CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish
Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited **Current Period** **31 December** **2017**	 Previous Period 31 December 2016
ASSETS			
Cash and Cash Equivalents	6	**5.409.622**	2.745.264
Financial Investments	9	**88.588**	11.036
Trade Receivables	10	**1.530.645**	1.319.634
- Trade Receivables Due from Related Parties		***158.085***	*131.499*
- Trade ReceivablesDue from Third Parties		***1.372.560***	*1.188.135*
Other Receivables	11	**103.368**	99.093
- Other Receivables from Third Parties		***103.368***	*99.093*
Derivative Financial Assets	8	**152**	1.472
Inventories	12	**1.179.231**	1.030.992
Prepaid Expenses	13	**499.150**	425.477
Current Tax Assets	28	**115.653**	124.324
Other Current Assets	20	**271.572**	251.383
- Other Current Assets from Third Parties		***271.572***	*251.383*
Current Assets		**9.197.981**	6.008.675
Financial Investments		**767**	767
Trade Receivables	10	**1.212**	1.278
- Trade Receivables Due from Third Parties		***1.212***	*1.278*
Other Receivables	11	**22.338**	14.505
- Other Receivables Due from Third Parties		***22.338***	*14.505*
Investments in Subsidiaries, Joint Ventures and Associates	4	**46.309**	58.406
Investment Property	14	**101.894**	93.897
Property, Plant and Equipment	15	**7.485.235**	7.302.670
Intangible Assets		**12.244.141**	11.639.357
- Goodwill	*17*	***1.840.808***	*1.675.218*
- Other Intangible Assets	*16*	***10.403.333***	*9.964.139*
Prepaid Expenses	13	**235.835**	177.667
Deferred Tax Asset	28	**307.406**	274.330
Other Non-Current Assets	20	**47.787**	57.007
Non-Current Assets		**20.492.924**	19.619.884
TOTAL ASSETS		**29.690.905**	25.628.559

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	**Current Period 31 December 2017**	Previous Period 31 December 2016
LIABILITIES			
Current Borrowings	7	**89.359**	117.754
Current Portion of Non-Current Borrowings	7	**2.956.119**	383.116
Trade Payables	10	**1.676.381**	1.284.222
- Trade Payables to Related Parties		***52.423***	*25.888*
- Trade Payables to Third Parties		***1.623.958***	*1.258.334*
Employee Benefit Obligations	19	**66.362**	54.076
Other Payables	11	**851.122**	661.646
- Other Payables to Third Parties		***851.122***	*661.646*
Derivative Financial Liabilites	8	**-**	65
Deferred Income	13	**33.169**	33.453
Current Tax Liabilities	28	**6.498**	1.441
Current Provisions		**115.429**	129.641
- Current Provision for Employee Benefits	*19*	***114.532***	*129.081*
- Other Current Provisions		***897***	*560*
Other Current Liabilities	20	**24.215**	21.043
Current Liabilities		**5.818.654**	2.686.457
Long-term Borrowings	7	**5.464.012**	5.682.403
Trade Payables	10	**35.180**	26.425
- Trade Payables to Third Parties		***35.180***	*26.425*
Other Payables	11	**347.171**	301.549
- Other Payables to Third Parties		***347.171***	*301.549*
Deferred Income	13	**1.331**	544
Non-Current Provision	19	**124.086**	116.267
-Non- Current Provision for Employee Benefits		***124.086***	*116.267*
Deferred Tax Liabilities	28	**1.908.091**	1.831.472
Other Non-Current Liabilities	20	**165.512**	166.420
Non-Current Liabilities		**8.045.383**	8.125.080
Equity Attributable to Equity Holders of the Parent		**9.972.973**	9.262.501
Issued Capital	21	**592.105**	592.105
Inflation Adjustment on Capital	21	**63.583**	63.583
Share Premium (Discount)	21	**3.042.134**	3.137.684
Put Option Revaluation Fund Related with Non-controlling Interests	21	**20.275**	19.923
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		**(24.467)**	(20.249)
- Revaluation and Remeasurement Gain/ Loss	*21*	***(24.467)***	*(20.249)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		**2.551.826**	1.841.842
- Currency Translation Differences	*21*	***2.523.057***	*1.783.517*
- Gains (Losses) on Hedge	*21*	***28.769***	*58.325*
Restricted Reserves Appropriated from Profits	21	**317.921**	303.414
Other Reserves	21	**(235.742)**	(235.742)
Prior Years' Profits or Losses	21	**3.495.918**	3.630.736
Current Period Profit or Losses		**149.420**	(70.795)
Non-Controlling Interests	4	**5.853.895**	5.554.521
Total Equity		**15.826.868**	14.817.022
TOTAL LIABILITIES		**29.690.905**	25.628.559

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited **Current Period 1 January- 31 December 2017**	Previous Period 1 January- 31 December 2016
Revenue	5, 22	**12.946.918**	10.420.257
Cost of Sales	22	**(7.906.500)**	(6.329.642)
GROSS PROFIT (LOSS)		**5.040.418**	4.090.615
General Administrative Expenses	23	**(955.534)**	(841.227)
Sales, Distribution and Marketing Expenses	23	**(2.915.856)**	(2.393.763)
Other Income from Operating Activities	25	**314.237**	288.258
Other Expenses from Operating Activities	25	**(231.316)**	(203.943)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**1.251.949**	939.940
Investment Activity Income	26	**46.063**	29.510
Investment Activity Expenses	26	**(110.016)**	(90.804)
Income/ (Loss) from Associates	4	**(30.362)**	(23.530)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**1.157.634**	855.116
Finance Income	27	**1.105.188**	832.526
Finance Expenses	27	**(1.779.421)**	(1.634.678)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**483.401**	52.964
Tax (Expense) Income, Continuing Operations		**(177.512)**	(93.019)
- Current Period Tax Income (Expense)	*28*	***(157.578)***	*(84.927)*
- Deferred Tax Income (Expense)	*28*	***(19.934)***	*(8.092)*
PROFIT/(LOSS)		**305.889**	(40.055)
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*4*	***156.469***	*30.740*
- Owners of Parent		***149.420***	*(70.795)*
Earnings / (Loss) Per Share (Full TRL)	29	**0,2524**	(0,1196)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited **Current Period 1 January- 31 December 2017**	Audited Previous Period 1 January- 31 December 2016
PROFIT/(LOSS)		**305.889**	(40.055)
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		**(3.378)**	(7.988)
Gains (Losses) on Remeasurements of Defined Benefit Plans	**19**	**(4.470)**	(9.859)
Taxes Relating to Components of Other Comprehensive Income that will not be reclassified to profit or loss		**1.092**	1.871
- Deferred Tax Income (Expense)		***1.092***	*1.871*
Other Comprehensive Income that will be Reclassified to Profit or Loss		**899.558**	2.423.439
Currency Translation Differences		**948.564**	2.356.757
Other Comprehensive Income (Loss) on Cash Flow Hedge		**(61.578)**	83.359
Taxes Relating to Components of Other Comprehensive Income that will be reclassified to profit or loss		**12.572**	(16.677)
- Deferred Tax Income (Expense)		***12.572***	*(16.677)*
OTHER COMPREHENSIVE INCOME (LOSS)		**896.180**	2.415.451
TOTAL COMPREHENSIVE INCOME (LOSS)		**1.202.069**	2.375.396
Total Comprehensive Income Attributable to			
- Non-Controlling Interest		***346.883***	*690.013*
-Owners of Parents		***855.186***	*1.685.383*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

						Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss				Retained Earnings				
		Issued Capital	**Inflation Adjustment on Capital**	**Share Premium/ Discount**	**Put Option Revaluation Fund Related with Non-controlling Interests**	**Revaluation and Remeasurement Gain/ (Loss) (**)**	**Currency Translation Differences**	**Gains (Losses) on Hedge**	**Restricted Reserves Appropriated from Profits**	**Other Reserves**	**Prior Years' Profits or Losses**	**Current Period Net Profit or Loss**	**Equity Attributable to Equity Holders of the Parent**	**Non-Controlling Interests**	**Total Equity**
Previous period (1 January – 31 Decemebr 2016)	**Beginning Balances**	**592.105**	**63.583**	**3.137.684**	**5.795**	**(15.128)**	**48.156**	**32.387**	**282.836**	**(235.742)**	**3.994.139**	**(197.759)**	**7.708.056**	**4.865.449**	**12.573.505**
	Transfers	-	-	-	-	-	-	-	14.507	-	(212.266)	197.759	-	-	-
	Total Comprehensive Income (Loss)	-	-	-	-	(5.121)	1.735.361	25.938	-	-	-	(70.795)	1.685.383	690.013	2.375.396
	Profit (Loss)	-	-	-	-	-	-	-	-	-	-	*(70.795)*	*(70.795)*	*30.740*	*(40.055)*
	Other Comprehensive Income (Loss)	-	-	-	-	*(5.121)*	*1.735.361*	*25.938*	-	-	-	-	*1.756.178*	*659.273*	*2.415.451*
	The effect of merger/divison/liquidation(***)	-	-	-	-	-	-	-	6.071	-	(6.071)	-	-	-	-
	Dividends	-	-	-	-	-	-	-	-	-	(145.066)	-	(145.066)	(15.628)	(160.694)
	Increase (Decrease) from Other Changes (*)	-	-	-	14.128	-	-	-	-	-	-	-	14.128	14.687	28.815
	Ending Balances	**592.105**	**63.583**	**3.137.684**	**19.923**	**(20.249)**	**1.783.517**	**58.325**	**303.414**	**(235.742)**	**3.630.736**	**(70.795)**	**9.262.501**	**5.554.521**	**14.817.022**
Current Period (1 January – 31 December 2017)	**Beginning Balances**	**592.105**	**63.583**	**3.137.684**	**19.923**	**(20.249)**	**1.783.517**	**58.325**	**303.414**	**(235.742)**	**3.630.736**	**(70.795)**	**9.262.501**	**5.554.521**	**14.817.022**
	Transfers	**-**	**-**	**(8.686)**	**-**	**-**	**-**	**-**	**14.507**	**-**	**(76.616)**	**70.795**	**-**	**-**	**-**
	Total Comprehensive Income (Loss)	**-**	**-**	**-**	**-**	**(4.218)**	**739.540**	**(29.556)**	**-**	**-**	**-**	**149.420**	**855.186**	**346.883**	**1.202.069**
	Profit (Loss)	-	-	-	-	-	-	-	-	-	-	*149.420*	*149.420*	*156.469*	***305.889***
	Other Comprehensive Income (Loss)	-	-	-	-	*(4.218)*	*739.540*	*(29.556)*	-	-	-	-	*705.766*	*190.414*	***896.180***
	Dividends	**-**	**-**	**(86.864)**	**-**	**-**	**-**	**-**	**-**	**-**	**(58.202)**	**-**	**(145.066)**	**(48.719)**	**(193.785)**
	Increase (Decrease) from Other Changes (*)	**-**	**-**	**-**	**352**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**352**	**1.210**	**1.562**
	Ending Balances	**592.105**	**63.583**	**3.042.134**	**20.275**	**(24.467)**	**2.523.057**	**28.769**	**317.921**	**(235.742)**	**3.495.918**	**149.420**	**9.972.973**	**5.853.895**	**15.826.868**

