations and these payments are expensed as incurred. Both employee and employer make payments as social security contribution calculated on employee salary and these contributions reflected to employee expense when they accrued.

	Employee contribution rate	Employer contribution rate
Almaty CC	10%	9,5%
Azerbaijan CC	3,5%	22,5%
Bishkek CC	10%	17,25%
Turkmenistan CC	-	20%
Tajikistan CC	1%	25%
TCCBCJ	7,5%	14,25%
SBIL	5%	12%
CCBPL	1% (on minimum wage)	5% (on minimum wage)

Also, CCBPL has gratuity fund provision as a defined benefit plan and calculated in accordance with TAS 19 *"Employee Benefits"* using actuarial works. Employee is eligible for gratuity after completing 3 years with the Company and can take his accrued gratuity amount at the time of separation from the Company or at retirement age. This provision is calculated by actuarial firm and the actuarial gain/loss accumulated on this provision is reflected to financial statements the gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are not recognized in the financial statements but only disclosed, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Revenue Recognition

Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Net sales are reflected after deducting sales discounts, VAT, sales taxes and taxes. Sales discounts consist of deductions from sales, the cost of free products and special consumption tax.

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

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

Product Sales

The Group generally produces, sells and distributes alcohol-free beverages. Revenue is recognized when the control of products is transferred to the customer. The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Interest Income

Income is recognized as the interest accrues.

2. BASIS OF CONSOLIDATED FINANCIAL STATEMENT PRESENTATION (continued)

Income Taxes

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred taxes.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions

Each entity within the Group translates its foreign currency transactions and balances into its functional currency by applying the exchange rate between the functional currency and the foreign currency on the date of the transaction. Exchange rate differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized in the income statement in the period in which they arise.

Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit for the period to the weighted average number of ordinary shares outstanding during the reporting periods. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources. The Company has no diluted instruments.

Subsequent Events

Post period-end events that provide additional information about the Group’s position at the balance sheet date (adjusting events), are reflected in the financial statements and footnotes. Post period-end events that are not adjusting events are disclosed in the notes when material.

3. BUSINESS COMBINATIONS

None (December 31, 2017 - None).

4. INTERESTS IN JOINT VENTURES

None (December 31, 2017 - None).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

5. SEGMENT REPORTING

The Company produces segment reports for the chief operating decision maker (Board of Directors and Executive Management) in accordance with basis of preparation as explained in Note 2. Reported information is used by management for observing performance at operation segments and for deciding resource allocation. Transfer prices between related parties are on an arm's length basis in a manner similar to transactions with third parties.

Group's subsidiaries are presented under Note 1 and Group's segment reporting is as follows:

	December 31, 2018			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	4.690.050	5.934.745	(1.410)	10.623.385
Cost of sales (-)	(2.890.872)	(4.206.722)	998	(7.096.596)
Gross profit	**1.799.178**	**1.728.023**	**(412)**	**3.526.789**
Operating expenses (-)	(1.323.980)	(1.044.113)	56.987	(2.311.106)
Other operating income / (expense), net	401.707	29.505	(392.119)	39.093
Profit from operations	**876.905**	**713.415**	**(335.544)**	**1.254.776**
Gain from investing activities	3.065	8.791	(3.686)	8.170
Loss from investing activities (-)	(3.687)	(17.465)	3.686	(17.466)
Gain / (loss) from associates	-	(882)	-	(882)
Profit before financial income / (expense)	**876.283**	**703.859**	**(335.544)**	**1.244.598**
Financial income	1.855.402	60.729	(30.683)	1.885.448
Financial expense (-)	(2.733.019)	(240.976)	399.720	(2.574.275)
Profit before tax	**(1.334)**	**523.612**	**33.493**	**555.771**
Tax income / (expense)	35.059	(131.516)	(99.154)	(195.611)
Net income	**33.725**	**392.096**	**(65.661)**	**360.160**
Non-controlling interest	-	27.015	6.367	33.382
Equity holders of the parent	**33.725**	**365.081**	**(72.028)**	**326.778**
Purchase of property, plant, equipment and intangible asset	**324.472**	**533.174**	**-**	**857.646**
Depreciation and amortization expenses	171.796	427.706	(872)	598.630
Other non-cash items	4.621	16.509	(3.961)	17.169
Earnings before interest and tax (EBITDA)	**1.053.322**	**1.157.630**	**(340.377)**	**1.870.575**

	December 31, 2018			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	**6.667.016**	**7.655.700**	**(302.274)**	**14.020.442**
Total Liabilities	**4.893.986**	**2.792.884**	**(117.164)**	**7.569.706**

As of December 31, 2018, the portion of Almaty CC in the consolidated net revenue and total assets is 12% and 9% respectively.

As of December 31, 2018, the portion of CCBPL in the consolidated net revenue and total assets is 23% and 16% respectively.

As of December 31, 2017, the portion of Almaty CC in the consolidated net revenue and total assets is 11% and 8% respectively.

As of December 31, 2017, the portion of CCBPL in the consolidated net revenue and total assets is 25% and 14% respectively.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

5. SEGMENT REPORTING (continued)

	December 31, 2017			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	3.952.480	4.440.759	(1.096)	8.392.143
Cost of sales (-)	(2.478.078)	(3.143.180)	1.426	(5.619.832)
Gross profit	1.474.402	1.297.579	330	2.772.311
Operating expenses (-)	(1.149.115)	(804.106)	40.169	(1.913.052)
Other operating income / (expense), net	212.949	19.932	(218.120)	14.761
Profit / (loss) from operations	538.236	513.405	(177.621)	874.020
Gain from investing activities	3.388	(1)	(2.213)	1.174
Loss from investing activities (-)	(1.706)	(15.073)	2.213	(14.566)
Gain / (loss) from associates	-	(421)	-	(421)
Profit before financial income/(expense)	539.918	497.910	(177.621)	860.207
Financial income	485.576	52.147	(29.472)	508.251
Financial expense (-)	(730.101)	(246.807)	29.472	(947.436)
Profit before tax	295.393	303.250	(177.621)	421.022
Tax income / (expense)	(2.761)	(119.388)	(17.376)	(139.525)
Net income	292.632	183.862	(194.997)	281.497
Non-controlling interest	-	44.701	(831)	43.870
Equity holders of the parent	292.632	139.161	(194.166)	237.627
Purchase of property, plant, equipment and intangible asset	230.165	269.124	-	499.289
Depreciation and amortization expenses	154.790	343.335	(875)	497.250
Other non-cash items	14.838	(5.639)	(1.751)	7.448
Earnings before interest and tax (EBITDA)	707.864	851.101	(180.247)	1.378.718

	December 31, 2017			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	7.774.171	5.830.024	(210.037)	13.394.158
Total Liabilities	5.957.276	2.395.417	(398.128)	7.954.565

In addition to the requirements of segment reporting, The Group's management presented this information for certain financial statements readers to utilize this data during their analyses.

Company's "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)" definition and calculation is defined as; "Profit / (Loss) From Operations" plus relevant non-cash expenses including depreciation and amortization, provision for employee benefits like retirement and vacation pay (provisions for management bonus and long term incentive plan not included) and other non-cash expenses like negative goodwill and value increase due to change in scope of consolidation.

As of December 31, 2018, and 2017, reconciliation of EBITDA to profit / (loss) from operations is explained in the following table:

	December 31, 2018	December 31, 2017
Profit / (loss) from operations	**1.254.776**	874.020
Depreciation and amortization (Note 32)	**598.630**	497.250
Provision for employee benefits (Note 26)	**20.254**	13.218
Foreign exchange gain / (loss) under other operating income / (expense) (Note 33)	**(3.085)**	(5.770)
EBITDA	**1.870.575**	1.378.718

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

6. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash on hand	**2.143**	4.794
Cash in banks		
-Time	**1.857.359**	3.579.032
-Demand	**425.143**	285.395
Cheques	**5.089**	5.481
	2.289.734	3.874.702

As of December 31, 2018, time deposits with maturities less than 3 months in foreign currencies equivalent to TL 1.246.056, existed for periods varying between 1 day to 51 days (December 31, 2017 - TL 3.018.905, 1 day to 26 days) and earned interest between 0,20% - 8,00% (December 31, 2017 - 0,20% - 5,00%).

