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 DECEMBER 31, 2016 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Anadolu Efes Biracılık ve Malt Sanayii A.Ş.

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

2. The Group's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Turkish Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with standards on auditing issued by the Capital Markets Board of Turkey and Independent Auditing Standards that part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

   An independent audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on independent auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to error or fraud. In making those risk assessments, the independent auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An independent audit includes also evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

   We believe that the independent audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. and its subsidiaries as at 31 December 2016 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 2 March 2017.

6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2016 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

7. In accordance with subparagraph 4 of Article 402 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Baki Erdal, SMMM
Partner

Istanbul, 2 March 2017

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

Consolidated Financial Statements as of December 31, 2016

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

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

		Audited	
	Notes	**2016**	2015
ASSETS			
Cash and Cash Equivalents	6	**2.745.264**	1.891.459
Financial Investments	7	**11.036**	151
Trade Receivables	10	**1.319.634**	1.139.463
- Trade Receivables Due from Related Parties		***131.499***	*106.089*
- Trade Receivables Due from Third Parties		***1.188.135***	*1.033.374*
Other Receivables	11	**99.093**	57.557
- Other Receivables from Third Parties		***99.093***	*57.557*
Derivative Financial Assets	9	**1.472**	260
Inventories	12	**1.030.992**	1.102.915
Prepaid Expenses	13	**425.477**	406.064
Current Tax Assets	31	**124.324**	80.301
Other Current Assets	21	**251.383**	264.372
- Other Current Assets from Third Parties		***251.383***	*264.372*
Current Assets		**6.008.675**	4.942.542
Financial Investments		**767**	767
Trade Receivables	10	**1.278**	1.038
- Trade Receivables Due from Third Parties		***1.278***	*1.038*
Other Receivables	11	**14.505**	21.007
- Other Receivables from Third Parties		***14.505***	*21.007*
Investments in Subsidiaries, Joint Ventures and Associates	14	**58.406**	66.685
Investment Property	15	**93.897**	72.298
Property, Plant and Equipment	16	**7.302.670**	6.315.908
Intangible Assets		**11.639.357**	10.175.787
- Goodwill	*18*	***1.675.218***	*1.334.738*
- Other Intangible Assets	*17*	***9.964.139***	*8.841.049*
Prepaid Expenses	13	**177.667**	192.915
Deferred Tax Asset	31	**274.330**	228.863
Other Non-Current Assets	21	**57.007**	26.280
Non-Current Assets		**19.619.884**	17.101.548
TOTAL ASSETS		**25.628.559**	22.044.090

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

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

	Notes	Audited 2016	2015
LIABILITIES			
Current Borrowings	8	**117.754**	265.812
Current Portion of Non-Current Borrowings	8	**383.116**	478.781
Trade Payables	10	**1.284.222**	1.022.339
- Trade Payables to Related Parties		***25.888***	*22.296*
- Trade Payables to Third Parties		***1.258.334***	*1.000.043*
Employee Benefit Obligations	20	**54.076**	47.697
Other Payables	11	**661.646**	646.778
- Other Payables to Third Parties		***661.646***	*646.778*
Derivative Financial Assets	9	**65**	11.279
Deferred Income	13	**33.453**	31.865
Current Tax Liabilities	31	**1.441**	8.174
Current Provisions		**129.641**	91.977
- Current Provisions for Employee Benefits	*20*	***129.081***	*91.770*
- Other Current Provisions		***560***	*207*
Other Current Liabilities	21	**21.043**	20.461
Current Liabilities		**2.686.457**	2.625.163
Long-Term Borrowings	8	**5.682.403**	4.638.623
Trade Payables	10	**26.425**	21.305
- Trade Payables to Third Parties		***26.425***	*21.305*
Other Payables	11	**301.549**	264.564
- Other Payables to Third Parties		***301.549***	*264.564*
Derivative Financial Assets		**-**	98
Deferred Income	13	**544**	1.581
Non-Current Provision	20	**116.267**	99.102
- Non-Current Provision for Employee Benefits		***116.267***	*99.102*
Deferred Tax Liabilities	31	**1.831.472**	1.678.997
Other Non-Current Liabilities	21	**166.420**	141.152
Non-Current Liabilities		**8.125.080**	6.845.422
Equity Attributable to Equity Holders of the Parent		**9.262.501**	7.708.056
Issued Capital	22	**592.105**	592.105
Inflation Adjustment on Capital	22	**63.583**	63.583
Share Premium (Discount)	22	**3.137.684**	3.137.684
Put Option Revaluation Fund Related with Non-controlling	22	**19.923**	5.795
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		**(20.249)**	(15.128)
-Revaluation and Remeasurement Gain/Loss	*22*	***(20.249)***	*(15.128)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		**1.841.842**	80.543
- Currency Translation Differences	*22*	***1.783.517***	*48.156*
- Gains (Losses) on Hedge	*22*	***58.325***	*32.387*
Restricted Reserves Appropriated from Profits	22	**303.414**	282.836
Other Reserves	22	**(235.742)**	(235.742)
Prior Years' Profits or Losses	22	**3.630.736**	3.994.139
Current Period Net Profit or Losses		**(70.795)**	(197.759)
Non-Controlling Interests	4	**5.554.521**	4.865.449
Total Equity		**14.817.022**	12.573.505
TOTAL LIABILITIES		**25.628.559**	22.044.090