(*) Non-controlling interest share put option liability.
(**) Gains (Losses) on Remeasurements of Defined Benefit Plans.
(***) The effect of merger with Tarbes as disclosed in Note 3.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited **Current Period 31 December 2017**	Previous Period 31 December 2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**2.190.025**	1.876.185
Profit/ (Loss) for the period		**305.889**	(40.055)
Adjustments to Reconcile Profit (Loss)		**1.979.376**	1.866.235
Adjustments for Depreciation and Amortization Expense	5, 14, 15, 16, 24	**931.979**	790.670
Adjustments for Impairment Loss / (Reversal)	33	**121.572**	88.741
Adjustments for Provisions	33	**45.176**	49.895
Adjustments for Interest (Income) Expenses	33	**124.747**	130.468
Adjustments for Unrealised Foreign Exchange Losses (Gains)		**585.743**	706.046
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		**-**	4.247
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	4	**30.362**	23.530
Adjustments for Tax (Income) Expenses	28	**177.512**	93.019
Other Adjustments for Non-Cash Items		**661**	661
Adjustments for Losses (gains) on Disposal of Non-Current Assets		**(19.428)**	(21.329)
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations	26	**(19.145)**	-
Other Adjustments to Reconcile Profit (loss)		**197**	287
Changes in Working Capital		**70.579**	183.452
Adjustments for Decrease (Increase) in Accounts Receivables		**(224.814)**	(176.919)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		**(160.395)**	(90.639)
Adjustments for Decrease (Increase) in Inventories		**(160.664)**	65.716
Adjustments for increase (decrease) in Trade Accounts Payable		**401.444**	263.695
Adjustments for increase (decrease) in Other Operating Payables		**215.008**	121.599
Cash Flows from (used in) Operations		**2.355.844**	2.009.632
Payments Related with Provisions for Employee Benefits		**(49.219)**	(41.047)
Income Taxes (Paid) Return		**(116.600)**	(92.400)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(788.653)**	(732.898)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	4	**(17.845)**	(14.075)
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		**65.823**	42.395
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	33	**(836.631)**	(761.147)
Cash Outflows Arising from Buyout of Additional Shares		**-**	(71)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**1.085.374**	(473.808)
Proceeds from Borrowings		**3.324.034**	1.696.147
Repayments of Borrowings		**(1.802.742)**	(1.942.585)
Income (Loss) from Cash Flow Hedge		**(60.249)**	71.241
Dividends Paid	4,21	**(193.785)**	(160.694)
Interest Paid		**(239.553)**	(206.066)
Interest Received		**135.221**	79.034
Other inflows (outflows) of cash		**(77.552)**	(10.885)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**2.486.746**	669.479
Effect Of Currency Translation Differences On Cash and Cash Equivalents		**172.436**	182.490
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**2.659.182**	851.969
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**2.740.003**	1.888.034
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**5.399.185**	2.740.003

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NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

General

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes, the Company) was established in İstanbul in 1966. Certain shares of Anadolu Efes are listed on the Borsa İstanbul (BIST).

The registered office of the Company is located at the address "Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4 Bahçelievler – İstanbul".

The Company, its subsidiaries and joint ventures will be referred to as the "Group". The average number of permanent personnel employed in the Group is 14.188 (December 31, 2016 – 15.724).

The condensed consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Onur Çevikel and Finance Director, Burhan Tanık were issued on March 1, 2018. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

Nature of Activities of the Group

The operations of the Group consist of production, bottling, selling and distribution of beer under a number of trademarks and also production, bottling, selling and distribution of sparkling and still beverages with The Coca- Cola Company trademark. The Group owns and operates fourteen breweries (three in Turkey, six in Russia and five in other countries), six malt production facilities (two in Turkey, four in Russia) and also ten facilities in Turkey, fifteen facilities in other countries for sparkling and still beverages production.

The Group also has joint control over Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap), which undertakes production and sales of fruit juice concentrates and purees and fresh fruit sales in Turkey and Syrian Soft Drink Sales & Dist. LLC (SSDSD), which undertakes distribution and sales of sparkling and still beverages in Syria.

List of Shareholders

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

	December 31, 2017		December 31, 2016	
	Amount	**%**	Amount	%
AG Anadolu Grubu Holding A.Ş.(1)	**254.892**	**43,05**	-	-
Yazıcılar Holding A.Ş.	**-**	**-**	139.787	23,61
Özilhan Sınai Yatırım A.Ş.	**-**	**-**	79.813	13,48
Anadolu Endüstri Holding A.Ş. (AEH)	**-**	**-**	35.292	5,96
AB Inbev Harmony Ltd.(2)	**142.105**	**24,00**	142.105	24,00
Publicly traded and other	**195.108**	**32,95**	195.108	32,95
	592.105	**100,00**	592.105	100,00

The Company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company.

(1) Yazıcılar Holding, Özilhan Sinai Yatırım and Anadolu Endüstri Holding has been merged under the name of AG Anadolu Grubu Holding A.Ş. The merger has been registered on December 27, 2017. Consequently, although there is no change in total share capital amount of Anadolu Efes, capital structure changed and the share of AG Anadolu Grubu Holding A.Ş in Anadolu Efes become 43,05% (Total shares of Yazıcılar Holding, Özilhan Sinai Yatırım and Anadolu Endüstri Holding were 43,05% before the merger as well).

(2) As of June 30, 2017, SABMiller Harmony Ltd. has changed its name to AB Inbev Harmony Ltd..

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

List of Subsidiaries

The subsidiaries included in the consolidation and their effective shareholding rates at December 31, 2017 and December 31, 2016 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights % December 31, 2017	December 31, 2016
Efes Breweries International N.V. (EBI)	The Netherlands	Facilitating foreign investments in breweries	International Beer	**100,00**	100,00
JSC Moscow-Efes Brewery (Efes Moscow)	Russia	Production and marketing beer	International Beer	**100,00**	100,00
LLC Vostok Solod (1)	Russia	Production of malt	International Beer	**100,00**	100,00
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing of beer	International Beer	**100,00**	100,00
International Beers Trading LLP (IBT)	Kazakhstan	Marketing of beer	International Beer	**100,00**	100,00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production of beer and low alcoholic drinks	International Beer	**96,86**	96,86
Euro-Asien Brauerein Holding GmbH (Euro-Asien)	Germany	Investment company of EBI	International Beer	**100,00**	100,00
JSC Lomisi (Efes Georgia)	Georgia	Production, marketing and sales of beer and carbonated soft drinks	International Beer	**100,00**	100,00
PJSC Efes Ukraine (Efes Ukraine)	Ukraine	Production and marketing of beer	International Beer	**99,94**	99,94
Efes Trade BY FLLC (Efes Belarus)	Belarus	Market development	International Beer	**100,00**	100,00
LLC Efes Solod (1)	Russia	Production of malt	International Beer	**100,00**	100,00
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Leasing of intellectual property and similar products	International Beer	**100,00**	100,00
LLC Efes Ukraine	Ukraine	Selling and distribution of beer	International Beer	**100,00**	100,00
AB InBev Efes B.V. (5)	The Netherlands	Facilitating foreign investments in breweries	International Beer	**100,00**	-
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (2)	Turkey	Marketing and distribution company of the Group	Turkey Beer	**100,00**	100,00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	**99,99**	99,99
Anadolu Efes Technical and Management Consultancy N.V. (AETMC) (4)	The Netherlands Antilles	Providing technical assistance	Other	**-**	100,00
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	**100,00**	100,00
Coca-Cola İçecek A.Ş. (CCİ) (3)	Turkey	Production of Coca-Cola products	Soft Drinks	**50,26**	50,26
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft Drinks	**50,25**	50,25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	Turkey	Filling and selling of natural spring water	Soft Drinks	**50,26**	50,26
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Soft Drinks	**50,26**	50,26
Tonus Turkish-Kazakh Joint Venture LLP (Tonus)	Kazakhstan	Investment company of CCİ	Soft Drinks	**50,26**	50,26
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,19**	50,19
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC)	Krygyzstan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
CCI International Holland B.V. (CCI Holland)	The Netherlands	Investment company of CCİ	Soft Drinks	**50,26**	50,26
CC for Beverage Industry Limited (CCBL)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC)	Jordan	Production, distribution and selling of Coca Cola products	Soft Drinks	**45,23**	45,23
Coca-Cola Beverages Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**24,96**	24,96
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**29,90**	29,90
Waha Beverages B.V.	The Netherlands	Investment company of CCİ	Soft Drinks	**40,22**	40,22
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**40,22**	40,22
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tacikistan)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26

Joint Ventures	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights % December 31, 2017	December 31, 2016
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap)	Turkey	Sales of fruit juice concentrates and purees and fresh fruit sales	Other	**33,33**	33,33
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syrian	Distribution and sales of Coca-Cola products	Soft Drinks	**25,13**	25,13

(1) Subsidiaries of Efes Moscow.
(2) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.
(3) Shares of CCİ are currently traded on BIST.
(4) AETMC has been liquidated in August 2017. Gain from liquidation of subsidiary has been presented under "Investment Activity Income" in consolidated interim income statement (Note 26).
(5) AB InBev has been established in Netherlands in August 2017.

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES (continued)

Work Environments and Economic Conditions of Subsidiaries and Joint Ventures in Foreign Countries

Certain countries, in which consolidated subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Accordingly, such markets do not possess well-developed business infrastructures and the Group's operations in such countries might carry risks, which are not typically associated with those in more developed markets. 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 commercial activities of subsidiaries and joint ventures.

Deterioration in macroeconomic conditions in Ukraine, ongoing political instability, devaluation of Ukrainian Hryvnya and possibility of military operations in the region could have an adverse effect on the results of International Beer segment. Consequently, the deterioration in the Group's international beer market expectations for the medium term resulted in recognition of impairment on inventories, property, plant and equipment and intangible assets (Note 15, 16, 26).

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

The consolidated financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the Communiqué) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standards (TAS) issued by Public Oversight Accounting and Auditing Standards Authority (POAASA). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and its addendum and interpretations.

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations.

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

The Company and its Turkish subsidiaries, associates and joint ventures maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These consolidated financial statements have been prepared under historical cost conventions except for financial assets and financial liabilities which are carried at fair value. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conventions, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TAS.

2.2 Functional and Reporting Currency

Functional and reporting currency of the Company and its subsidiaries, joint ventures located in Turkey is Turkish Lira.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2.2 Functional and Reporting Currency (continued)

Changes in Functional and Reporting Currency

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

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

Functional Currency of Significant Subsidiaries Located in Foreign Countries

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Significant Accounting Estimates and Decisions

Preparation of consolidated financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

2.4 Changes in Accounting Policies

The consolidated financial statements of the Group for the period ended December 31, 2017 have been prepared in accordance with the accounting policies consistent with the accounting policies (excepting the effects of changes in foreign exchange rates issue mentioned in Note 2.2.) used in the preparation of annual consolidated financial statements for the year ended December 31, 2016.

Adoption of new and revised International Financial Reporting Standards

Standards, amendments and interpretations applicable as at 31 December 2017:

- Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

- Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruements measured at fair value.

- Annual improvements 2014–2016;

    – IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017. This amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarized financial information.

Standards, amendments and interpretations effective after 1 January 2018:

- Amendment to IAS 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 IFRS 9.

- IFRIC 23 Uncertainty over Income Tax Treatments This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

    – Whether tax treatments should be considered collectively
    – Assumptions for taxation authorities' examinations
    – The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
    – The effect of changes in facts and circumstances.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised International Financial Reporting Standards (continued)

Standards, amendments and interpretations effective after 1 January 2018 (continued)

- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

- IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2019. This amendment confirm 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 IAS 39.

- IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

  Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods begining on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2.4 Changes in Accounting Policies (continued)

Adoption of new and revised International Financial Reporting Standards (continued)

Standards, amendments and interpretations effective after 1 January 2018 (continued)

- Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial Instruments', effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
  - give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
  - give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard— IAS 39.

- Amendment to IAS 40, Investment property' relating to transfers of investment property, effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- Annual improvements 2014–2016;
  - IFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
  - IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

- IFRIC 22, 'Foreign currency transactions and advance consideration'; effective from annual periods beginning on or after 1 January 2018. This IFRIC 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.

- IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

2.5 Changes in Accounting Policies

The accounting estimates of the Group are adopted to be the same as prior years and there is no material change from prior years' accounting policies.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2.6 Offsetting

Financial assets and liabilities are offset and the net amount are reported in the consolidated financial statements 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 assets and settle the liabilities simultaneously.

2.7 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent company, Anadolu Efes, its subsidiaries drawn up to the reporting date. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with CMB Financial Reporting Standards.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are 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 minority shareholders' interests of subsidiaries are shown separately in the consolidated balance sheet and consolidated income loss statement. The Company and The Coca Cola Export Corporation (TCCEC) which owns 20,09% shares of CCİ, decided to change some of the provisions defined as the "important decisions" in the Association Agreement which is effective from January 1, 2013. As a result of this change, in accordance with the Shareholders' Agreement, TCCEC will have certain protective rights on major decisions. As a result, with effect from January 1, 2013, Anadolu Efes gained control over CCİ and started to include CCİ and its subsidiaries in consolidation scope.

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Group and its subsidiaries together with one or more other parties. The Group's interest in joint ventures is accounted with equity method starting from January 1, 2013 according to IFRS 11.

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

The acquisition method of accounting is used for business combinations. Subsidiaries, joint ventures or investment in associates, acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a certain amount, has high liquidity with original maturities of 3 months or less. The deposits with the original maturities more than 3 months are classified to financial investments. The amounts paid under reverse repurchase agreements are included in the cash and cash equivalents.

2.9 Trade Receivables and Provisions for Doubtful Receivables

Trade receivables that are originated by the Group by the way of providing goods or services are generally collected in 5 to 90 day terms. Trade receivables are recognized and carried at discounted amount if they bear significant interest less an allowance for any uncollectible amounts. The provisions for doubtful receivables are set aside when there is objective evidence that a receivable cannot be collected and is charged as an expense in the consolidated financial statements. The provision is the difference between the carrying amount and the recoverable amount, being all cash flows, including amounts recoverable from guarantees and collaterals.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2.10 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions or be the associate of the Group. Related parties also include individuals who are principle owners, management and members of the Group's board of directors and their families. Amounts due from and due to related parties are carried at cost. Related party transactions are transfers of resources, services or obligations between related parties, regardless of whether a price is charged.

2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.12 Financial Investments

The Group has classified its financial assets as “available-for-sale” in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”. Financial assets, intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates are classified as available-for-sale. These financial assets are included in non-current assets unless management has the intention of holding the investment for less than twelve months from the balance sheet date, or unless they will need to be sold to raise working capital, in which case they are included in current assets. Management determines the appropriate classification of its financial assets at the time of the purchase and re-evaluates such designation on a regular basis.

Investments classified as available-for-sale investments, that do not have a quoted market price on an active market and whose fair value cannot be reliably measured by alternative valuation methods, are measured at cost. The carrying amounts of such investments are reviewed at each balance sheet date for impairment.

All the acquisitions and disposals of the available for sale securities are recorded in the accounts at the date of obligation of the Group for purchasing or selling the asset.

2.13 Investment Properties

Investment properties consist of building and land improvements that are owned and not used by Group. They are hold on hand to earn rental income and capital appreciation. Investment properties are shown by deducting accumulated depreciation from the acquisition cost Investment properties (except land) are depreciated by using straight-line depreciation method.

2.14 Property, Plant and Equipment

Property, plant and equipment (PP&E) are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is computed by the straight-line method over the following estimated useful lives:

Buildings and land improvements	5-50 years
Machinery and equipment	2-20 years
Leasehold improvements	4-20 years
Furnitures and fixtures	3-15 years
Vehicles	3-10 years
Retumable bottles and cases	5-10 years
Other tangible assets	2-12 years

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2.14 Property, Plant and Equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The increase is recognized in the consolidated income statement (Note 26).

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

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

2.15 Other Intangible Assets

Intangible assets acquired separately from a business are capitalized at cost.

Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill, if the fair value can be measured reliably. 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. Intangible assets with indefinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment

a) Brands

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2.15 Other Intangible Assets (continued)

b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include
i) Bottlers and distribution agreements that are signed with the Coca Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013.
ii) "Distribution Agreements" that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012.

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

c) License Agreements

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

d) Rights

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

e) Software

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

2.16 Business Combinations and Goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.16 Business Combinations and Goodwill (continued)

- amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.17 Trade Payables

Trade payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Such financial liabilities are initially recognised at fair value and represented by the original invoice amount. After initial recognition, trade payables are measured at amortised cost using the effective interest rate method. The Group's trade payables are due within twelve months after the financial statement date, therefore classified under current liabilities.

2.18 Borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. 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 obligations related with the borrowings are removed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

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 property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The initial direct costs attributable for the finance lease are added to the amount recognized as an asset. 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. The Group recognizes operating lease payments as an expense in the income statement on a straight-line basis over the lease term.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.19 Current Income Tax and Deferred Tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and joint ventures of the Group operate.

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	2017	2016
The Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**-**	15%
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Krygyzstan	**10%**	10%
Pakistan	**31%**	32%
Iraq	**15%**	15%
Jordan	**14%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**14%**	14%

Deferred 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 tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent of the probability 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 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 tax asset to be utilized.

Deferred 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 (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

2.20 Employee Benefits

a) Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Group companies operating in Turkey are required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. In the consolidated financial statements the Group has reflected a liability using the Projected Unit Credit Method and based on estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

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

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.20 Employee Benefits (continued)

b) Defined Contribution Plans

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are paid.

c) Long Term Incentive Plans

The Group provides a benefit to its employees over a certain seniority level under the name "long term incentive plan". Provision for long term incentive plan accrued in consolidated financial statements reflects the discounted value of the estimated total provision of possible future liabilities until the financial statement date.

2.21 Provisions, Contingent Assets and Liabilities

a) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 assessments 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 an interest expense.

b) Contingent Assets and Liabilities

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

2.22 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 and used by the Group's subsidiaries in Turkey as of respective year-ends are as follows:

Date	USD/TL(full)	EURO/TL(full)
December 31, 2017	3,7719	4,5155
December 31, 2016	3,5192	3,7099

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 equity items are translated using the exchange rates at the date of the transaction. The income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences resulting from the deviation between the values of investment related to equity accounts of consolidated subsidiaries and joint ventures and the appreciation of foreign currencies against the Turkish Lira are accounted to equity as "currency translation differences". Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate of balance sheet date. On disposal of a foreign entity, currency translation differences are recognized in the income statement as a component of the gain or loss on disposal.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.23 Paid in Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

2.24 Dividends Payable

Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

2.25 Subsequent Events

The Group adjusts the amount recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.26 Revenue

Revenue is recognized to the extent of probability that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are stated net of discounts and returns, value added and sales taxes. The following specific recognition criteria must also be met before revenue is recognized:

a) Sale of Goods

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.

b) Interest Income

Interest income is recognized as the interest accrues. Interest income is reflected under the "financial income" in the consolidated income statement.

c) Dividend Income

Dividend income is recognized when the right to collect the dividend is established.

2.27 Borrowing Costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized. Borrowing costs other than these are recoded as expensed at the date they are incurred.

2.28 Segment Reporting

The Group management monitors the operating results of its three business units separately for the purpose of making decisions about resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks) .

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business (Note 5).

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.29 Earnings per Share

Earnings per share in the consolidated income statements are calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from inflation adjustment to shareholders equity.

For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted with respect to free shares issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

2.30 Reporting of Cash Flows

In the consolidated statement of cash flows, cash flows are classified and reported according to their operating, investing and financing activities. Cash flows related with investing activities present the cash flows provided from and used in the Group’s investing activities and cash flows related with financing activities present the proceeds and repayments of sources in the Group’s financing activities.

2.31 Hedge Accounting

For the purpose of hedge accounting, hedges that have been part of the Group are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss (except for foreign currency risk)
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment that could affect profit or loss

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

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.31 Hedge Accounting (continued)

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of consolidated income as part of financial income and expense. Amounts recognized as other comprehensive income are transferred to the statement of consolidated income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast purchase occurs.

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

Other derivatives not designated for hedge accounting

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

2.32 Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheet date. Actual results may vary from the current estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in income statement in the periods in which they become known. The source of the estimates and assumptions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are as follows:

a) Provision for doubtful receivables is an estimated amount that management believes to reflect for possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered (Note 10).

b) During the assessment of the reserve for inventory allowance the following are considered; analyzing the inventories physically and historically, considering the employment and usefulness of the inventories respecting to the technical personnel view. Sales prices listed, average discount rates given for sale and expected cost incurred to sell are used to determine the net realizable value of the inventories (Note 12).

c) The Group performs impairment test for tangible assets, intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2017, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is the higher of net selling price and value in use.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.32 Use of Estimates (continued)

c) In these calculations, estimated free cash flows before tax from financial budgets and approved by Board of Directors are used. Approved free cash flows before tax are calculated for 5 – 10 years period by using expected growth rates. Estimated free cash flows before tax are discounted to expected present value for future cash flows. Key assumptions such as country specific market growth rates, gross domestic product (GDP) per capita and consumer price indices were derived from external sources. Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data.

The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors. Perpetuity growth rate used in impairment test in the operating units is between 1,90% - 3,50% (December 31, 2016 – 0,86% - 3,00%) and after tax discount rate is between 7,62% and 16,40% (December 31, 2016 – 7,76%- 17,50%).

d) The liability for the put option that has been measured by applying different valuation techniques and assumptions has been presented in "other non-current liabilities" in the consolidated balance sheet based on their remaining maturities (Note 20).

e) The discount rates related with retirement pay liability are actuarial assumptions determined with future salary increase and the employee's turnover rates (Note 19).

f) 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. As of December 31, 2016, the estimations made to indicate that the Group will incur taxable profits in the future periods were reasonable and deferred tax asset was recorded (Note 28).

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2017

None.

Transactions Related with 2016

Tarbes Merger Through Acquisition

Anadolu Efes and Tarbes Tarım Ürün. ve Bes.San.Tic.A.Ş. (Tarbes) have been merged with assets and liabilities fully transferred without increasing capital as of December 30, 2016. As a result of this merger, Tarbes does not exist as of 31 December 2016. Tarbes' principal activity was providing hops (major ingredient of beer) to the breweries of Group.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES

a) Information about material non-controling interests in subsidiaries

The Company has control over CCİ while it has 50,26% ownership interest in CCİ. CCİ is included in consolidation by using the full consolidation method and equity and net income attributable to non-controlling interests is recorded as "non-controlling interests" in statement of financial position and profit and loss statement.

Non-controlling interest reflected to profit and loss statement in the period is amounting to TRL156.469 (December 31, 2016 – TRL30.740), of which TRL156.175 (December 31, 2016 – TRL30.433) is related with net income of CCİ attributable to non-controlling interests.

Non-controlling interest reflected to statement of financial position at the end of the period is amounting to TRL5.853.895 (December 31, 2016 – TRL5.554.521), of which TRL5.563.230 (December 31, 2016 – TRL5.550.646) is related with equity of CCİ attributable to non-controlling interests.

In 2017, total dividend declared to non-controlling interests is amounting to TRL48.719 as disclosed in the consolidated statement of changes in equity (December 31, 2016 – TRL15.628). TRL48.425 of this amount has been paid by CCİ to non-controlling interests (December 31, 2016 – TRL14.931).

The Group management has identified CCİ as a separate operating segment. Summarized information on statement of financial position and profit and loss statement is given as "Soft Drinks" segment in Note 5 "Segment Information".