As of December 31, 2018, time deposits in local currency amounting to TL 611.303 existed for periods between 2 days and 39 days (December 31, 2017 - TL 560.127, 2 days to 47 days) and earned interest between 21,10% - 24,50% (December 31, 2017 - 13,50% - 15,50%).

As of December 31, 2018, there is TL 9.692 (December 31, 2017 - TL 9.631) of interest income accrual on time deposits with maturities less than 3 months. As of December 31, 2018, and 2017, the fair values of cash and cash equivalents are equal to book value.

As of December 31, 2018, TL 789.135 (USD 150 million) for 2019, on time deposits are reserved for the future raw materials purchases (December 31, 2017 - TL 534.654, equivalent to USD 142 million) and related cash flow hedge reserve reflected to other comprehensive gain.

7. INVESTMENTS IN SECURITIES

	December 31, 2018	December 31, 2017
Time deposits with maturities more than 3 months	**21.163**	17.237
	21.163	17.237

As of December 31, 2018, time deposits with maturities over 3 months are composed of USD and KZT with 31 and 361 days' maturity and have 1,00% - 4,50% interest rates for USD, 11,00% for KZT.

As of December 31, 2017, time deposits with maturities over 3 months are composed of USD and KZT with 31 and 171 days' maturity and have 1,00% - 3,00% interest rates for USD, 8,00% - 9,50% for KZT.

8. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2018, the Company has 4 aluminium swap transactions with a total nominal amount of TL 153.639 for 14.234 tones. The total of these aluminium swap contracts is designated as hedging instruments as of July 19, 2018 and October 11, 2018, in cash flow hedges related to forecasted cash flow for the high probability purchases of production material exposed to commodity price risk for the year 2019.

As of December 31, 2017, the Company has 2 aluminium swap transactions with a total nominal amount of TL 427 for 72 tones. The total of these aluminium swap contracts is designated as hedging instruments as of June 2, 2016, in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk

As of December 31, 2018, the Company does not have any option contracts as hedging instruments in cash flow hedges related to forecasted cash flows, for the probability purchases of can exposed to commodity price risk.

As of December 31, 2017, the Company has 2 aluminium swap call options at 1.650 USD/per ton for 216 tones. The total of these option contracts is designated as hedging instruments in cash flow hedges related to 2017 - 2018 forecasted cash flows, for the high probability purchases of production material exposed to commodity price risk.

As of December 31, 2018, the Company has a cross currency swap contract with a total amount of USD 150 Million signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TL 219.135.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

8. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

All the changes in the fair value of commodity swap and forward derivative financial instruments, that are accounted as hedge accounting, are effective and recognized in consolidated other comprehensive income.

	December 31, 2018		December 31, 2017	
	Nominal Value	**Fair Value Assets / (Liabilities)**	Nominal Value	Fair Value Assets / (Liabilities)
Held for hedging:				
Commodity swap contracts fair value assets / (liabilities)	**153.639**	**(13.485)**	427	152
	153.639	**(13.485)**	427	152

9. BORROWINGS

	December 31, 2018	December 31, 2017
Short-term borrowings	**210.448**	78.283
Current portion of long-term borrowings	**706.358**	2.716.799
Total short-term borrowings	**916.806**	2.795.082
Long-term borrowings	**4.022.525**	3.190.310
Total borrowings	**4.939.331**	5.985.392

As of December 31, 2018, there is interest expense accrual amounting to TL 44.337 on total amount of borrowings (December 31, 2017 - TL 47.045).

As of December 31, 2018, net interest expense on cross currency swap contract is amounting to TL 44.990 (December 31, 2017- None).

The Group has complied with the financial covenants of its borrowing facilities during the 2018 and 2017 reporting period. Short and long-term borrowings denominated in TL and foreign currencies as of December 31, 2018 and 2017 are as follows:

	December 31, 2018		December 31, 2017	
	Short-term	**Long-term**	Short-term	Long-term
USD	**232.752**	**2.883.233**	2.323.361	2.630.014
EUR	**450.199**	**564.260**	406.375	544.617
TL	**16.285**	**570.000**	22	-
Pakistan Rupee	**195.899**	**-**	53.660	-
Kazakh Tenge	**14.054**	**5.032**	11.664	15.679
Jordanian Dinar	**7.617**	**-**	-	-
	916.806	**4.022.525**	2.795.082	3.190.310

Range for the minimum and maximum effective interest rates on the balance sheet date are as follows:

	December 31, 2018	December 31, 2017
Short-term		
USD denominated borrowings	**(3,00%) - (4,70%)**	(3M Libor + 1.00%) - (4,75%)
EURO denominated borrowings	**(3M Euribor + 0,90%) - (3M Euribor + 2,75%)**	(3M Euribor + 0,80%) - (3M Euribor + 2,75%)
Jordanian Dinar denominated borrowings	**(9,63%)**	-
Pakistan Rupee denominated borrowings	**(3M Kibor + 0,50%) - (1M Kibor + 0,30%)**	(1M Kibor+0,20%) - (3M Kibor+0,50%)
KZT denominated borrowings	**(6,00%)**	-
Long-term		
USD denominated borrowings	**(3,85%) - (4,44%)**	(3M Libor + 1,00%) - (4,75%)
EUR denominated borrowings	**(6M Euribor + 1,50%) - (3M Euribor + 2,75%)**	(3M Euribor + 0,80%) - (3M Euribor + 2,75%)
KZT denominated borrowings	**(6,00%)**	(6,00%)
TL denominated borrowings	**(11,74%)**	-

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

9. BORROWINGS (continued)

Repayment plans of long-term borrowings as of December 31, 2018 and 2017 are scheduled as follows (including current portion of long-term borrowings):

	December 31, 2018	December 31, 2017
2018	**-**	2.716.799
2019	**706.358**	130.051
2020	**574.223**	415.646
2021	**85.475**	64.601
2022	**98.091**	74.070
2023	**740.095**	534.753
2024	**2.524.641**	1.971.189
	4.728.883	5.907.109

Net debt reconciliation

Movements of net debt as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Cash and cash equivalents	**2.289.734**	3.874.702
Borrowings – repayable within one year	**(916.806)**	(2.795.082)
Borrowings – repayable after one year	**(4.022.525)**	(3.190.310)
	(2.649.597)	(2.110.690)
Cash and cash equivalents	**2.289.734**	3.874.702
Borrowings – repayable within one year (Note 39)	**(3.729.104)**	(4.956.141)
Borrowings – repayable after one year (Note 39)	**(1.210.227)**	(1.029.251)
	(2.649.597)	(2.110.690)

	December 31, 2018	December 31, 2017
Financial borrowing as of January 1st	**5.985.392**	3.770.347
Proceeds from borrowings	1.095.143	3.240.584
Repayments of borrowings	(4.503.218)	(1.591.520)
Foreign exchange gain / (loss) from foreign currency denominated borrowings	2.242.931	536.224
Cash flows	**(1.165.144)**	2.185.288
Interest expense	383.768	207.553
Interest paid	(389.472)	(181.622)
Changes in interest accruals	**(5.704)**	25.931
Currency translation adjustment	**124.787**	3.826
Financial borrowing as of December 31th	**4.939.331**	5.985.392

Financial Lease Payable

As of December 31, 2018, net present value of assets under finance lease is amounting to TL 4.134 with following lease payables (December 31, 2017 – TL 5.316).