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

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

	Notes	Audited 2016	2015
Revenue	5,23	**10.420.257**	10.205.146
Cost of Sales	23	**(6.329.642)**	(6.018.448)
GROSS PROFIT (LOSS)		**4.090.615**	4.186.698
General Administrative Expenses	24	**(841.227)**	(849.031)
Sales, Distribution and Marketing Expenses	24	**(2.393.763)**	(2.344.357)
Other Income from Operating Activities	26	**288.258**	160.724
Other Expenses from Operating Activities	26	**(203.943)**	(225.157)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**939.940**	928.877
Investment Activity Income	27	**29.510**	6.241
Investment Activity Expenses	28	**(90.804)**	(9.564)
Income/ (Loss) from Associates	14	**(23.530)**	(15.690)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**855.116**	909.864
Finance Income	29	**832.526**	784.095
Finance Expenses	30	**(1.634.678)**	(1.792.913)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**52.964**	(98.954)
Tax (Expense) Income, Continuing Operations		**(93.019)**	(38.200)
- Current Period Tax (Expense) Income	*31*	***(84.927)***	*(111.579)*
- Deferred Tax (Expense) Income	*31*	***(8.092)***	*73.379*
PROFIT/(LOSS)		**(40.055)**	(137.154)
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*4*	***30.740***	*60.605*
- Owners of Parent		***(70.795)***	*(197.759)*
Earnings / (Loss) Per Share (Full TRL)	32	**(0,1196)**	(0,3340)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

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

	Audited	
	2016	2015
PROFIT/(LOSS)	**(40.055)**	(137.154)
OTHER COMPREHENSIVE INCOME		
Other Comprehensive Income that will not be Reclassified to Profit or Loss	**(7.988)**	(6.216)
Gains (Losses) on Remeasurements of Defined Benefit Plans	**(9.859)**	(7.770)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Other Profit or Loss	**1.871**	1.554
- Deferred Tax Expense (Income)	***1.871***	*1.554*
Other Comprehensive Income that will be Reclassified to Profit or Loss	**2.423.439**	1.117.712
Currency Translation Differences	**2.356.757**	1.092.798
Other Comprehensive Income (Loss) on Cash Flow Hedge	**83.359**	31.142
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	**(16.677)**	(6.228)
- Deferred Tax Expense (Income)	***(16.677)***	*(6.228)*
OTHER COMPREHENSIVE INCOME (LOSS)	**2.415.451**	1.111.496
TOTAL COMPREHENSIVE INCOME (LOSS)	**2.375.396**	974.342
Total Comprehensive Income Attributable to		
- Non-Controlling Interest	***690.013***	*600.151*
- Owners of Parent	***1.685.383***	*374.191*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

(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				Accumulated Profit				
	Issued Capital	**Inflation Adjustment on Capital**	**Share Premium/Discount**	**Put Option Revaluation Fund Related with Non-controlling Interests**	**Revaluation and Remeasurements 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**
Beginning Balances as of January 1, 2015	**592.105**	**63.583**	**3.137.684**	**8.817**	**(10.480)**	**(498.289)**	**2.234**	**249.541**	**(235.742)**	**4.812.035**	**(512.233)**	**7.609.255**	**4.214.684**	**11.823.939**
Transfers	-	-	-	-	-	-	-	33.295	-	(545.528)	512.233	-	-	-
Total Comprehensıve Income (Loss)	-	-	-	-	(4.648)	546.445	30.153	-	-	-	(197.759)	374.191	600.151	974.342
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	*(197.759)*	*(197.759)*	*60.605*	*(137.154)*
Other Comprehensive Income (Loss)	-	-	-	-	*(4.648)*	*546.445*	*30.153*	-	-	-	-	*571.950*	*539.546*	*1.111.496*
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	105.838	105.838
Dividends	-	-	-	-	-	-	-	-	-	(272.368)	-	(272.368)	(50.030)	(322.398)
Increase (Decrease) from Other Changes (*)	-	-	-	(3.022)	-	-	-	-	-	-	-	(3.022)	(5.194)	(8.216)
Ending Balances as of December 31, 2015	**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**
Beginning Balances as of January 1, 2016	**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	-	-	-	-	(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 as of December 31, 2016	**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**