Summarized statement of cash flows of CCİ is given below:

	2017	2016
Net cash generated from operating activities	**1.228.643**	1.158.856
Net cash used in investing activities	**(491.564)**	(516.582)
Net cash generated from financing activities	**1.533.159**	(198.066)
Currency translation adjustment	**138.355**	19.687
Net increase / (decrease) in cash and cash equivalents	**2.408.593**	463.895

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES (continued)

b) Investments in associates

	2017		2016	
	Ownership	**Amount**	Ownership	Amount
Anadolu Etap	**33,33%**	**46.309**	33,33%	58.406
SSDSD [1]	**25,13%**	**-**	25,13%	-
		46.309		58.406

Relating to investment in associates, total assets and liabilities and profit/ (loss) for the period of as of December 31, 2017 and 2016 are as follows:

	Anadolu Etap		**SSDSD**	
	2017	2016	**2017**	2016
Total Assets	**404.284**	289.221	**730**	713
Total Liabilities	**357.975**	230.815	**2.321**	1.621
Net Assets	**46.309**	58.406	**(1.591)**	(908)

	Anadolu Etap		**SSDSD**	
	2017	2016	**2017**	2016
Group's Share of Profit/(Loss) for the period	**(29.941)**	(22.354)	**(421)**	(1.176)

The movement of investments in associates for the years ended as of December 31, 2017 and 2016 are as follows:

	2017	2016
Balance at January 1	**58.406**	66.685
Income / Loss from associates	**(30.362)**	(23.530)
Other	**420**	1.176
Capital increase[2]	**17.845**	14.075
Balance at December 31	**46.309**	58.406

(1) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.
(2) Capital increase provided to Anadolu Etap.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 5. SEGMENT REPORTING

The management monitors the operating results of its three business units separately for the purpose of making decisions about the resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business.

The Group's segment reporting in accordance with IFRS 8 is disclosed as follows:

	Turkey Beer	International Beer	Soft Drinks	Other[1] and Eliminations	Total
January 1 – December 31, 2017					
Revenues	1.588.408	2.806.835	8.521.146	51.309	12.967.698
Inter-segment revenues	(19.942)	(733)	(105)	-	(20.780)
Total Revenues	**1.568.466**	**2.806.102**	**8.521.041**	**51.309**	**12.946.918**
EBITDA	**394.531**	**478.922**	**1.378.713**	**(39.290)**	**2.212.876**
Tax (Expense) Income	**23.131**	**(63.430)**	**(139.524)**	**2.311**	**(177.512)**
Profit / (loss) for the period	**(8.220)**	**98.972**	**281.498**	**(66.361)**	**305.889**
Capital expenditures	**194.970**	**141.777**	**499.289**	**21**	**836.057**
January 1 – December 31, 2016					
Revenues	1.438.601	1.903.337	7.050.245	44.541	10.436.724
Inter-segment revenues	(15.818)	(557)	(92)	-	(16.467)
Total Revenues	1.422.783	1.902.780	7.050.153	44.541	10.420.257
Tax (Expense) Income	26.170	(73.115)	(48.375)	2.301	(93.019)
EBITDA	408.336	322.197	1.092.858	(54.644)	1.768.747
Profit / (loss) for the period	(128.951)	159.534	22.391	(93.029)	(40.055)
Capital expenditures	148.861	99.035	517.063	(504)	764.455

	Turkey Beer	International Beer	Soft Drink	Other [1] and Eliminations	Total
December 31, 2017					
Segment assets	**8.343.367**	**6.653.629**	**13.394.158**	**1.299.751**	**29.690.905**
Segment liabilities	**3.470.119**	**1.262.884**	**7.954.567**	**1.176.467**	**13.864.037**
Investment in associates	**-**	**-**	**-**	**46.309**	**46.309**
December 31, 2016					
Segment assets	8.109.768	6.011.748	10.455.956	1.051.087	25.628.559
Segment liabilities	3.051.428	1.260.322	5.459.000	1.040.787	10.811.537
Investment in associates	-	-	-	58.406	58.406

(1) Includes other subsidiaries and headquarter expenses included in the consolidation of the Group.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 5. SEGMENT REPORTING (continued)

Reconciliation of EBITDA to the consolidated Profit/Loss from continuing operations and its components as of December 31, 2017 and 2016 are as follows:

	2017	2016
EBITDA	**2.212.876**	1.768.747
Depreciation and amortization expenses	**(931.979)**	(790.670)
Provision for retirement pay liability	**(22.812)**	(20.070)
Provision for vacation pay liability	**(2.784)**	(9.908)
Foreign exchange gain/loss from operating activities	**827**	(3.903)
Rediscount income/expense from operating activities	**(487)**	(35)
Other	**(3.692)**	(4.221)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**1.251.949**	939.940
Investment Activity Income	**46.063**	29.510
Investment Activity Expenses (-)	**(110.016)**	(90.804)
Income/(Loss) from Associates	**(30.362)**	(23.530)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**1.157.634**	855.116
Finance Income	**1.105.189**	832.526
Finance Expenses	**(1.779.421)**	(1.634.678)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**483.402**	52.964

NOTE 6. CASH AND CASH EQUIVALENTS

	2017	2016
Cash on hand	**5.001**	3.480
Bank accounts		
- Time deposits	**4.825.990**	2.133.510
- Demand deposits	**499.305**	599.788
Other	**68.889**	3.225
Cash and cash equivalents in cash flow statement	**5.399.185**	2.740.003
Interest income accrual	**10.437**	5.261
	5.409.622	2.745.264

As of December 31, 2017, annual interest rates of the TRL denominated time deposits vary between 12,50% and 15,50% (December 31, 2016 - 6,50% - 11,50%) and annual interest rates of the US Dollars (USD) and, Euro (EURO), denominated and other time deposits vary between 0,2% and 8,75% (December 31, 2016- annual interest rates of the US Dollars (USD) and, Euro (EURO) denominated and other time deposits vary between 0,1% - 14,15%).

As of December 31, 2017, there is no cash deposit pledged as collateral by the Group (December 31, 2016 - None).

As of December 31, 2017, “Other” item contains credit card receivables amounting to TRL66.765 (December 31, 2016 – TRL110).

As of December 31, 2017, the Group has designated its bank deposits amounting to TRL884.724, equivalent of thousand USD215.230 and thousand EURO15.855 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2016 -TRL731.323, equivalent of thousand USD182.243, thousand EURO21.062, and thousand Russian Ruble (RUR) 204.035).

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 7. SHORT AND LONG TERM BORROWINGS

As of December 31, 2017, total borrowings consist of principal amounting to TRL8.450.438 (December 31, 2016– TRL6.150.756) and interest expense accrual amounting to TRL59.052 (December 31, 2016 – TRL32.517). As of December 31, 2017 and December 31, 2016, total amount of borrowings and the effective interest rates are as follows:

	2017			2016		
Short-term borrowings	**Amount**	**Weighted average fixed rate**	**Weighted average floating rate**	Amount	Weighted average fixed rate	Weighted average floating rate
Current Borrowings						
TRL denominated borrowings	**1.111**	**-**	**TRLibor+2,50%**	61	-	-
Foreign currency denominated borrowings (USD)	**24.600**	**-**	**Libor + 1,00%**	-	-	-
Foreign currency denominated borrowings (EUR)	**9.988**	**3,05%**	**-**	8.570	3,00%	Euribor + 2,75%
Foreign currency denominated borrowings (Other)	**53.660**	**-**	**Kibor + 0,40%**	109.123	8,88%	Kibor + 0,44%
	89.359			117.754		
Current Portion of Non-Current Borrowings						
Foreign currency denominated borrowings (USD)	**2.309.785**	**4,53%**	**-**	103.035	4,22%	Libor + 2,00%
Foreign currency denominated borrowings (EURO)	**633.077**	**1,80%**	**Euribor + 1,22%**	273.640	-	Euribor + 1,59%
Foreign currency denominated borrowings (Other)	**11.665**	**6,00%**	**-**	6.441	6,00%	-
	2.954.527			383.116		
Financial Lease Payables	**1.592**			-		
Total	**3.045.478**			500.870		
Long-term						
Long-Term Borrowings						
Foreign currency denominated borrowings (USD)	**4.674.217**	**3,86%**	**-**	4.796.970	4,02%	Libor + 2,00%
Foreign currency denominated borrowings (EURO)	**770.392**	**1,80%**	**Euribor + 2,03%**	860.031	-	Euribor + 1,43%
Foreign currency denominated borrowings (Other)	**15.679**	**6,00%**	**-**	25.402	6,00%	-
	5.460.288			5.682.403		
Financial Lease Payables	**3.724**			-		
Total	**5.464.012**			5.682.403		
Grand Total	**8.509.490**			6.183.273		

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

Repayments of long-term borrowings are scheduled as follows:

	2017	2016
Between 1 -2 years	**355.826**	2.664.559
Between 2-3 years	**577.838**	308.217
Between 3-4 years	**68.325**	532.457
Between 4-5 years	**1.956.081**	-
5 years and more	**2.505.942**	2.177.170
	5.464.012	5.682.403

As of September 19, 2017, CCI completed the issue of nominal USD500 million 7 years fixed rate bonds, with the maturity date of 19 September 2024. Bonds have coupon payments every six months with coupon rate 4,215%.

The movement of borrowings as of December 31, 2017 and 2016 is as follows:

	2017	2016
Balance at January 1	**6.183.273**	**5.383.216**
Proceeds from Borrowings	**3.324.034**	**1.696.147**
Repayments of Borrowings	**(1.802.742)**	**(1.942.585)**
Interest Expense	**266.023**	**211.610**
Interest Paid	**(239.553)**	**(206.066)**
Foreign exchange loss	**722.081**	**777.086**
Borrowing Costs	**661**	**661**
Currency Translation Differences	**55.713**	**263.204**
Balance at December 31	**8.509.490**	**6.183.273**

Lessee - Finance Lease

As of December 31, 2017 and 2016, the net book values of the property plant and equipment obtained by finance lease are respectively TRL1.106 and TRL1.375.

NOTE 8. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2017, CCİ has 2 aluminum swap transactions with a total nominal amount of TRL427 (December 31, 2016– TRL12.379) for 72 tones. The total of these aluminum swap contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flow for the highly probable purchases of can exposed to commodity price risk.

As of December 31, 2017, CCİ has 4 option transactions in which CCI acquired the right to purchase 216 tonnes of aluminum at USD1.650 per tonne to hedge its financial risk arising from the cash flows 2018 can purchases (December 31, 2016 - 4 option transactions for the right to purchase 6.300 tonnes of aluminum at USD1.650 per tonne).

As of December 31, 2017 the Group has no forward contracts (December 31, 2016 – 1 forward purchase contract with nominal amount of TRL17.596).

The effective portion of change is in fair value of commodity swap agreements designated as hedging instruments in cash flow hedges is recognized in the consolidated statement of comprehensive income.

	2017		2016	
	Nominal Value	**Fair Value Asset / (Liability)**	Nominal Value	Fair Value Asset/ (Liability)
Commodity swap contracts	**427**	**152**	12.379	1.058
Forward contracts	**-**	**-**	17.596	349
	427	**152**	29.975	1.407

NOT 9. FINANCIAL INVESTMENTS

As of December 31, 2017, the time deposits with maturity more than three months is TRL88.588. (December 31, 2016 – TRL11.036)

As of December 31, 2017 time deposits with maturities over 3 months made for 31 and 300 days period, are denominated in USD and KZT and interest rates are 1,00% and 9,50% respectively (December 31,2016 – USD and KZT, 206 and 262 days, 2,00%- 10,00%).