	December 31, 2018	December 31, 2017
Less than 1 year	**1.893**	1.707
Next 1-3 years	**2.366**	3.839
Minimum lease payable	**4.259**	5.546
Lease interest	**(125)**	(230)
Finance lease liability	**4.134**	5.316
Less than 1 year	**1.810**	1.592
Next 1-3 years	**2.324**	3.724
Net present value of finance lease payables	**4.134**	5.316

10. OTHER FINANCIAL LIABILITIES

None (December 31, 2017 - None).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

11. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	December 31, 2018	December 31, 2017
Trade receivables	**661.800**	593.481
Cheques receivables	**13.757**	13.663
Less: Allowance for doubtful receivables	**(51.523)**	(40.052)
	624.034	567.092

As of December 31, 2018, and 2017 allowance for doubtful receivables movement is as following:

	December 31, 2018	December 31, 2017
Balance at January 1,	**40.052**	28.804
Current year provision	**10.172**	12.655
Reversals from provision	**(1.377)**	(834)
Write-offs from doubtful receivables	**(1.915)**	(1.135)
Currency translation difference	**4.591**	562
	51.523	40.052

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% against all receivables over 60 and/or 90 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As of December 31, 2018, and 2017 aging of receivables table is as following:

		Past due receivables without provision					
December 31, 2018	Neither past due nor impaired	Up to 1 month	1-2 months	2-3 months	3-6 months	More than 6 months	Total
Accounts receivable	**514.371**	**44.953**	**15.956**	**17.207**	**5.796**	**11.994**	**610.277**
Cheques receivables	**13.757**	**-**	**-**	**-**	**-**	**-**	**13.757**
	528.128	**44.953**	**15.956**	**17.207**	**5.796**	**11.994**	**624.034**
December 31, 2017							
Accounts receivable	479.299	43.805	15.074	6.602	157	8.492	553.429
Cheques receivables	13.663	-	-	-	-	-	13.663
	492.962	43.805	15.074	6.602	157	8.492	567.092

Trade Payables

	December 31, 2018	December 31, 2017
Suppliers	**966.220**	711.002
	966.220	711.002

Nature and level of risks arising from trade receivables and payables are disclosed under Note 39.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

12. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	December 31, 2018	December 31, 2017
Due from personnel	**8.578**	6.966
Deposits and guarantees given	**4.336**	8.859
Receivable from tax office and other official receivables	**13.747**	21.247
Other	**5.680**	3.194
	32.341	40.266

Other Payables

	December 31, 2018	December 31, 2017
Deposits and guarantees	**226.066**	199.705
Taxes and duties payable	**56.960**	27.990
Other	**5.077**	4.723
	288.103	232.418

13. PREPAID EXPENSES

a) Short term prepaid expenses

	December 31, 2018	December 31, 2017
Prepaid marketing expenses	**108.242**	74.865
Prepaid insurance expenses	**11.108**	12.953
Prepaid rent expenses	**6.485**	6.128
Prepaid other expenses	**12.889**	9.936
Advances given	**52.391**	70.236
	191.115	174.118

b) Long term prepaid expenses

	December 31, 2018	December 31, 2017
Prepaid marketing expenses	**218.568**	112.255
Prepaid rent expenses	**29.245**	30.474
Prepaid other expenses	**317**	1.793
Advances given	**10.346**	47.262
	258.476	191.784

14. RECEIVABLES AND PAYABLES RELATED TO FINANCE SECTOR

None (December 31, 2017 - None).

15. INVENTORIES

	December 31, 2018	December 31, 2017
Finished goods	**209.337**	204.721
Raw materials	**441.589**	228.082
Packaging materials	**58.687**	54.483
Goods in transit	**76.937**	73.619
Other materials	**25.452**	19.177
Less: reserve for obsolescence (-)	**(8.050)**	(16.235)
	803.952	563.847

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

15. INVENTORIES (continued)

As of December 31, 2018, and 2017 reserve for obsolescence movement is as following, net gain recorded during year is TL 12.198 (December 31, 2017 net loss is amounting to TL 2.910).

	December 31, 2018	December 31, 2017
Balance at January 1,	**16.235**	13.063
Current year provision - reversal, net	**(6.901)**	6.149
Inventories written off	**(5.297)**	(3.239)
Currency translation difference	**4.013**	262
	8.050	16.235

16. BIOLOGICAL ASSETS

None (December 31, 2017 - None).

17. RECEIVABLE AND PAYABLE FROM CONSTRUCTION CONTRACTS

None (December 31, 2017 - None).

18. INVESTMENT IN ASSOCIATES

Investment in associates, consolidated under the equity method of accounting, is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates.

As of December 31, 2018, and 2017 total assets, total liabilities, net sales and current period loss of SSDSD is as follows:

SSDSD	**December 31, 2018**	December 31, 2017
Total Assets	**1.227**	1.459
Total Liabilities	**7.587**	4.641
Equity	**(6.359)**	(3.182)

SSDSD	**December 31, 2018**	December 31, 2017
Revenue	**-**	-
Net Loss	**(1.764)**	(842)
Group's share in loss	**(882)**	(421)

19. INVESTMENT PROPERTY

None (December 31, 2017 - None).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

20. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Net book value at December 31, 2016	1.525.407	2.391.371	73.747	51.187	864.791	1.042	177.270	5.084.815
Additions	25.986	117.444	5.967	9.923	188.000	280	134.553	482.153
Disposals, net	(408)	(3.794)	(1.693)	(290)	(6.356)	-	-	(12.541)
Transfers	62.251	108.275	18	1.530	44.946	-	(217.020)	-
Provision and reverse for impairment	(374)	(3.773)	(308)	(5)	(10.106)	-	-	(14.566)
Currency translation adjustment	57.523	102.386	3.745	1.184	23.445	-	12.424	200.707
Depreciation charge for the current year	(45.491)	(171.885)	(15.695)	(11.794)	(237.252)	(488)	-	(482.605)
Net book value at December 31, 2017	1.624.894	2.540.024	65.781	51.735	867.468	834	107.227	5.257.963
Net book value at December 31, 2017	**1.624.894**	**2.540.024**	**65.781**	**51.735**	**867.468**	**834**	**107.227**	**5.257.963**
Additions	**6.080**	**95.734**	**13.036**	**10.748**	**272.108**	**-**	**453.479**	**851.185**
Disposals, net	**(4.339)**	**(4.480)**	**(7.676)**	**(217)**	**(6.411)**	**-**	**-**	**(23.123)**
Transfers	**95.791**	**140.426**	**374**	**1.839**	**95.666**	**-**	**(334.096)**	**-**
Provision and reverse for impairment	**-**	**287**	**-**	**-**	**(17.753)**	**-**	**-**	**(17.466)**
Currency translation adjustment	**306.504**	**491.943**	**17.229**	**6.320**	**112.558**	**-**	**70.940**	**1.005.494**
Depreciation charge for the current year	**(56.325)**	**(220.505)**	**(17.450)**	**(13.991)**	**(276.431)**	**(267)**	**-**	**(584.969)**
Net book value at December 31, 2018	**1.972.605**	**3.043.429**	**71.294**	**56.434**	**1.047.205**	**567**	**297.550**	**6.489.084**
At December 31, 2017								
Cost	1.364.219	3.182.753	130.233	105.921	2.033.974	12.335	(16.360)	6.813.075
Accumulated depreciation	(267.222)	(1.480.558)	(105.606)	(66.069)	(1.417.131)	(11.583)	-	(3.348.169)
Accumulated provision for impairment	(9.687)	(64.325)	(859)	16	(45.683)	-	-	(120.538)
Currency translation adjustment	537.584	902.154	42.013	11.867	296.308	82	123.587	1.913.595
Net book value at December 31, 2017	1.624.894	2.540.024	65.781	51.735	867.468	834	107.227	5.257.963
At December 31, 2018								
Cost	**1.461.751**	**3.414.433**	**135.967**	**118.291**	**2.395.337**	**12.335**	**103.023**	**7.641.137**
Accumulated depreciation	**(323.547)**	**(1.701.063)**	**(123.056)**	**(80.060)**	**(1.693.562)**	**(11.850)**	**0**	**(3.933.138)**
Accumulated provision for impairment	**(9.687)**	**(64.038)**	**(859)**	**16**	**(63.436)**	**-**	**0**	**(138.004)**
Currency translation adjustment	**844.088**	**1.394.097**	**59.242**	**18.187**	**408.866**	**82**	**194.527**	**2.919.089**
Net book value at December 31, 2018	**1.972.605**	**3.043.429**	**71.294**	**56.434**	**1.047.205**	**567**	**297.550**	**6.489.084**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

20. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment Loss

As of December 31, 2018, the Group had provided impairment losses amounting to TL 17.466 (December 31, 2017 - TL 14.566) for property, plant and equipment that had greater carrying value than its estimated recoverable amount. This impairment had been provided for “Out of Use” tangible assets.