(*) 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.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

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

		Audited	
	Notes	**2016**	2015
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**1.865.264**	1.826.566
Profit / (Loss) for the period		**(40.055)**	(137.154)
Adjustments to Reconcile Profit (Loss)		**1.866.235**	1.969.045
Adjustments for Depreciation and Amortization Expense	5,15,16,17,25	**790.670**	737.194
Adjustments for Impairment Loss (Reversal)		**88.741**	32.241
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	*10*	***1.926***	*9.750*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	*12*	***4.192***	*14.459*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and	*16,27,28*	***28.308***	*8.032*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Intangible Assets	*17,18,27,28*	***54.315***	-
Adjustments for Provisions		**49.895**	39.676
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		***49.895***	*39.676*
Adjustments for Interest (Income) Expenses		**130.468**	138.498
- Adjustments for Interest Income	*29*	***(81.142)***	*(81.600)*
- Adjustments for Interest Expenses	*30*	***211.610***	*220.098*
Adjustments for Unrealised Foreign Exchange Losses (Gains)		**706.046**	974.727
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		**4.247**	1.643
- Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		***4.247***	*1.643*
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	14	***23.530***	*15.690*
Adjustments for Tax (Income) Expenses	31	***93.019***	*38.200*
Other Adjustments for Non-Cash Items		**661**	661
Adjustments for Losses (gains) on Disposal of Non-Current Assets		**(21.329)**	(4.709)
- Adjustments for Losses (gains) on Disposal of Tangible Assets	*27,28*	***(21.472)***	*(4.709)*
- Adjustments for Losses (gains) on Disposal of Intangible Assets	*27,28*	***143***	-
Other Adjustments to Reconcile Profit (loss)		**287**	(4.776)
Changes in Working Capital		**172.531**	152.168
Adjustments for Decrease (Increase) in Accounts Receivables		**(187.840)**	(87.199)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		**(90.639)**	52.558
Adjustments for Decrease (Increase) in Inventories		**65.716**	(33.762)
Adjustments for increase (decrease) in Trade Accounts Payable		**263.695**	135.861
- Adjustments for increase (decrease) in Trade Accounts Payable to Related Parties		**3.592**	(15.110)
- Adjustments for increase (decrease) in Trade Accounts Payable to Third Parties		**260.103**	150.971
Adjustments for increase (decrease) in Other Operating Payables to Third Parties		**121.599**	84.710
Cash Flows from (used in) Operations		**1.998.711**	1.984.059
Payments Related with Provisions for Employee Benefits		**(41.047)**	(45.225)
Income Taxes (Paid) Return		**(92.400)**	(112.268)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(721.977)**	(961.313)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		**(14.075)**	(8.942)
Proceeds from Sales of Property, Plant, Equipment		**53.316**	33.855
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets		**(761.147)**	(1.092.064)
- Cash Outflows Arising from Purchase of Property, Plant and Equipment		***(721.715)***	*(1.071.453)*
- Cash Outflows Arising from Purchase of Intangible Assets		***(39.432)***	*(20.611)*
Cash Outflows Arising from Buyout of Additional Shares		**(71)**	-
Other inflows (outflows) of cash		**-**	105.838
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(473.808)**	(578.702)
Proceeds from borrowings		**1.696.147**	1.622.190
Repayments of borrowings		**(1.942.585)**	(1.795.595)
Income (Loss) from Cash Flow Hedge		**71.241**	44.877
Dividends Paid	4,22	**(160.694)**	(322.398)
Interest Paid		**(206.066)**	(212.370)
Interest Received		**79.034**	81.774
Other inflows (outflows) of cash		**(10.885)**	2.820
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**669.479**	286.551
Effect Of Currency Translation Differences On Cash And Cash Equivalents		**182.490**	51.100
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**851.969**	337.651
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**1.888.034**	1.550.383
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**2.740.003**	1.888.034

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

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 15.724 (December 31, 2015 – 17.429).