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOT 10. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

	2017	2016
Short term trade receivables from third parties	**1.382.946**	1.182.438
Long term trade receivables from third parties	**1.212**	1.278
Trade receivables from related parties (Note 30)	**158.085**	131.499
Notes and cheques receivables	**44.556**	48.125
Provision for doubtful receivables (-)	**(54.942)**	(42.428)
	1.531.857	1.320.912

The movement of provision for doubtful receivables as of December 31, 2017 and 2016 is as follows:

	2017	2016
Balance at January 1	**42.428**	36.819
Current year provision	**16.640**	6.897
Provisions no longer required	**(4.067)**	(4.971)
Write-offs from doubtful receivables	**(1.358)**	(640)
Currency translation differences	**1.299**	4.323
Balance at December 31	**54.942**	42.428

b) Trade Payables

	2017	2016
Short term trade payables from third parties	**1.623.958**	1.258.334
Long term trade payables from third parties	**35.180**	26.425
Trade payables to related parties (Note 30)	**52.423**	25.888
	1.711.561	1.310.647

NOTE 11. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	2017	2016
Receivables from tax office	**21.280**	20.390
Due from personnel	**13.253**	15.376
Deposits and guarantees given	**9.680**	6.507
Other	**59.155**	56.820
	103.368	99.093

b) Other Non-Current Receivables

	2017	2016
Deposits and guarantees given	**19.419**	11.010
Other	**2.919**	3.495
	22.338	14.505

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 11. OTHER RECEIVABLES AND PAYABLES (continued)

c) Other Current Payables

	2017	2016
Taxes other than income taxes	**643.139**	481.372
Deposits and guarantees taken	**202.198**	175.848
Other	**5.785**	4.426
	851.122	661.646

d) Other Non-Current Payables

As of December 31, 2017, other non-current payables consists of deposits and guarantees taken amounting to TRL347.171 (December 31, 2016 – TRL301.549).

NOTE 12. INVENTORIES

	2017	2016
Finished and trade goods	**440.633**	330.230
Raw materials	**370.430**	356.663
Packaging materials	**112.478**	101.216
Work-in-process	**101.096**	90.197
Supplies	**92.157**	77.475
Bottles and cases	**59.223**	61.789
Other	**33.391**	32.480
Reserve for obsolescence (-)	**(30.177)**	(19.058)
	1.179.231	1.030.992

The movement of reserve for obsolescence as of December 31, 2017 and 2016 is as follows:

	2017	2016
Balance at January 1	**19.058**	15.421
Current year provision	**16.494**	7.938
Provisions no longer required	**(2.663)**	(3.746)
Inventories written-off	**(3.239)**	(3.086)
Currency translation differences	**527**	2.531
Balance at December 31	**30.177**	19.058

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 13. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	2017	2016
Prepayments	**402.164**	343.512
Advances given to suppliers	**96.986**	81.965
	499.150	425.477

b) Long Term Prepaid Expenses

	2017	2016
Prepayments	**181.524**	159.748
Advances given to suppliers	**54.311**	17.919
	235.835	177.667

c) Short Term Deferred Income

	2017	2016
Advances taken	**32.700**	32.385
Deferred income	**469**	1.068
	33.169	33.453

d) Long Term Deferred Income

	2017	2016
Deferred income	**1.331**	544
	1.331	544

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOT 14. INVESTMENT PROPERTIES

For the years ended December 31, 2017 and 2016, movement on investment properties are as follows:

Cost	2016	Additions	Disposals	Currency translation differences	Transfers	2017
Land	19.235	-	(178)	2.466	-	21.523
Buildings	146.055	-	(1.268)	18.747	-	163.534
Construction in progress	1.101	-	-	141	-	1.242
	166.391	**-**	**(1.446)**	**21.354**	**-**	**186.299**
Accumulated depreciation(-)						
Land	-	-	-	-	-	-
Buildings	72.494	3.517	(1.054)	9.448	-	84.405
Construction in progress	-	-	-	-	-	-
	72.494	**3.517**	**(1.054)**	**9.448**	**-**	**84.405**
Net book value	**93.897**					**101.894**

Cost	2015	Additions	Disposals	Currency translation differences	Transfers	2016
Land	13.451	-	(300)	6.038	46	19.235
Buildings	111.742	-	(12.721)	47.080	(46)	146.055
Construction in progress	758	-	-	343	-	1.101
	125.951	**-**	**(13.021)**	**53.461**	**-**	**166.391**
Accumulated depreciation(-)						
Land	-	-	-	-	-	-
Buildings	53.653	2.707	(6.997)	23.131	-	72.494
Construction in progress	-	-	-	-	-	-
	53.653	**2.707**	**(6.997)**	**23.131**	**-**	**72.494**
Net book value	**72.298**					**93.897**

As of December 31, 2017, there is no mortgage on investments properties (December 31, 2016 –None)

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2017 movement on property, plant and equipment are as follows:

Cost	2016	Additions (**)	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers (*)	2017
Land and land improvements	625.476	11.814	(3.691)	21.892	-	5.726	**661.217**
Buildings	2.381.937	16.107	(1.497)	150.580	-	65.227	**2.612.354**
Machinery and equipment	6.117.529	127.427	(186.166)	416.498	-	206.498	**6.681.786**
Vehicles	184.242	8.401	(32.591)	15.268	-	2.341	**177.661**
Other tangibles	2.982.850	374.737	(217.740)	88.353	-	72.372	**3.300.572**
Leasehold improvements	22.045	3.336	-	6.119	-	-	**31.500**
Construction in progress	224.217	266.236	(38)	17.775	-	(353.230)	**154.960**
	12.538.296	**808.058**	**(441.723)**	**716.485**	**-**	**(1.066)**	**13.620.050**
Accumulated depreciation and impairment (-)							
Land and land improvements	79.225	8.825	(3.283)	6.451	-	-	**91.218**
Buildings	510.148	80.863	(28)	35.286	20.303	-	**646.572**
Machinery and equipment	2.853.133	367.105	(180.139)	228.676	38.885	-	**3.307.660**
Vehicles	90.287	23.890	(28.910)	9.328	442	-	**95.037**
Other tangibles	1.684.501	415.527	(203.103)	56.624	13.196	-	**1.966.745**
Leasehold improvements	18.332	4.798	-	1.732	-	-	**24.862**
Construction in progress	-	-	-	-	2.721	-	**2.721**
	5.235.626	**901.008**	**(415.463)**	**338.097**	**75.547**	**-**	**6.134.815**
Net book value	**7.302.670**						**7.485.235**

As of December 31, 2017, there is no borrowing cost capitalized on construction in progress (December 31, 2016 –None).

As of December 31, 2017, there is a pledge on property, plant and equipment of TRL104.421 (December 31, 2016 - TRL102.122) for loans of CCİ. This amount is disclosed in Commitments and Contigencies note under guarantees, pledges and mortgages (GPMs) table (Note 18).

(*) There are transfers to other intangible assets amounting to TRL1.066 in 2017. (December 31, 2016 – there are transfers amounting to TRL1.538 to other intangible assets)
(**) As at December 31, 2017 depreciation amounting to TRL1.923 is related to inventories (2016 – TRL639) (Note 24)

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 15. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended December 31, 2016 movement on property, plant and equipment are as follows:

Cost	2015	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2016
Land and land improvements	509.681	9.503	(79)	67.964	-	38.407	**625.476**
Buildings	1.837.018	22.404	(753)	386.795	-	136.473	**2.381.937**
Machinery and equipment	4.960.019	142.314	(138.883)	1.050.500	-	103.579	**6.117.529**
Vehicles	155.494	9.283	(26.017)	41.262	-	4.220	**184.242**
Other tangibles	2.493.449	308.689	(156.901)	288.604	-	49.009	**2.982.850**
Leasehold improvements	31.852	126	(6.732)	418	-	(3.619)	**22.045**
Construction in progress	291.724	232.704	(256)	29.652	-	(329.607)	**224.217**
	10.279.237	**725.023**	**(329.621)**	**1.865.195**	**-**	**(1.538)**	**12.538.296**

Accumulated depreciation and impairment (-)							
Land and land improvements	58.695	7.928	(53)	12.655	-	-	**79.225**
Buildings	378.734	62.652	(220)	68.982	-	-	**510.148**
Machinery and equipment	2.166.163	297.229	(130.154)	504.498	15.397	-	**2.853.133**
Vehicles	65.430	22.171	(22.135)	24.797	24	-	**90.287**
Other tangibles	1.279.292	372.736	(149.191)	168.777	12.887	-	**1.684.501**
Leasehold improvements	15.015	4.948	(2.049)	418	-	-	**18.332**
	3.963.329	**767.664**	**(303.802)**	**780.127**	**28.308**	**-**	**5.235.626**
Net book value	**6.315.908**						**7.302.670**

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 16. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2017 movements of intangible assets are as follows:

Cost	2016	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2017
Bottling contracts	8.127.529	-	-	251.268	-	-	**8.378.797**
Licence agreements	1.199.235	-	-	152.647	-	-	**1.351.882**
Brands	537.669	-	-	49.754	-	-	**587.423**
Rights	43.174	3.066	(49)	115	-	1.066	**47.372**
Other intangible assets	165.211	24.933	(826)	13.678	-	-	**202.996**
	10.072.818	**27.999**	**(875)**	**467.462**	**-**	**1.066**	**10.568.470**
Accumulated amortization and impairment (-)							
Bottling contracts	-	-	-	-	-	-	**-**
Licence agreements	-	-	-	-	19.169	-	**19.169**
Brands	-	-	-	-	-	-	**-**
Rights	33.087	6.159	(2)	71	-	-	**39.315**
Other intangible assets	75.592	23.218	(338)	7.736	445		**106.653**
	108.679	**29.377**	**(340)**	**7.807**	**19.614**	**-**	**165.137**
Net book value	**9.964.139**						**10.403.333**

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 16. OTHER INTANGIBLE ASSETS (continued)

For the year ended December 31, 2016 movements of intangible assets are as follows:

Cost	**2015**	**Additions**	**Disposals**	**Currency translation differences**	**Impairment / (Impairment reversal), net**	**Transfers**	**2016**
Bottling contracts	7.519.395	-	-	608.134	-	-	**8.127.529**
Licence agreements	829.202	-	-	370.033	-	-	**1.199.235**
Brands	426.642	-	-	111.027	-	-	**537.669**
Rights	41.307	890	-	30	-	947	**43.174**
Other intangible assets	96.809	38.542	(343)	29.612	-	591	**165.211**
	8.913.355	**39.432**	**(343)**	**1.118.836**	**-**	**1.538**	**10.072.818**
Accumulated amortization and impairment (-)							
Bottling contracts	-	-	-	-	-	-	**-**
Licence agreements	-	-	-	-	-	-	**-**
Brands	-	-	-	-	-	-	**-**
Rights	27.010	6.087	-	(10)	-	-	**33.087**
Other intangible assets	45.296	14.851	(199)	15.380	264	-	**75.592**
	72.306	**20.938**	**(199)**	**15.370**	**264**	**-**	**108.679**
Net book value	**8.841.049**						**9.964.139**

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 17. GOODWILL

For the years ended December 31, 2017 and 2016, movements of the goodwill during the period are as follows:

	2017	2016
At January 1	**1.675.218**	1.334.738
Impairment (Note 26)	**-**	(54.051)
Currency translation differences	**165.590**	394.531
At December 31	**1.840.808**	1.675.218

Due to ongoing uncertainties regarding the political and regulatory environment in South Iraq and by closely monitoring to minimize the probable effects of such changes, Group Management decided to book impairment loss for the goodwill amounting to USD17,9 million equivalent to TRL54.051 in accordance with IFRS 3 "Business Combinations".