For the year ended December 31, 2018, there isn’t any capitalized borrowing costs on construction in progress (December 31, 2017 - None).

Finance Leases

Property leased by the Group includes coolers, vehicles, buildings, machinery and equipment.

As of December 31, 2018, net book value of assets under finance leases included in property, plant and equipment is amounting to TL 936 (December 31, 2017 - TL 1.106).

21. INTANGIBLE ASSETS

	January 1, 2018	**Additions/ (Amortization)**	**Disposals**	**Currency translation adjustment**	**December 31, 2018**
Cost					
Water sources usage right	**31.980**	**-**	**-**	**-**	**31.980**
Bottlers and distribution agreements	**1.446.587**	**-**	**-**	**362.635**	**1.809.222**
Other Rights	**108.372**	**6.461**	**(2.490)**	**9.362**	**121.705**
Less: Accumulated amortization					
Water sources usage right	**(32.187)**	**(1.671)**	**-**	**-**	**(33.858)**
Other Rights	**(47.595)**	**(11.990)**	**2.490**	**(2.519)**	**(59.614)**
Net book value	**1.507.157**	**(7.200)**	**-**	**369.478**	**1.869.435**

	January 1, 2017	Additions/ (Amortization)	Disposals	Currency translation adjustment	December 31, 2017
Cost					
Water sources usage right	31.980	-	-	-	31.980
Bottlers and distribution agreements	1.349.546	-	-	97.041	1.446.587
Other Rights	89.679	17.136	(243)	1.800	108.372
Less: Accumulated amortization					
Water sources usage right	(28.605)	(3.582)	-	-	(32.187)
Other Rights	(36.127)	(11.063)	32	(437)	(47.595)
Net book value	1.406.473	2.491	(211)	98.404	1.507.157

There is no water sources usage right acquired through government incentive.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

22. GOODWILL

As of December 31, 2018, and 2017 movements of goodwill are as follows:

	January 1, 2018	**Currency Translation Difference**	**December 31, 2018**
Cost	**787.306**	**100.054**	**887.360**
Impairment reserve	**(67.914)**	**-**	**(67.914)**
Net book value	**719.392**	**100.054**	**819.446**

	January 1, 2017	Currency Translation Difference	December 31, 2017
Cost	739.109	48.197	787.306
Impairment reserve	(67.914)	-	(67.914)
Net book value	671.195	48.197	719.392

23. GOVERNMENT INCENTIVES

As of December 31, 2018, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TL 205.441 (December 31, 2017, TL 205.441) with a total tax advantage of TL 41.209 (December 31, 2017, TL 39.198). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TL 2.119 (December 31, 2017, TL 2.119).

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES

CCI and its Subsidiaries in Turkey

Litigations against the Group

CCI and subsidiaries in Turkey are involved on an ongoing basis in litigation arising in the ordinary course of business as of December 31, 2018 with an amount of TL 8.714 (December 31, 2017 - TL 10.968). As of December 31, 2017, no court decision has been granted yet. Group management does not expect any adverse consequences related with these litigations that would materially affect Group’s operation results or financial status or liquidity.

Guarantee Letters

As of December 31, 2018, the aggregate amount of letter of guarantees provided to banks are TL 228.205 (December 31, 2017 - TL 315.683).

Subsidiaries and joint ventures operating in foreign countries

Litigations against the Group

As of December 31, 2018, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR 1.472 million, equivalent to USD 10,6 million (December 31, 2017 - PKR 1.472 million, equivalent to USD 13,3 million).

Group management does not expect any adverse consequences related with these litigations that would materially affect Group’s operation results or financial status.

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Mortgages

As of December 31, 2018, the mortgages on buildings and lands of TCCBCJ and CCBPL amounts to TL 18.524 (December 31, 2017 - TL 13.281) and TL 101.162 (December 31, 2017 - TL 91.140) respectively, for the credit lines obtained.

Letter of Credit

As of December 31, 2018, CCBPL obtained letter of credits amounting to USD 1,0 million, EUR 3,7 million and CNY 139,7 million. (December 31, 2017 - CCBPL USD 3,7 million and EUR 11,4 million).

Guarantee Letters

As of December 31, 2018, total amount of letters of guarantee obtained from banks and given to suppliers and government authorities is TL 12.881 (December 31, 2017 - TL 10.736).

As of December 31, 2018, and 2017 total guarantees and pledges given by the Group are as follows:

	December 31, 2018					
	Total TL Equivalent	**Original TL Amount**	**Original USD in Thousands**	**Original EUR in Thousands**	**Original PKR in Thousands**	**Other Foreign Currency TL Equivalent**
A. Total guarantees and pledges given by the Company for its own corporation	**347.892**	**226.908**	**13**	**204**	**2.667.000**	**18.524**
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	**616.390**	**-**	**-**	**85.121**	**2.222.331**	**18.987**
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	**-**	**-**	**-**	**-**	**-**	**-**
D. Other guarantees, and pledges given	**-**	**-**	**-**	**-**	**-**	**-**
i. Total guarantees and pledges given by the Company for its parent company	**-**	**-**	**-**	**-**	**-**	**-**
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	**-**	**-**	**-**	**-**	**-**	**-**
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	**-**	**-**	**-**	**-**	**-**	**-**
Total guarantees and pledges	**964.282**	**226.908**	**13**	**85.325**	**4.889.331**	**37.511**
Other guarantees and pledges given / Total equity (%)	**-**	**-**	**-**	**-**	**-**	**-**

	December 31, 2017					
	Total TL Equivalent	Original TL Amount	Original USD in Thousands	Original EUR in Thousands	Original PKR in Thousands	Other Foreign Currency TL Equivalent
A. Total guarantees and pledges given by the Company for its own corporation	425.169	319.778	13	204	2.667.000	13.281
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	501.967	-	6.498	96.165	468.836	27.202
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees, and pledges given	-	-	-	-	-	-
i. Total guarantees and pledges given by the Company for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	927.136	319.778	6.511	96.369	3.135.836	40.483
Other guarantees and pledges given / Total equity (%)	-	-	-	-	-	-

Contingent liability related to letter of credits, guarantee letters and borrowings utilized under asset pledges are totally covered by the pledge amount in the related countries, and not separately disclosed under total guarantee and pledge position table.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Tax and Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve. The various legislation and regulations are not always clearly written, and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, the Central Bank and Ministry of Finance. Tax declarations, together with other legal compliance areas are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

As per the change in governing law in Pakistan, “Capacity Tax” was started to be applied as of July 9, 2013, replacing “Sales and Excise Tax”. CCBPL fulfilled all the obligations as per the new law and change in regulations.

As of May 2014, “Capacity Tax” application was cancelled by the constitutional court and the law has been reverted to “Sales and Excise Tax”. After this withdrawal, CCBPL fulfilled all the obligations again according to “Sales and Excise Tax” system.

After the withdrawal, Federal tax office in Pakistan requested PKR 3.505 million (equivalent to USD 25,3 million) additional tax payment from CCBPL, by arguing that “Sales and Excise Tax” should be applied retrospectively by considering the period before the cancellation of “Capacity Tax” application. Company Management objected and litigated this request, since withdrawal decisions of constitutional court could not be applied retrospectively in principle. In the opinion of Management, the outcome of the litigation will be favourable (December 31, 2017 - PKR 3.505 million, equivalent to USD 31,8 million).