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 2, 2017. 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 fifteen breweries (four in Turkey, six in Russia and five in other countries), six malt production facilities (two in Turkey, four in Russia) and also nine 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 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, 2016 and 2015, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	2016		2015	
	Amount	**%**	Amount	%
Yazıcılar Holding A.Ş.	**139.787**	**23,61**	139.787	23,61
Özilhan Sınai Yatırım A.Ş.	**79.813**	**13,48**	79.813	13,48
Anadolu Endüstri Holding A.Ş. (AEH)	**35.292**	**5,96**	35.292	5,96
SABMiller Harmony Ltd.	**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

Capital structure of AEH, the shareholder of the Company, comprises of Yazıcılar Holding A.Ş. (68%) and Özilhan Sınai Yatırım A.Ş. (32%); consequently, as of December 31, 2016 Yazıcılar Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. together with SABMiller Harmony Ltd. represent directly and indirectly more than half of the voting rights of the Company according to the shareholder agreement.

SABMiller Harmony Limited holds 24% shareholding in Anadolu Efes. As a result of the business combination with SABMiller Limited, which indirectly holds 99% of the shares of SABMiller Harmony Limited, Anheuser-Busch InBev SA/NV has become the indirect 99% shareholder of SABMiller Harmony Limited as of October 10, 2016.

(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, 2016 and 2015 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights (%) 2016	2015
Efes Breweries International N.V. (EBI)	The Netherlands	Facilitating foreign investments in breweries	International Beer	**100,00**	100,00
CJSC Moscow-Efes Brewery (Efes Moscow) (4)	Russia	Production and marketing beer	International Beer	**100,00**	99,93
CJSC Vostok Solod (4)	Russia	Production of malt	International Beer	**100,00**	99,93
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing 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) (5)	Moldova	Production and marketing of beer and low alcoholic drinks	International Beer	**96,85**	96,83
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) (4)	Russia	Production of malt	International Beer	**100,00**	99,93
LLC Efes Ukraine	Ukraine	Selling and distribution of beer	International Beer	**100,00**	100,00
Efes Pazarlama ve Dağıtım Tic. A.Ş. (Ef-Pa) (2)	Turkey	Marketing and distribution company of the Group	Turkey Beer	**100,00**	100,00
Tarbes Tarım Ürün. ve Bes. San. Tic. A.Ş. (Tarbes) (2)	Turkey	Providing hops (major ingredient of beer) to the breweries of the Group	Turkey Beer	**0,00**	99,75
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	**99,99**	99,99
Anadolu Efes Technical and Man. Cons. N.V. (AETMC) (6)	The Netherlands Antilles	Providing technical assistance	Other	**100,00**	99,75
Efes Holland Technical Man. Cons. B.V. (EHTMC)	The Netherlands	Providing technical assistance	Other	**100,00**	99,75
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	**100,00**	100,00
Coca-Cola İçecek A.Ş. (CCİ) (3) (Note 2.6)	Turkey	Production of Coca-Cola products	Soft Drinks	**50,26**	50,26
Coca-Cola Satış 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 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 Pı	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**40,22**	40,22
Coca-Cola Beverages Tajikistan LLC(Coca Cola Tajikistan)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26

(1) Subsidiaries of Efes Moscow.
(2) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa and Tarbes.
(3) Shares of CCİ are currently traded on BIST.
(4) In July 2016, investment in Efes Moscow increased to 100% from 99,93%, as a result of exercising call option for Efes Moscow's 0,07% shares. Investment in LLC Vostok Solod and LLC Efes Solod also increased to 100% accordingly.
(5) In July 2016, investment in Efes Moldova increased to 96,85% from 96,83% as a result of shares purchase from other shareholders.
(6) In November 2016, the Company purchased non-controlling interest of Tarbes and its investment in Tarbes increased to 100% from 99,75% accordingly its investment in AETMC increased to 100% .
(7) The total shares of EHTMC are transferred to EBI from AETMC in November 2016. This transaction was accounted as business combinations under common control in the consolidated financial statements.
(8) Anadolu Efes and 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.

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.