As of December 31, 2017 and 2016, operating segment distributions of goodwill are presented below:

	Turkey Beer	**International Beer**	**Soft Drinks**	**Other**	**Total**
2017	**50.099**	**1.052.624**	**738.085**	-	**1.840.808**
2016	50.099	935.229	689.890	-	1.675.218

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 18. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Full Consolidation

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

	2017							
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Original Currency Thousand Other
A. GPMs given on behalf of the Company's legal personality	**448.184**	**330.488**	**338**	**1.391**	**3.275**	**40.952**	**2.667.000**	**13.281**
B. GPMs given in favor of subsidiaries included in full consolidation (1)	**664.158**	**-**	**49.498**	**96.165**	**-**	**-**	**468.836**	**27.202**
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Other GPMs	**12.609**	**12.609**	**-**	**-**	**-**	**-**	**-**	**-**
i. GPMs given in favor of parent company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ii. GPMs given in favor of group companies not in the scope of B and C above (2)	**12.609**	**12.609**	**-**	**-**	**-**	**-**	**-**	**-**
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1.124.951**	**343.097**	**49.836**	**97.556**	**3.275**	**40.952**	**3.135.836**	**40.483**
Ratio of other GPMs over the Company's equity (%)	**0,1**							

	2016							
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Original Currency Thousand Other
A. GPMs given on behalf of the Company's legal personality	550.970	429.549	356	1.339	5.996	31.814	2.667.385	21.006
B. GPMs given in favor of subsidiaries included in full consolidation (1)	710.635	-	69.651	106.264	-	-	1.177.704	31.673
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	11.469	11.469	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above (2)	11.469	11.469	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	1.273.074	441.018	70.007	107.603	5.996	31.814	3.845.089	52.679
Ratio of other GPMs over the Company's equity (%)	0,1							

(1) Consists of the GPMs given in favor of subsidiaries included in consolidation for their borrowings. These financial liabilities are included in short-term and long-term borrowings in the interim condensed consolidated financial statements.
(2) Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method.

Murabaha

CCBPL has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited (Banks). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2017, CCBPL has USD 22,4 million sugar purchase commitment from the Banks until the end of December 2018.

Operational Lease

As of December 31, 2017, the Group's contingent liability, for the following years resulting from the non- cancellable operational lease agreements is amounting to TRL50.917 (December 31, 2016 – TRL40.133).

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 18. COMMITMENTS AND CONTINGENCIES (continued)

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

NOTE 19. EMPLOYEE BENEFITS

a) Employee Benefits Obligations

As of December 31, 2017 and 2016, employee benefits obligations are as follows:

	2017	2016
Social security and withholding tax liabilities	**45.856**	41.109
Payables to personnel	**20.506**	12.967
	66.362	54.076

b) Short Term Provision for Employee Benefits

As of December 31, 2017 and 2016, short term provision for employee benefits are as follows:

	2017	2016
Management bonus accrual	**52.489**	58.527
Other short-term employee benefits	**38.087**	40.021
Provision for vacation pay liability	**23.956**	30.533
	114.532	129.081

As of December 31, 2017 and 2016, the movement of provision for vacation pay liability is as below:

	2017	2016
Balance at January 1	**30.533**	25.904
Payments and used vacations	**(10.776)**	(9.552)
Current year provision	**2.784**	9.908
Currency translation differences	**1.415**	4.273
	23.956	30.533

As of December 31, 2017 and 2016, the movement of management bonus accruals is as below:

	2017	2016
Balance at January 1	**58.527**	44.509
Payments	**(108.111)**	(84.753)
Current year provision	**97.914**	85.745
Currency translation differences	**4.159**	13.026
	52.489	58.527

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 19. EMPLOYEE BENEFITS (continued)

c) Long Term Provision for Employee Benefits

	2017	2016
Employment termination benefits	**114.125**	106.935
Long term incentive plans	**9.961**	9.332
	124.086	116.267

In accordance with existing social legislation, the Group's companies incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days' pay. The retirement pay liability as at December 31, 2017 is subject to a ceiling of full TRL4.732 (December 31, 2016 – full TRL4.297) (Retirement pay liability ceiling has been increased to full TRL5.002 as of January 1, 2018). In the consolidated financial statements as of December 31, 2017 and 2016, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. Accordingly, net discount rates determined by considering expected payment dates are in a range between 2,95% and 4,55% (December 31, 2016 – 3,35% – 4,30%).

Movement of provision for employment termination benefits represented in the consolidated financial statements is as follows:

	2017	2016
Balance at January 1	**106.935**	91.345
Payments	**(18.947)**	(13.410)
Interest cost	**4.618**	4.275
Current year provision	**18.194**	15.795
Actuarial loss	**3.325**	8.930
	114.125	106.935

Movement of provision for long-term incentive plan represented in the consolidated financial statements is as follows:

	2017	2016
Balance at January 1	**9.332**	7.757
Payments	**(19.496)**	(18.085)
Interest cost	**831**	703
Current year provision	**18.749**	19.214
Actuarial loss	**543**	423
Currency translation differences	**2**	(680)
	9.961	9.332

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employment termination benefits, amounting to TRL4.470 was reflected to other comprehensive income (December 31, 2016 – TRL9.859)

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 20. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	2017	2016
Value Added Tax (VAT) deductible or to be transferred	**258.553**	239.553
Other	**13.019**	11.830
	271.572	251.383

b) Other Non-Current Assets

	2017	2016
Deferred VAT and other taxes	**47.767**	56.948
Other	**20**	59
	47.787	57.007

c) Other Current Liabilities

	2017	2016
Put option liability	**8.902**	8.305
Other	**15.313**	12.738
	24.215	21.043

d) Other Non-Current Liabilities

	2017	2016
Put option liability	**117.572**	111.151
Deferred VAT and other taxes	**47.940**	55.269
	165.512	166.420

The obligation of TRL 8.902 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.

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2017 and 2021, ER has an option to sell (and 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 Company's consolidated financial statements. Based on the contract, fair value of the put option liability is calculated using discounted cash flow method as TRL 117.572 and the amount is recorded under "other non-current liabilities" account (December 31, 2016 - TRL 111.150).

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 21. EQUITY

a) Issued Capital and Adjustments to Share Capital and Equity Investments

	2017	2016
Common shares 1 full TRL per value		
Authorized capital	**900.000**	900.000
Issued capital	**592.105**	592.105

The composition of shareholders and their respective percentage of ownership as of December 31, 2017 and 2016 are given at Note 1 – Group's Organization and Nature of Activities.

As of December 31, 2017 and 2016, there is no privileged share representing the capital. According to the articles of association, foundation shares that do not represent the share capital receives 2% of the profit that remains after 10% of the paid in capital is deducted from the distributable profit for the period.

b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits

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

Quoted companies distribute dividend according to the Communiqué No: II-19.1 which is effective from 1 February 2014 of the CMB.

Companies distribute dividend within the framework of the profit distribution policies determined by the general assemblies and in accordance with the related legislation by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution ratio has not been determined. Companies pay dividends as specified in articles of incorporation or in profit distribution policies.

Inflation adjustment to shareholders' equity and carrying amount of extraordinary reserves can only be netted-off against prior years' losses and used as an internal source for capital increase. However, when inflation adjustment to shareholders' equity is used for cash dividend distribution, it is subject to income tax.

Statutory resources attributable to dividend distribution are TRL2.946.296 as of December 31, 2017.

The Group distributed dividend in 2017, related with the year ended as of December 31, 2016, for a gross amount of full TRL0,245 per share, amounting to a total of TRL145.066 (The Group distributed dividend in 2016, related with the year ended as of December 31, 2015, for a gross amount of full TRL0,25 per share, amounting to a total of TRL145.066).

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 21. EQUITY(continued)

b) Restricted Reserves Allocated from Net Profit, Revaluation Fund and Accumulated Profits (continued)

For December 31, 2017 and 2016, nominal amounts, equity restatement differences and restated value of equity are as follows:

2017	**Nominal Amount**	**Equity Restatement Differences**	**Restated Amount**
Issued capital	**592.105**	**63.583**	**655.688**
Legal reserves	**317.921**	**74.729**	**392.650**
Extraordinary reserves	**877**	**25.831**	**26.708**
	910.903	**164.143**	**1.075.046**
Share Premium (Discount)			**3.042.134**
Put Option Revaluation Fund Related with Non-controlling Interests			**20.275**
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss			**(24.467)**
- Gains (Losses) on Remeasurements of Defined Benefit Plans			***(24.467)***
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			**2.551.826**
- Currency Translation Differences			***2.523.057***
- Gains (Losses) on Hedge			***28.769***
Other Reserves			**(235.742)**
Prior Years' Profits or Losses (Including net income)			**3.543.901**
Equity attributable to equity holders of the parent			**9.972.973**

2016	**Nominal Amount**	**Equity Restatement Differences**	**Restated Amount**
Issued capital	592.105	63.583	655.688
Legal reserves	303.414	74.729	378.143
Extraordinary reserves	64.900	25.831	90.731
	960.419	164.143	1.124.562
Share Premium/Discount			3.137.684
Put Option Revaluation Fund Related with Non-controlling Interests			19.923
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss			(20.249)
- Gains (Losses) on Remeasurements of Defined Benefit Plans			*(20.249)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			1.841.842
- Currency Translation Differences			*1.783.517*
- Gains (Losses) on Hedge			*58.325*
Other Reserves			(235.742)
Prior Years' Profits or Losses (Including net income)			3.394.481
Equity attributable to equity holders of the parent			9.262.501

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 22. SALES AND COST OF SALES

Revenues	**2017**	2016
Domestic revenues	**5.504.720**	4.940.392
Foreign revenues	**7.442.198**	5.479.865
Total sales, net	**12.946.918**	10.420.257
Cost of Sales		
Current year purchases and net change in inventory	**6.562.053**	5.197.055
Depreciation and amortization expense on PP&E and intangible assets	**522.934**	430.782
Personnel expenses	**348.703**	295.865
Utility expenses	**225.450**	189.472
Provision for retirement pay liability	**7.818**	6.172
Other expenses	**239.542**	210.296
Total cost of sales	**7.906.500**	6.329.642
Gross Operating Profit	**5.040.418**	4.090.615

NOTE 23. OPERATING EXPENSES

a) General and Administrative Expenses

	2017	2016
Personnel expenses	**437.118**	395.870
Service rendered from outside	**180.066**	143.220
Depreciation and amortization expense on PP&E and intangible assets	**67.957**	56.414
Rent expense	**50.150**	46.022
Taxation (other than on income) expenses	**24.052**	27.101
Utilities and communication expenses	**17.745**	16.658
Repair and maintenance expenses	**14.261**	12.412
Insurance expenses	**13.849**	21.075
Provision for retirement pay liability	**9.996**	10.077
Provision for unused vacation	**608**	4.197
Other expenses	**139.732**	108.181
	955.534	841.227

b) Selling, Distribution and Marketing Expenses

	2017	2016
Advertising, selling and marketing expenses	**1.061.344**	868.460
Transportation and distribution expenses	**671.488**	474.633
Personnel expenses	**568.201**	512.469
Depreciation and amortization expense on PP&E and intangible assets	**325.039**	284.369
Rent expenses	**47.778**	40.773
Repair and maintenance expenses	**37.013**	33.637
Utilities and communication expenses	**32.279**	28.586
Provision for retirement pay liability	**4.982**	3.817
Other expenses	**167.732**	147.019
	2.915.856	2.393.763

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 24. EXPENSES BY NATURE

a) Depreciation and Amortization Expenses

	2017	2016
Cost of sales	**(522.934)**	(430.782)
Marketing, selling and distribution expenses	**(325.039)**	(284.369)
General and administration expenses	**(67.957)**	(56.414)
Other operating expenses	**(16.049)**	(19.105)
Inventories	**(1.923)**	(639)
	(933.902)	(791.309)

b) Personnel Expenses

	2017	2016
Marketing, selling and distribution expenses	**(568.201)**	(512.469)
General and administration expenses	**(437.118)**	(395.870)
Cost of sales	**(348.703)**	(295.865)
	(1.354.022)	(1.204.204)