25. COMMITMENTS

Murabaha

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank (“Banks”). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2018, CCBPL has USD 4,5 million sugar purchase commitment to the Banks until the end of April 2019 and has USD 25,3 million sugar purchase commitment to the Banks until the end of December 2019 and has USD 17 million resin purchase commitment to the Banks until the end of November 2019.

Operating Leases

CCI and CCSD have signed various operating lease agreements for vehicles.

TL 26.948 of rent expense was reflected for the year-ended December 31, 2018 (December 31, 2017, TL 17.972) in the consolidated income statement due to the non-cancellable operating lease agreement for vehicles.

As of December 31, 2018, and 2017, future minimum lease payments under non-cancellable operating lease agreements are as follows:

	December 31, 2018	December 31, 2017
Less than 1 year	**2.561**	1.876
Next 1-5 years	**17.407**	30.054

26. EMPLOYEE BENEFITS

As of December 31, 2018, and 2017, payables related to employee benefits amounts to TL 34.743 and TL 39.593 respectively and are comprised of payables for wages and salaries, social security premiums and withholding taxes.

a) Short term employee benefits

	December 31, 2018	December 31, 2017
Management premium accrual	**12.784**	18.651
Vacation pay accrual	**10.788**	9.494
Wages and salaries	**34.679**	37.916
	58.251	66.061

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

26. EMPLOYEE BENEFITS (continued)

As of December 31, 2018, and 2017, movements of the management premium accrual are as follows:

	December 31, 2018	December 31, 2017
Balance at January 1,	**18.651**	30.434
Payments made	**(53.579)**	(62.970)
Current year charge	**44.372**	50.491
Currency translation difference	**3.340**	696
	12.784	18.651

As of December 31, 2018, and 2017, movements of the vacation pay accrual are as follows:

	December 31, 2018	December 31, 2017
Balance at January 1,	**9.464**	12.036
Payments made	**(1.037)**	(1.341)
Reversals made	**(2.567)**	(2.232)
Current year charge	**3.598**	771
Currency translation difference	**1.330**	260
	10.788	9.494

b) Long term employee benefits

As of December 31, 2018, and 2017, details of long-term employee benefits are as follows:

	December 31, 2018	December 31, 2017
Employee termination benefits	**80.266**	69.866
Long term incentive plan accrual	**2.282**	2.441
	82.548	72.307

As of December 31, 2018, and 2017, the movements of long-term incentive plan provisions are as follows:

	December 31, 2018	December 31, 2017
Balance at January 1,	**2.441**	1.580
Payments made	**(18.246)**	(15.026)
Current year charge	**18.087**	15.887
	2.282	2.441

Employee Termination Benefits

In accordance with the existing social legislation, the Company and its subsidiaries operating in Turkey are required to make lump-sum payments to employees who have completed at least one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated based on 30 days' pay and limited to a maximum of TL 5,43 as of December 31, 2018 (December 31, 2017 - TL 4,73) per year of employment at the rate of pay applicable on the date of retirement or termination.

Starting from January 1, 2019, retirement pay liability ceiling increased to TL 6,02.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

26. EMPLOYEE BENEFITS (continued)

The movement of the defined benefit obligation recognized in the consolidated balance sheet is as follows:

	December 31, 2018	December 31, 2017
At January 1,	**69.866**	63.637
Interest expense	**1.939**	7.064
Benefit payments	**(9.108)**	(5.822)
Current year service charge	**17.284**	7.615
Actuarial gain/(loss)	**87**	(2.628)
Currency translation adjustment	**198**	-
	80.266	69.866

In the scope of defined benefit plan, actuarial gains / (losses) under short term employee benefits and employee termination benefits were reflected to consolidated comprehensive income statement as of December 31, 2018, and 2017 with an amount of TL 554 gain and TL 1.691 gain respectively.

27. POST-RETIREMENT BENEFIT PLANS

None (December 31, 2017 - None).

28. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	December 31, 2018	December 31, 2017
VAT receivables	**283.447**	238.600
Other	**14.619**	10.758
	298.066	249.358

b) Other Non-Current Assets

Other non-current assets amounting to TL 643 is related to VAT receivables (December 31, 2017 - None).

c) Other Current Liabilities

	December 31, 2018	December 31, 2017
Advance received	**20.430**	13.722
Buying option of share from non-controlling interest	**12.416**	8.902
Other	**17.279**	9.756
	50.125	32.380

The obligation of TL 12.416 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase.

d) Other Non-Current Liabilities

According to the put option signed with European Refreshments (“ER”), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V. This obligation is recorded as put option liability in the Group’s consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TL 198.020 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2017-TL 117.572).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

29. EQUITY

Share Capital

	December 31, 2018	December 31, 2017
Common shares 1 Kr par value		
Authorized and issued (units)	**25.437.078.200**	25.437.078.200

Legal reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

Listed companies distribute dividend in accordance with the communique No. II-19.1 issued by the CMB which is effective from February 1,2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communique does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance can be paid in accordance with profit on interim financial statements of the company.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source for 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. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

As of December 31, 2018, and 2017 breakdown of the equity of the Company in its tax books is as follows.

	December 31, 2018			December 31, 2017		
	Historical Amount	**Inflation Restatement Differences**	**Restated Amount**	Historical Amount	Inflation Restatement Differences	Restated Amount
Share Capital	**254.371**	**(8.559)**	**245.812**	254.371	(8.559)	245.812
Restricted reserves allocated from net profit	**141.904**	**13.396**	**155.300**	123.157	13.396	136.553
Extraordinary Reserves	**456.393**	**9.551**	**465.944**	485.691	9.551	495.242

Dividends

After the deduction of the 2016 fiscal year net loss and statutory liabilities, it’s approved to distribute cash dividends TL 170.000 from 2017 net income and TL 30.190 from 2009 extraordinary reserves amounting to total of TL 200.190 gross dividend (TL 0,787 (full) was paid per 100 shares, representing TL 1 nominal value) starting from May 25, 2018. The remainder of 2017 net income will be added to the extraordinary reserves.

The Company’s wholly owned subsidiary CCSD distributed total gross dividend amounting to TL 16 (TL 16,68 (full) was paid per 100 shares, representing TL 1 nominal value) as of December 12, 2018.

In year 2017 the Group paid dividends to its shareholders with an amount of TL 50.011 (TL 0,197 (full) was paid per 100 shares, representing TL 1 nominal value).

There is not any privilege granted to shareholders related to dividend payments.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

30. CONTINUING OPERATIONS

Group recognizes revenue when the control of products is transferred to the customer, compatible with revenue information under segment reporting according to TFRS 8 (Note 5).

a) Net Revenue	December 31, 2018	December 31, 2017
Gross sales	**17.259.615**	13.296.107
Sales discounts	**(5.686.770)**	(4.272.211)
Other discounts	**(949.460)**	(631.753)
	10.623.385	8.392.143

b) Cost of Sales	December 31, 2018	December 31, 2017
Raw material cost	**6.029.483**	4.784.683
Depreciation and amortization	**336.522**	273.328
Personnel expenses	**284.654**	217.326
Other expenses	**445.937**	344.495
	7.096.596	5.619.832

31. OPERATING EXPENSES

a) General administrative expenses	December 31, 2018	December 31, 2017
Personnel expenses	**237.733**	210.164
Depreciation on property, plant and equipment	**29.050**	27.252
Consulting and legal fees	**27.839**	27.525
Utilities and communication expenses	**10.981**	10.612
Provision for doubtful receivables (Note 11)	**10.172**	12.655
Repair and maintenance expenses	**3.513**	4.116
Rent expense	**34.841**	24.810
Other	**92.321**	71.841
	446.450	388.975

b) Selling, distribution and marketing expenses	December 31, 2018	December 31, 2017
Marketing and advertising expenses	**548.206**	458.733
Personnel expenses	**415.039**	354.228
Transportation expenses	**441.266**	342.781
Depreciation on property, plant and equipment	**228.384**	192.453
Maintenance expenses	**48.079**	35.083
Utilities and communication expenses	**38.680**	31.013
Rent expenses	**56.266**	44.270
Other	**88.736**	65.516
	1.864.656	1.524.077

32. EXPENSES BY NATURE

a) Depreciation and amortization expenses	December 31, 2018	December 31, 2017
Property, plant and equipment		
Cost of sales	**334.724**	269.563
Selling, distribution, marketing and general administrative expenses	**245.572**	208.825
Inventory	**3.396**	3.081
Other operating expense	**1.278**	1.136
Intangible assets		
Cost of sales	**1.798**	3.765
Selling, distribution, marketing and general administrative expenses	**11.862**	10.880
	598.630	497.250

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

32. EXPENSES BY NATURE (continued)

b) Employee Benefits	December 31, 2018	December 31, 2017
Personnel expenses		
Wages and salaries	**784.035**	658.837
Social security premium expenses	**62.422**	51.301
Employee termination benefits	**19.223**	14.679
Other	**71.746**	56.901
	937.426	781.718

33. OTHER INCOME / EXPENSE

a) Other operating income / expense	December 31, 2018	December 31, 2017
Other operating income		
Gain on sale of scrap materials	**31.495**	20.893
Insurance compensation income	**405**	888
Foreign exchange gains	**73.450**	101.677
Other income	**31.168**	14.088
	136.518	137.546
Other operating expense		
Donations	**(1.588)**	(492)
Foreign exchange loss	**(70.365)**	(95.907)
Other expenses	**(25.472)**	(26.386)
	(97.425)	(122.785)

b) Gain / (Loss) from Investing Activities	December 31, 2018	December 31, 2017
Gain from Investing Activities		
Gain on disposal of property, plant and equipment	**8.170**	1.174
	8.170	1.174
Loss from Investing Activities		
Impairment reversal in property, plant and equipment (Note 20)	**(17.466)**	(14.566)
	(17.466)	(14.566)

34. FINANCIAL INCOME / EXPENSE

	December 31, 2018	December 31, 2017
Interest expense, net	**(167.943)**	(113.790)
Foreign exchange gain / (loss), net	**(520.884)**	(325.395)
	(688.827)	(439.185)

As of December 31, 2018, and 2017 foreign exchange gain / (loss) from foreign currency denominated borrowings are as follows:

	December 31, 2018	December 31, 2017
Foreign exchange gain / (loss) from foreign currency denominated borrowings, net	**(2.242.931)**	(536.224)

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

35. NON-CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUING OPERATIONS

None (December 31, 2017 - None).

36. TAX RELATED ASSETS AND LIABILITIES

General information

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries 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.

In Turkey, corporate tax rate is 22% (December 31, 2017 - 20%). In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2018 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards.
Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in full by the end of the fourth month. The tax legislation provides for a provisional tax of 22% (2017 - 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. Corporate tax losses can be carried forward for a maximum period of 5 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 5 years.

The reconciliation of current period tax charge for the years ended December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Income before tax and non-controlling interest	**555.771**	421.022
Provision for corporate tax (22%)	**(122.270)**	(84.204)
Effect of not deductible (taxable) amounts in taxable income		
Effect of difference in the tax rate from subsidiaries	**1.905**	(17.667)
Deductions after non-deductible expenses	**(1.230)**	(1.155)
Unused investment incentive	**2.010**	14.551
Deferred tax effect of translation on non-monetary items	**(37.846)**	(15.246)
Effect of carried tax losses	**(31.305)**	(27.348)
Other	**(6.875)**	(8.456)
Total tax charge	**(195.611)**	(139.525)

The breakdown of current period tax charge for the years ended December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Deferred tax expense	**(28.332)**	(48.192)
Current period tax expense	**(167.279)**	(91.333)
Total tax charge	**(195.611)**	(139.525)

Different corporate tax rates of foreign subsidiaries are as follows:

	December 31, 2018	December 31, 2017
Kazakhstan	**%20**	%20
Azerbaijan	**%20**	%20
Kyrgyzstan	**%10**	%10
Turkmenistan	**%8**	%8
Tajikistan	**%13**	%14
Jordan	**%14**	%14
Iraq	**%15**	%15
Pakistan	**%29**	%31

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

36. INCOME TAXES, DEFERRED TAX ASSETS AND LIABILITIES (continued)

For the consolidated financial statements, subsidiaries financial statements have been translated into TL and the "translation differences" arising from such translation have been recorded in equity, under Currency Translation Adjustment. Since it's not planned to sell any subsidiary share, these translation differences will not be reversed in the foreseeable future and not subject to deferred tax calculation in accordance with TAS 12, Income Taxes.

The list of temporary differences and the resulting deferred tax liabilities, as of December 31, 2018 and 2017 using the prevailing effective statutory tax rate is as follows:

	December 31, 2018		December 31, 2017	
	Cumulative Temporary Difference	**Deferred Tax Assets / (Liabilities)**	Cumulative Temporary Difference	Deferred Tax Assets / (Liabilities)
Tangible and intangible assets	**(2.823.576)**	**(721.936)**	(2.286.702)	(589.990)
Borrowings	**(25.067)**	**(5.310)**	(23.455)	(5.057)
Employee termination, other employee benefits and other payable accruals	**93.007**	**18.888**	92.177	18.728
Unused investment incentive	**205.441**	**41.209**	205.441	39.198
Carry forward tax loss	**270.394**	**84.973**	363.671	111.201
Trade receivables, payables and other	**155.440**	**29.237**	87.665	21.358
Derivative financial instruments	**89.342**	**18.699**	(43.062)	(8.612)
Inventory	**(32.752)**	**(6.356)**	17.944	5.259
	(2.067.771)	**(540.596)**	(1.586.321)	(407.915)
Deferred tax assets		**193.006**		195.744
Deferred tax liabilities		**(733.602)**		(603.659)
Deferred tax liability, net		**(540.596)**		(407.915)

Carried forward tax losses of Pakistan which were formed by the depreciation expenses according to local tax regulations are subject to deferred tax. In accordance with the local tax regulations in Pakistan, these tax losses has an exception of normal time limit (6 years) and can be carried forward with an indefinite life.

As of December 31, 2018, and 2017, the movement of net deferred tax liability is as follows:

	December 31, 2018	December 31, 2017
Balance at January 1,	**407.915**	346.988
Deferred tax expense / (income)	**28.332**	48.192
Tax expense recognized in comprehensive income	**(9.109)**	(9.658)
Currency translation adjustment	**113.458**	22.393
	540.596	407.915

37. EARNINGS / (LOSSES) PER SHARE

Basic earnings / (losses) per share is calculated by dividing net income / (loss) for the period by the weighted average number of ordinary shares outstanding during the related period. The Company has no diluted instruments.