NOTE 25. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	2017	2016
Foreign exchange gains arising from operating activities	**131.605**	122.744
Income from scrap and other materials	**32.263**	26.442
Rent income	**14.175**	8.324
Reversal of provision for inventory obsolescence	**4.083**	3.746
Reversal of provision for doubtful receivables	**4.067**	4.971
Rediscount income	**2.874**	1.179
Insurance compensation income	**2.532**	7.131
Other income	**122.638**	113.721
	314.237	288.258

b) Other Operating Expenses

	2017	2016
Foreign exchange losses arising from operating activities	**(130.778)**	(126.647)
Provision for doubtful receivables	**(16.640)**	(6.897)
Depreciation and amortization expense on PPE & intangible assets	**(16.049)**	(19.104)
Provision for inventory obsolescence	**(10.946)**	(7.938)
Donations	**(4.201)**	(3.663)
Rediscount expense	**(3.361)**	(1.214)
Other expenses	**(49.341)**	(38.480)
	(231.316)	(203.943)

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 26. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	2017	2016
Gain on sale of fixed assets	**26.918**	29.057
Gain from liquidation of subsidiaries (Note 1)	**19.145**	-
Reversal of impairment on property, plant and equipment (Note 15)	**-**	453
	46.063	29.510

b) Investment activity expense

	2017	2016
Provision for impairment on tangible assets (Note 15)	**(75.547)**	(28.761)
Provision for impairment on intangible assets (Note 16)	**(19.614)**	(264)
Loss on sale of fixed assets	**(7.490)**	(7.585)
Loss on sale of intangible assets	**(535)**	(143)
Impairment on goodwill (Note 17)	**-**	(54.051)
Other	**(6.830)**	-
	(110.016)	(90.804)

NOTE 27. FINANCE INCOME / EXPENSE

a) Finance Income

	2017	2016
Foreign exchange gain	**963.657**	727.294
Interest income	**141.276**	81.142
Gain on derivative transactions	**255**	24.090
	1.105.188	832.526

b) Finance Expense

	2017	2016
Foreign exchange loss	**(1.487.771)**	(1.368.249)
Interest expense	**(266.023)**	(211.610)
Loss on derivative transactions	**(255)**	(28.337)
Borrowing costs	**(661)**	(661)
Other financial expenses	**(24.711)**	(25.821)
	(1.779.421)	(1.634.678)

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 28. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 20% in Turkey (31 December 2016 - 20%). Corporate tax returns are required to be filed until the twenty fifth of the fourth month following the fiscal year end and paid in full until the end of the same month. The tax legislation provides for a provisional tax of 20% (31 December 2016 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017,"Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", 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 2017 are calculated with 22% tax rate for the temporary differences which will be realized in 2018, 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

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

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

The main components of tax income and expenses as of December 31, 2017 and 2016 are as follows:

	2017	2016
Current period tax expense	**(157.578)**	(84.927)
Deferred tax income / (expense), net	**(19.934)**	(8.092)
	(177.512)	(93.019)

	2017	2016
Prepaid corporate tax	**115.653**	124.324
Provision for corporate tax	**6.498**	1.441

As of December 31, 2017 and 2016, the reconciliation of theoretical income tax calculated with the tax rates used in the countries that the Company operates in and total income tax is as follows:

	2017	2016
Consolidated profit before tax	**483.401**	52.964
Effect of associate income net off tax	**30.362**	23.530
Taxable profit	**513.763**	76.494
Enacted tax rate	**20%**	20%
Tax calculated at the parent company tax rate	**(102.753)**	(15.299)
Tax effect of non-deductible expenses	**(7.473)**	(13.832)
Tax effect of goodwill impairment	**-**	(10.810)
Tax effect of income excluded from tax bases	**162**	84
Effect of different tax rates	**(17.618)**	(970)
Deffered tax effect of translation on non-monetary items	**(15.246)**	(7.497)
Impact of tax base increase regarding law no 6736 (1)	**-**	(21.276)
Other	**(34.584)**	(23.419)
	(177.512)	(93.019)

(1) Includes amounts paid as a result of the increase in the amount of the tax base and and offsetted from carry forward tax losses in accordance with the "Law on Restructuring of Certain Receivables" numbered 6736.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 28. TAX ASSETS AND LIABILITIES (continued)

As of December 31, 2017 and December 31, 2016 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	31 Aralık 2017	31 Aralık 2016
Ertelenmiş vergi varlığı	**307.406**	274.330
Ertelenmiş vergi yükümlülüğü	**(1.908.091)**	(1.831.472)
	(1.600.685)	(1.557.142)

As of December 31, 2017 and 2016 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		Liability		Net	
	2017	2016	**2017**	2016	**2017**	2016
PP&E and intangible assets	**-**	-	**(2.168.862)**	(2.081.235)	**(2.168.862)**	(2.081.235)
Inventories	**4.097**	15.652	**-**	-	**4.097**	15.652
Carry forward losses	**479.717**	449.684	**-**	-	**479.717**	449.684
Retirement pay liability and other employee benefits	**25.788**	22.094	**-**	-	**25.788**	22.094
Receivables and payables	**28.873**	31.073	**-**	-	**28.873**	31.073
Unused investment discounts	**39.199**	24.649	**-**	-	**39.199**	24.649
Derivative financial instruments	**-**	-	**(9.497)**	(19.059)	**(9.497)**	(19.059)
	577.674	543.152	**(2.178.359)**	(2.100.294)	**(1.600.685)**	(1.557.142)

As of December 31, 2017 and 2016, the movement of deferred tax liability is as follows:

	2017	2016
Balance at January 1	**(1.557.142)**	(1.450.134)
Recorded to the consolidated income statement	**(23.004)**	(8.092)
Recognized in other comprehensive income	**14.340**	(14.806)
Unused provisions	**3.070**	-
Currency translation adjustment	**(37.949)**	(84.110)
Balance at December 31	**(1.600.685)**	(1.557.142)

As a result of the Group management’s assessment that sufficient taxable income will be generated and such carried losses will be utilized until 2022, deferred tax asset amounting to TRL479.717 has been recognized. Carried forward tax losses of CCBPL and Efes Moscow, according to local tax regulations can be carried forward with an indefinite life.

As of December 31, 2017, 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, 2016, TRL 132.802) with a total tax advantage of TRL 39.199 (December 31, 2016, TRL 24.648). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL 2.119 (December 31, 2016, TRL 1.943).

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 29. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Weighted average number of shares represents the number of shares as a result of capital increase and adjusted number of shares at the beginning period multiplied with the time-weighting factor. Time weighting factor is calculated by dividing the number of days that the shares are available by the total number of days of the period.

Following table illustrates the net income and share figures used in earnings per share calculation:

	2017	2016
Net Income / (loss)	**149.420**	(70.795)
Weighted average number of shares	**592.105.000**	592.105.263
Earnings/ (losses) per share (full TRL)	**0,2524**	(0,1196)

NOTE 30. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Trade Receivable from Related Parties

	2017	2016
Migros Ticaret A.Ş. and its subsidiaries (Migros) (2)	**153.135**	130.907
Other	**4.950**	592
	158.085	131.499

Trade Payable to Related Parties

	2017	2016
AB InBev Group Companies (3) (4)	**32.484**	14.995
Oyex Handels GmbH (2)	**8.285**	6.409
Anadolu Bilişim Hizmetleri A.Ş. (2) (6)	**5.393**	1.405
Çelik Motor Ticaret A.Ş. (2)	**3.572**	1.078
Other	**2.689**	2.001
	52.423	25.888

The Group has short term deferred revenue related to AEH as amounting to TRL465. (December 31, 2016 – short term deferred revenue: TRL1.055; long term deferred revenue: TRL474)

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 30. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Transactions with Related Parties

Finance Income / (Expense), Net

Group has no interest income/expense from related parties in 2017. (2016 -Alternatifbank[5]: Interest income TRL7.886).

Purchases of Goods, Services and Donations

	Nature of transaction	**2017**	2016
Anadolu Efes Spor Kulübü	Service	**50.540**	62.520
Oyex Handels GmbH [2]	Purchase of Materials and Fixed Assets	**38.750**	32.597
AG Anadolu Grubu Holding A.Ş. [1]	Consultancy Service	**34.426**	29.219
Çelik Motor Ticaret A.Ş. [2]	Vehicle Leasing	**29.401**	26.389
Efestur Turizm İşletmeleri A.Ş. [1]	Travel and Accommodation	**15.842**	8.463
Ab InBev Group Companies [3] [4]	Service and Purchase of Trade Goods	**13.063**	46.407
Anadolu Bilişim Hizmetleri A.Ş. [2] [6]	Information Service	**9.012**	7.675
Other		**8.211**	7.001
		199.245	220.271

Revenue and Other Income / (Expenses), Net

	Nature of transaction	**2017**	2016
Migros [2]	Sales Income	**447.661**	407.994
Ab Inbev Group Companies [3] [4]	Other Income	**1.106**	2.571
Other	Other Income	**1.046**	507
		449.813	411.072

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(4) In October 2016, AB InBev (Anhauser Busch InBev) become ultimate parent of AB Inbev Harmony Ltd (which holds 24% shares of Anadolu Efes) after the merger of AB Inbev and SABMiller.
(5) Alternatifbank is not defined as related party as of 31 December 2017 as a result of sale of Alternatifbank's shares to third parties by Yazıcılar Holding and AEH (it was related party between 1 January- 19 December 2016).
(6) The Group's long term financial asset.

Director's remuneration

As of December 31, 2017 and 2016, total benefits to Anadolu Efes Board of Directors are TRL369 and TRL320, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of December 31, 2017 and 2016 are as follows:

	2017	2016
Short-term employee benefits	**36.847**	39.709
Termination benefits	**428**	549
Post-employment benefits	**-**	-
Other long term benefits	**4.597**	5.550
Share-based payments	**-**	-
	41.872	45.808

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank borrowings, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. Besides, 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 can be identified as foreign currency risk, credit risk, interest rate risk, price risk and liquidity risk. The Group management reviews and agrees policies for managing each of these risks. The Group also monitors the market price risk arising from all financial instruments.

a) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreement. Total outstanding amount of IRS agreements was USD43 million as of December 31, 2017 (December 31, 2016 – USD43 million).

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

The Group's financial instruments sensitive to interest rate risk is as follows:

	2017	2016
Financial instruments with fixed interest rate		
Financial assets		
Financial assets at fair value through profit or loss	**4.925.015**	2.149.807
Financial liabilities	**7.252.674**	4.778.115
Financial instruments with floating interest rate		
Financial liabilities	**1.256.816**	1.405.158

At December 31, 2017, if interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit before tax and minority interest for the period ended March 31, 2018 which is the following reporting period, would be:

	2017	2016
Change in USD denominated borrowing interest rate	**26**	402
Change in EURO denominated borrowing interest rate	**2.518**	2.823
Change in Other denominated borrowing interest rate	**74**	145
Total	**2.618**	3.370

b) Foreign Currency Risk

Foreign currency risk generally arises from the EURO and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases of goods and services or borrowings of the Group in currencies other than the functional currency. The Group manages short term foreign currency risk by balancing foreign currency denominated assets and liabilities. The Group designates certain part of its bank deposits for the future raw material purchases, operational expense and interest related payments (Note 6) Group's foreign currency liability consists of mainly long term liabilities. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of December 31, 2017 and 2016 are presented below:

Foreign Currency Position Table
2017

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	68.959	14.480	54.616	2.839	12.821	1.522
2a. Monetary Financial Assets (Cash and cash equivalents included)	3.548.104	906.864	3.420.602	25.310	114.287	13.215
2b. Non- monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	38.117	180	679	7.618	34.399	3.039
4. Current Assets	**3.655.180**	**921.524**	**3.475.897**	**35.767**	**161.507**	**17.776**
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	**5.320**	**291**	**1.098**	**935**	**4.222**	**-**
9. Total Assets	**3.660.500**	**921.815**	**3.476.995**	**36.702**	**165.729**	**17.776**
10.Trade Payables and Due to Related Parties	(281.890)	(40.717)	(153.580)	(24.719)	(111.619)	(16.691)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(2.967.047)	(618.778)	(2.333.969)	(140.202)	(633.078)	-
12a. Monetary Other Liabilities	(840)	-	(0)	(186)	(840)	-
12b. Non-monetary Other Liabilities	(12.323)	(3.267)	(12.323)	-	-	-
13. Current Liabilities	**(3.262.100)**	**(662.762)**	**(2.499.872)**	**(165.107)**	**(745.537)**	**(16.691)**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(5.282.419)	(1.196.221)	(4.512.025)	(170.611)	(770.394)	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(117.572)	(31.170)	(117.572)	-	-	-
17. Non-Current Liabilities	**(5.399.991)**	**(1.227.391)**	**(4.629.597)**	**(170.611)**	**(770.394)**	**-**
18. Total Liabilities	**(8.662.091)**	**(1.890.153)**	**(7.129.469)**	**(335.718)**	**(1.515.931)**	**(16.691)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position	**-**	**-**	**-**	**-**	**-**	**-**
19a. Total Hedged Assets	**-**	**-**	**-**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position	**(5.001.591)**	**(968.338)**	**(3.652.474)**	**(299.016)**	**(1.350.202)**	**1.085**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position	**(4.915.133)**	**(934.372)**	**(3.524.356)**	**(307.569)**	**(1.388.823)**	**(1.954)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**-**	**-**	**-**	**-**	**-**	**-**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

Foreign Currency Position Table
2016

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	99.558	6.557	23.076	874	3.243	73.239
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.607.111	369.157	1.299.139	38.513	142.879	165.093
2b. Non- monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	53.574	494	1.740	101	375	51.459
4. Current Assets	**1.760.243**	**376.208**	**1.323.955**	**39.488**	**146.497**	**289.791**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	12.256	-	-	3.202	11.879	377
8. Non-Current Assets	**12.256**	**-**	**-**	**3.202**	**11.879**	**377**
9. Total Assets	**1.772.499**	**376.208**	**1.323.955**	**42.690**	**158.376**	**290.168**
10.Trade Payables and Due to Related Parties	(245.046)	(24.062)	(84.680)	(20.878)	(77.455)	(82.911)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(373.939)	(26.670)	(93.857)	(73.760)	(273.642)	(6.440)
12a. Monetary Other Liabilities	(39.542)	(1.079)	(3.797)	(131)	(486)	(35.259)
12b. Non-monetary Other Liabilities	(8.305)	(2.360)	(8.305)	-	-	-
13. Current Liabilities	**(666.832)**	**(54.171)**	**(190.639)**	**(94.769)**	**(351.583)**	**(124.610)**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(4.963.730)	(1.158.870)	(4.078.295)	(231.821)	(860.033)	(25.402)
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(111.151)	(31.584)	(111.151)	-	-	-
17. Non-Current Liabilities	**(5.074.881)**	**(1.190.454)**	**(4.189.446)**	**(231.821)**	**(860.033)**	**(25.402)**
18. Total Liabilities	**(5.741.713)**	**(1.244.625)**	**(4.380.085)**	**(326.590)**	**(1.211.616)**	**(150.012)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position	**17.596**	**5.000**	**17.596**	**-**	**-**	**-**
19a. Total Hedged Assets	**17.596**	**5.000**	**17.596**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position	**(3.951.618)**	**(863.417)**	**(3.038.534)**	**(283.900)**	**(1.053.240)**	**140.156**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position	**(3.915.588)**	**(834.967)**	**(2.938.414)**	**(287.203)**	**(1.065.494)**	**88.320**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**349**	**99**	**349**	**-**	**-**	**-**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

As of December 31, 2016, USD164 million was netted on foreign currency position table and sensitivity. As of December 31, 2017, there was no netting in the foreign currency position and foreign exchange sensitivity analysis table along with the reflection of the functional currency change (Note 2.2) .

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of December 31, 2017 and 2016 is as follows:

	2017	2016
Total Export	**220.134**	178.064
Total Import	**1.872.381**	1.421.424

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2017 and 2016:

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2017(*)		December 31,2016(*)	
	Income / (Loss)			
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
USD denominated net asset / (liability)	**(352.436)**	**352.436**	(293.841)	293.841
USD denominated hedging instruments (-)	**-**	**-**	1.760	(1.760)
Net effect in USD	**(352.436)**	**352.436**	(292.081)	292.081
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	**(138.882)**	**138.882**	(106.549)	106.549
EURO denominated hedging instruments (-)	**-**	**-**	-	-
Net effect in EURO	**(138.882)**	**138.882**	(106.549)	106.549
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**(195)**	**195**	8.832	(8.832)
Other foreign currency hedging instruments (-)	**-**	**-**	-	-
Net effect in other foreign currency	**(195)**	**195**	8.832	(8.832)
TOTAL	**(491.513)**	**491.513**	(389.798)	389.798

(*) Monetary assets and liabilities eliminated in scope of consolidation are not included.

c) 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. The Group also reduces the risk by preferring long-term debt.

2017 **Contractual maturities**	**Carrying value**	**Contractual payment (=I+II+III+IV)**	**Less than 3month (I)**	**Between 3-12 month (II)**	**Between 1-5 year (III)**	**More than 5 year (IV)**
Financial liabilities	**8.509.490**	**9.610.634**	**370.078**	**2.907.242**	**3.656.446**	**2.676.868**
Trade payable and due to related parties	**1.711.561**	**1.711.561**	**1.664.576**	**11.805**	**35.180**	**-**
Liability for put option	**126.474**	**126.474**	**-**	**8.902**	**117.572**	**-**
Employee Benefit Obligations	**66.362**	**66.362**	**66.362**	**-**	**-**	**-**
Total	**10.413.887**	**11.515.031**	**2.101.016**	**2.927.949**	**3.809.198**	**2.676.868**

2016 Contractual maturities	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
Financial liabilities	6.183.273	6.970.238	62.239	627.363	3.998.706	2.281.930
Trade payable and due to related parties	1.310.647	1.310.647	1.222.671	61.551	26.425	-
Liability for put option	119.456	119.456	-	8.305	111.151	-
Employee Benefit Obligations	54.076	54.076	54.076	-	-	-
Total	7.667.452	8.454.417	1.338.986	697.219	4.136.282	2.281.930

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

d) Price Risk

This is a combination of currency, interest and market risks which the Group manages through natural hedges that arise from offsetting the same currency receivables and payables, interest bearing assets and liabilities. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

e) 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. The Group attempts to control credit risk by limiting transactions with specific counterparties and assessing the creditworthiness of the counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location.

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group keeps guarantees for a part of its receivables by means of DDS (Direct Debit System). The Group also obtains guarantees from the customers when appropriate and keep considerable portion of the receivables under guarantee.

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 31. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

e) Credit Risk (continued)

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2017 and 2016 are disclosed as below:

	Receivables					
	Trade Receivables		Other Receivables			
Current Year	**Due from related parties**	**Due from third parties**	**Due from related parties**	**Due from third parties**	**Deposits**	**Derivative Instruments**
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	**158.085**	**1.373.772**	**-**	**125.706**	**5.424.320**	**152**
- Maximum credit risk secured by guarantees	**63.086**	**964.899**	-	-	-	-
	-	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	**154.622**	**1.277.232**	-	**125.706**	**5.424.320**	**152**
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	**3.463**	**97.400**	-	-	-	-
- Under guarantee	-	**48.363**	-	-	-	-
D. Net carrying amount of financial assets impaired	-	**(4.771)**	-	-	-	-
- past due (gross carrying value)	-	**50.171**	-	-	-	-
- impaired (-)	-	**(54.942)**	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	**(4.771)**	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Current Year	**Trade Receivables**	**Other Receivables**	**Deposits**	**Derivative Instruments**
Past due between 1-30 days	**63.069**	-	-	-
Past due between 1-3 months	**24.189**	-	-	-
Past due between 3-12 months	**3.546**	-	-	-
Past due for more than 1 year	**6.596**	-	-	-

	Receivables					
	Trade Receivables		Other Receivables			
Prior Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	131.499	1.189.413	-	113.598	2.749.595	1.472
- Maximum credit risk secured by guarantees	59.215	900.590	-	-	-	-
	-	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	131.499	1.113.783	-	113.598	2.749.595	1.472
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	-	75.036	-	-	-	-
- Under guarantee	-	20.336	-	-	-	-
D. Net carrying amount of financial assets impaired	-	594	-	-	-	-
- past due (gross carrying value)	-	43.022	-	-	-	-
- impaired (-)	-	(42.428)	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	594	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Prior Year	**Trade Receivables**	**Other Receivables**	**Deposits**	**Derivative Instruments**
Past due between 1-30 days	47.544	-	-	-
Past due between 1-3 months	15.626	-	-	-
Past due between 3-12 months	5.236	-	-	-
Past due for more than 1 year	6.630	-	-	-

f) Capital Risk Management

The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group periodically measures Net Debt to EBITDA ratio to maintain capital risk management. Net Debt is calculated by deducting cash and cash equivalents from total borrowings.

NOTE 32. FINANCIAL INSTRUMENTS

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The optimum fair value of a financial instrument is the quoted market value, if any.

The financial assets and liabilities which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates. The following methods and assumptions were used to estimate the fair value of each class of financial instrument of the Group for which it is practicable to estimate a fair value:

a) Financial Assets

The fair values of certain financial assets carried at cost in the consolidated financial statements, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

b) Financial Liabilities

Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

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 including direct or indirect observable inputs
Level 3: Valuation techniques not containing observable market inputs**.**

Current Year	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value			
Derivative financial assets (Note 8)	**-**	**152**	**-**
Financial liabilities at fair value			
Interest rate swap (Note 8)	**-**	**-**	**-**
Options (Note 20)	**-**	**117.572**	**-**

Prior Year	Level 1	Level 2	Level 3
Financial assets at fair value			
Derivative financial assets (Note 8)	-	1.472	-
Financial liabilities at fair value			
Interest rate swap (Note 8)	-	65	-
Put options (Note 20)	-	111.151	-

(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

NOTE 32. FINANCIAL INSTRUMENTS (continued)

Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments and hedging transactions are explained in Note 6 and Note 8.

NOTE 33. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	2017	2016
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 26)	**75.547**	28.308
Adjustments for impairment loss (reversal of impairment) of receivables (Note 10)	**12.573**	1.926
Adjustments for impairment loss (reversal of impairment) of inventories (Note 12)	**13.831**	4.192
Adjustments for impairment loss (reversal of impairment) of goodwill and intangible assets (Note 26)	**19.621**	54.315
	121.572	88.741

b) Adjustments for (Reversal of) Provisions Related with Employee Benefits

	2017	2016
Provision for vacation pay liability (Note 19)	**2.784**	9.908
Provision for retirement pay liability (Note 19)	**22.812**	20.070
Provision for seniority bonus (Note 19)	**19.580**	19.917
	45.176	49.895

c) Adjustments for Interest (Income) Expenses

	2017	2016
Adjustments for interest income (Note 27)	**(141.276)**	(81.142)
Adjustments for interest expenses (Note 27)	**266.023**	211.610
	124.747	130.468

d) Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets

	2017	2016
Cash outflows arising from purchase of property, plant and equipment	**(808.632)**	(721.715)
Cash outflows arising from purchase of intangible assets	**(27.999)**	(39.432)
	(836.631)	(761.147)

NOTE 34. EVENTS AFTER REPORTING PERIOD

a. CCI, engaged in cross currency swap transactions for USD 150 million, in order to hedge its FX risk, as of January 16, 2018.

b. The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261.The 20% corporate tax rate, will be applied as 22% for entities' corporate income belonging to the taxation periods of 2018, 2019 and 2020 as amended in the provisional clause of article 10 of the Law (To financial years, which start within the related year for entities appointed a special accounting period.). The rate will be applied in the first temporary tax period in 2018.