As of December 31, 2018, and 2017 earnings / (losses) per share is as follows:

	December 31, 2018	December 31, 2017
Net income for the period	**326.778**	237.627
Weighted average number of ordinary shares	**25.437.078.200**	25.437.078.200
Net Earnings Per Share (Full TL)	**0,0128**	0,0093

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

38. RELATED PARTY BALANCES AND TRANSACTIONS

The Group has various transactions with related parties in normal course of the business. The most significant transactions with related parties are as follows:

	December 31, 2018				
	Sales to related parties and other revenues	**Purchases from related parties and other expenses**	**Amounts owed by related parties**	**Amounts owed to related parties**	
Related Parties and Shareholders				**Short Term**	**Long Term**
Anadolu Group Companies (1)	**233.926**	**47.566**	**66.127**	**6.526**	**-**
Beverage Partners Worldwide (2)	**-**	**-**	**-**	**-**	**-**
The Coca-Cola Company (1)	**77.220**	**2.720.550**	**55.797**	**268.380**	**40.782**
Özgörkey Holding Group Companies (1)	**874**	**20.212**	**-**	**1.616**	**-**
Efes Karaganda Brewery J.S.C.(1)	**-**	**1.449**	**-**	**133**	**-**
Syrian Soft Drink Sales and Distribution L.L.C.(4)	**-**	**-**	**4.721**	**-**	**-**
Doğadan (2)	**68.239**	**247.488**	**-**	**35.448**	**-**
Day Trade (2)	**-**	**-**	**-**	**16.031**	**-**
National Beverage Co. (3)	**9.048**	**2.177**	**-**	**-**	**-**
Total	**389.307**	**3.039.442**	**126.645**	**328.134**	**40.782**

	December 31, 2017				
	Sales to related parties and other revenues	**Purchases from related parties and other expenses**	**Amounts owed by related parties**	**Amounts owed to related parties**	
Related Parties and Shareholders				**Short Term**	**Long Term**
Anadolu Group Companies (1)	203.367	42.404	63.086	9.800	-
Beverage Partners Worldwide (2)	-	-	-	-	-
The Coca-Cola Company (1)	40.745	2.003.864	40.771	188.561	29.100
Özgörkey Holding Group Companies (1)	598	17.742	-	1.530	-
Efes Karaganda Brewery J.S.C.(1)	-	978	-	105	-
Syrian Soft Drink Sales and Distribution L.L.C.(4)	-	-	3.464	-	-
Doğadan (2)	60.064	221.473	109	38.190	-
Day Trade (2)	-	-	629	6.401	-
National Beverage Co. (3)	6.827	1.643	-	-	-
Total	311.601	2.288.104	108.059	244.587	29.100

(1) Shareholder of the Company, subsidiaries and joint ventures of the shareholder
(2) Related parties of the shareholder
(3) Other shareholders of the joint ventures and subsidiaries
(4) Investment in associate consolidated under equity method of accounting

As of December 31, 2018, and 2017, purchases from related parties and significant portion of other expenses consist of services obtained, fixed asset and raw material purchases and toll production.

As of December 31, 2018, and 2017, sales to related parties and other revenues consist of sale of finished goods and support charges of promotional expenses reflected to related parties.

As of December 31, 2018, and 2017, remuneration received by the executive members of the Board of Directors, Chief Executive Officer, Chief Operating Officers and Directors of the Company are as follows:

	December 31, 2018		December 31, 2017	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**564**	**20.659**	507	17.126
Other long-term benefits	**-**	**5.509**	-	4.597
	564	**26.168**	507	21.723
Number of top executives	**7**	**15**	4	14

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

39. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group's principal financial instruments are comprised of bank borrowings, bond issues, cash and short-term deposits. The main purpose of these financial instruments is to raise financing 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 interest rate risk, liquidity risk, foreign currency risk, and credit risk. The Group management reviews and agrees policies for managing each of these risks which are summarized below. The Group also monitors the market price risk arising from all financial instruments.

(a) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders and may decide on issue of new shares or sell assets to decrease net financial debt.

As of December 31, 2018, and 2017 debt to equity ratio, obtained by dividing the total net debt to share capital is as follows:

Net debt is the financial borrowings less cash and cash equivalents and short-term financial assets.

	December 31, 2018	December 31, 2017
Borrowings	**4.939.331**	5.985.392
Less: Cash and cash equivalents and short-term financial assets	**(2.310.897)**	(3.891.939)
Net debt	**2.628.434**	2.093.453
Total share capital	**254.371**	254.371
Net debt / Total equity ratio (%)	**10,33**	8,23

(b) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by balancing the interest rate of assets and liabilities or derivative financial instruments.

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore, the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

As of December 31, 2018, if variable interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit / (loss) before tax and non-controlling interest for March 31, 2019, which is the following reporting period would be:

	Effect on Profit Before Tax and Non-Controlling Interest	
	December 31, 2018	December 31, 2017
Increase / decrease of 1% interest in USD denominated borrowing interest rate	**141**	26
Increase / decrease of 1% interest in Euro denominated borrowing interest rate	**1.976**	1.947
Increase / decrease of 1% interest in PKR denominated borrowing interest rate	**287**	74
Total	**2.404**	2.047

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

39. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

As of December 31, 2018, and 2017, the analysis of financial assets of the Group exposed to interest risk as follows:

Interest Rate Risk	December 31, 2018	December 31, 2017
Financial instruments with fixed interest rate		
Time deposits	**1.878.522**	3.596.269
Financial liabilities (Note 9)	**3.729.104**	4.956.141
Financial instruments with floating interest rate		
Financial liabilities (Note 9)	**1.210.227**	1.029.251

(c) Foreign Currency Risk

The Group is exposed to exchange rate fluctuations due to the nature of its business. This risk occurs due to purchases, sales, demand / time deposits and bank borrowings of the Group, which are denominated in currencies other than the functional currency. The Group manages its foreign currency risk by balancing the amount of foreign currency denominated assets and liabilities.

	December 31, 2018	December 31, 2017
Total export	**146.512**	17.379
Total import	**2.300.339**	1.484.610

Foreign Currency Position

As of December 31, 2018, and 2017, the foreign currency position (except functional currency) of the Group and its subsidiaries is as follows:

	Foreign Currency Position Table December 31, 2018					
	Total TL Equivalent	**USD**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	55.356	10.522	55.356	-	-	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.213.267	229.541	1.207.591	942	5.676	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	6.444	356	1.874	756	4.555	15
4. Current Assets (1+2+3)	**1.275.067**	**240.419**	**1.264.821**	**1.698**	**10.231**	**15**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.439	6	31	564	3.400	8
8. Non-Current Assets (5+6+7)	**3.439**	**6**	**31**	**564**	**3.400**	**8**
9. Total Assets (4+8)	**1.278.506**	**240.425**	**1.264.852**	**2.262**	**13.631**	**23**
10. Trade Payables and Due to Related Parties	448.803	81.040	426.341	3.545	21.368	1.094
11. Short-term Borrowings and Current Portion of Long - term Borrowings	682.951	44.242	232.752	74.685	450.199	-
12a. Monetary Other Liabilities	14.074	2.360	12.416	275	1.658	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1.145.828**	**127.642**	**671.509**	**78.505**	**473.225**	**1.094**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	3.447.493	548.049	2.883.233	93.607	564.260	-
16 a. Monetary Other Liabilities	198.020	37.640	198.020	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**3.645.513**	**585.689**	**3.081.253**	**93.607**	**564.260**	**-**
18. Total Liabilities (13+17)	**4.791.341**	**713.331**	**3.752.762**	**172.112**	**1.037.485**	**1.094**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**1.479.781**	**281.279**	**1.479.781**	**-**	**-**	**-**
19a. Total Hedged Assets	1.479.781	281.279	1.479.781	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(2.033.054)**	**(191.627)**	**(1.008.129)**	**(169.850)**	**(1.023.854)**	**(1.071)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7, B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(3.522.718)**	**(473.268)**	**(2.489.815)**	**(171.170)**	**(1.031.809)**	**(1.094)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**-**	**-**	**-**	-	-	-

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

39. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

	Foreign Currency Position Table					
	December 31, 2017					
	Total TL Equivalent	**USD**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	44.288	11.742	44.288	-	-	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	3.056.656	809.791	3.054.449	488	2.204	3
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	32.926	179	679	7.141	32.247	-
4. Current Assets (1+2+3)	3.133.870	821.712	3.099.416	7.629	34.451	3
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	5.320	291	1.098	935	4.222	-
8. Non-Current Assets (5+6+7)	5.320	291	1.098	935	4.222	-
9. Total Assets (4+8)	3.139.190	822.003	3.100.514	8.564	38.673	3
10. Trade Payables and Due to Related Parties	105.974	27.400	103.351	488	2.203	420
11. Short-term Borrowings and Current Portion of Long - term Borrowings	2.729.736	615.966	2.323.361	89.996	406.375	-
12a. Monetary Other Liabilities	12.200	3.217	12.136	14	64	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	2.847.910	646.583	2.438.848	90.498	408.642	420
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	3.174.631	697.265	2.630.014	120.611	544.617	-
16 a. Monetary Other Liabilities	117.572	31.170	117.572	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	3.292.203	728.435	2.747.586	120.611	544.617	-
18. Total Liabilities (13+17)	6.140.113	1.375.018	5.186.434	211.109	953.259	420
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	-	-	-	-	-	-
19a. Total Hedged Assets	-	-	-	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	(3.000.923)	(553.015)	(2.085.920)	(202.545)	(914.586)	(417)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(3.039.169)	(553.485)	(2.087.697)	(210.621)	(951.055)	(417)
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, Euro and other foreign currency denominated exchange rates against TL by 10%, with all other variables held constant.

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2018		December 31, 2017	
	Income / (Loss)	**Income / (Loss)**	Income / (Loss)	Income / (Loss)
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Changes in the USD against TL by 10%:				
1- USD denominated net asset / (liability)	**(248.791)**	**248.791**	(208.592)	208.592
2- USD denominated hedging instruments (-)	**147.978**	**(147.978)**	-	-
3- Net effect in USD (1+2)	**(100.813)**	**100.813**	(208.592)	208.592
Changes in the Euro against TL by 10%:				
4- Euro denominated net asset / (liability)	**(102.385)**	**102.385**	(91.459)	91.459
5- Euro denominated hedging instruments (-)	**-**	**-**	-	-
6- Net effect in Euro (4+5)	**(102.385)**	**102.385**	(91.459)	91.459
Average changes in the other foreign currencies against TL by 10%:				
7- Other foreign currency denominated net asset / (liability)	**(107)**	**107**	(42)	42
8- Other foreign currency hedging instruments (-)	**-**	**-**	-	-
9- Net effect in other foreign currency (7+8)	**(107)**	**107**	(42)	42
TOTAL (3+6+9)	**(203.305)**	**203.305**	(300.093)	300.093

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

39. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

(d) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Group to significant concentration of credit risk consist principally of cash and cash equivalents and trade receivables. Maximum credit risk on the Group is limited to the amounts disclosed on the financial statements.

The Group maintains cash and cash equivalents with various financial institutions. It is the Group's policy to limit exposure to any one institution and revalue the credibility of the related financial institutions continuously.

The credit risk associated with trade receivables is partially limited due to a large customer base and due to management's limitation on the extension of credit to customers. The Group generally requires collateral to extend credit to its customers excluding its distributors.

Credit risk exposure from financial instruments as of December 31, 2018 and 2017 are as follows:

	Receivables			
December 31, 2018	**Trade Receivables and Due from Related Parties**	**Other Receivables**	**Advances Given**	**Bank Deposits**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	**750.679**	**70.354**	**62.737**	**2.308.754**
- Maximum risk secured by guarantee	**547.312**	-	**34.830**	-
A. Net book value of financial assets neither overdue nor impaired	**654.773**	**70.354**	**62.737**	**2.308.754**
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	**95.906**	-	-	-
-Under guarantee	**19.283**	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	**51.523**	-	-	-
- Impairment (-)	**(51.523)**	-	-	-
- Net value under guarantee	-	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

	Receivables			
December 31, 2017	**Trade Receivables and Due from Related Parties**	**Other Receivables**	**Advances Given**	**Bank Deposits**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	675.151	52.868	117.423	3.887.145
- Maximum risk secured by guarantee	527.313	-	52.291	-
A. Net book value of financial assets neither overdue nor impaired	601.021	52.868	117.423	3.887.145
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	74.130	-	-	-
-Under guarantee	39.314	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	40.052	-	-	-
- Impairment (-)	(40.052)	-	-	-
- Net value under guarantee	-	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

(e) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions, bond issues, cash and short-term deposits.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

39. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The maturity breakdown of financial assets and liabilities has been indicated by considering the period from the balance sheet date to maturity date. Those financial assets and liabilities which have no maturities have been classified under “1 to 5 years”.

The table below summarizes the maturity profile of the Group’s financial and liabilities at December 31, 2018 and 2017.

December 31, 2018 **Maturities according to agreement**	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months(I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**more than 5 years(IV)**
Financial liabilities	**4.939.331**	**5.961.575**	**640.156**	**450.357**	**2.199.502**	**2.671.560**
Trade payables	**971.746**	**972.802**	**885.680**	**81.596**	**5.526**	**-**
Due to related parties	**368.916**	**368.916**	**267.323**	**60.811**	**40.782**	**-**
Other non-current liabilities	**198.020**	**198.020**	**-**	**-**	**198.020**	**-**
Non-derivative financial liabilities	**6.478.013**	**7.501.313**	**1.793.159**	**592.764**	**2.443.830**	**2.671.560**

Expected maturities	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months(I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**more than 5 years(IV)**
Other Payables	**288.780**	**288.104**	**287.427**	**-**	**677**	**-**
Non-derivative financial liabilities	**288.780**	**288.104**	**287.427**	**-**	**677**	**-**

December 31, 2017 Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Financial liabilities	5.985.392	6.748.262	367.193	2.595.608	1.108.593	2.676.868
Trade payables	716.799	716.799	640.174	70.828	5.797	-
Due to related parties	273.687	273.687	219.526	25.061	29.100	-
Other non-current liabilities	117.572	117.572	-	-	117.572	-
Non-derivative financial liabilities	7.093.450	7.856.320	1.226.893	2.691.497	1.261.062	2.676.868

Expected maturities	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Other Payables	232.701	232.418	232.135	-	283	-
Non-derivative financial liabilities	232.701	232.418	232.135	-	283	-

(f) Commodity Price Risk

The Company may be affected by the price volatility of certain commodities such as sugar, aluminium and resin. As its operating activities require the ongoing purchase of these commodities, the Company’s management has a risk management strategy regarding commodity price risk and its mitigation.

Based on a 12-month anticipated purchase of can, the Company hedges the purchase price using commodity (aluminium) swap contracts and aluminium swap call option (Note 8).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

40. FINANCIAL INSTRUMENTS

Fair Values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and best evidenced by a quoted market price, if one exists.

Foreign currency-denominated financial assets and liabilities are revalued at the exchange rates prevailing at the balance sheet dates.

The following methods and assumptions were used in the estimation of the fair value of the Group's financial instrument:

***Financial Assets* –** The fair values of certain financial assets carried at cost, including cash and cash equivalents and held to maturity investments plus the respective accrued interest are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying values of trade receivables along with the related allowances for bad debt are estimated to be at their fair values.

***Financial Liabilities* –** The fair values of trade payables and other monetary liabilities are estimated to approximate carrying values, due to their short-term nature. The fair values of bank borrowings are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The carrying values of trade payable are estimated to be their fair values due to their short-term nature.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

Level 1: Market price valuation techniques for the determined financial instruments traded in markets
Level 2: Other valuation techniques includes direct or indirect observable inputs
Level 3: Valuation techniques does not contain observable market inputs

December 31, 2018	**Level 1**	**Level 2**	**Level 3**
a) Assets presented at fair value			
Derivative financial instruments	**-**	**-**	**-**
Total assets	**-**	**-**	**-**
b) Liabilities presented at fair value			
Derivative financial instruments	**-**	**13.485**	**-**
Buying option of share from non-controlling interest	**12.416**	**-**	**198.020**
Total liabilities	**12.416**	**13.485**	**198.020**

December 31, 2017	Level 1	Level 2	
a) Assets presented at fair value			
Derivative financial instruments	-	152	-
Total assets	-	152	-
b) Liabilities presented at fair value			
Derivative financial instruments	-	-	-
Buying option of share from non-controlling interest	8.902	-	117.572
Total liabilities	8.902	-	117.572

41. SUBSEQUENT EVENTS

None.