The Group management assessed the effects of deterioration in macroeconomic conditions in Ukraine, devaluation of Ukrainian Hryvnya, ongoing political instability and military operations in the region. Consequently, the Group management did not anticipate any impairment related with the carrying value of International Beer in consolidated interim financial statements (31 December 2015: None)

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Interim 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. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

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. As a result of the structure of subsidiaries and joint ventures located in foreign countries and the fact that some foreign subsidiaries and joint ventures carry out their transactions mostly in Euro (EURO), US Dollars (USD) and other other currencies more than in any other currency, those foreign subsidiaries or joint ventures have adopted EURO, USD and other currencies as their functional currencies.

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

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

Functional Currency of Significant Subsidiaries Located in Foreign Countries

Subsidiary	**Local Currency**	**Functional Currency**	
		2016	2015
EBI	EURO	**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
AETMC	EURO	**EURO**	EURO
EHTMC	EURO	**EURO**	EURO
Efes Germany	EURO	**EURO**	EURO
CCI Holland	EURO	**USD**	USD
Almaty CC	KZT	**USD**	USD
Azerbaijan CC	Azerbaijani Manat (AZM)	**USD**	USD
Bishkek CC	Kyrgyz Som (KGS)	**USD**	USD
CCBPL	Pakistan Rupee (PKR)	**PKR**	PKR
CCBL	Iraqi Dinar (IQD)	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**USD**	USD
Jordan CC	Jordan Dinar (JOD)	**USD**	USD
Turkmenistan CC	Turkmenistan Manat (TMT)	**USD**	USD
Coca-Cola Tajikistan	Somoni (TJS)	**USD**	USD

2.3 Changes in Accounting Policies

The consolidated financial statements of the Group for the year ended December 31, 2016 have been prepared in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2015.

Adoption of new and revised International Financial Reporting Standards

Standards, amendments and interpretations applicable as at 31 December 2016:

- IFRS 14, ‘Regulatory deferral accounts’, effective from annual periods beginning on or after 1 January 2016.

- Annual improvements 2014, effective from annual periods beginning on or after 1 January 2016. These set of amendments impacts 4 standards:

  - IFRS 5, ‘Non-current assets held for sale and discontinued operations’ regarding methods of disposal.
  - IFRS 7, ‘Financial instruments: Disclosures’, (with consequential amendments to IFRS 1) regarding servicing contracts.
  - IAS 19, ‘Employee benefits’ regarding discount rates.
  - IAS 34, ‘Interim financial reporting’ regarding disclosure of information.

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

2.3 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations applicable as at 31 December 2016 (continued):

- Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

- Amendments to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The product growing on bearer plants will remain within the scope of IAS.

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. This amendment has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016.

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

- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports.

Standards, amendments and interpretations effective after 1 January 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.

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

2.3 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations effective after 31 December 2016 (continued)

- Amendments IAS 12, 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

- 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.

- IFRS 9, 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

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

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

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

2.3 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations effective after 31 December 2016 (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.

- 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, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

    - 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.

    - 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.

    - 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.

The Group is in the process of assessing the effects of the new standards on the consolidated financial statements.

2.4 Changes in Accounting Estimates

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.

2.5 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.

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

2.6 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.

2.7 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.

2.8 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 FINANCIAL STATEMENTS (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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
Furniture and fixtures	3-15 years
Vehicles	3-10 years
Returnable bottles and cases	5-10 years
Other tangible assets	2-12 years

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

2.13 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 27).

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

Expenses for repair and maintenance of property, plant and equipment are normally charged to the 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.

2.14 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. The brands are tested for impairment annually.

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

2.14 Other Intangible Assets (continued)

b) Bottlers and Distribution Agreement

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 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.

2.15 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)

2.15 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.

2.16 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.

2.17 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)

2.18 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

	2016	2015
The Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**15%**	15%
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Krygyzstan	**10%**	10%
Pakistan	**32%**	33%
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.

2.19 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.

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

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

2.19 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.

2.20 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.

2.21 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, 2016	**3,5192**	**3,7099**
December 31, 2015	2,9076	3,1776

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)

2.22 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.

2.23 Dividends Payable

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

2.24 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.

2.25 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.

2.26 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.

2.27 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), which is conducted by the Company; International Beer Operations (International Beer), which is conducted by EBI; and Soft Drinks Operations (Soft Drinks) which is conducted by CCİ.

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)

2.28 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.

2.29 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.

2.30 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)

2.30 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 Company 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.

2.31 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 obsolescence 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, 2015, 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)

2.31 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 0,86% - 3,00% (December 31, 2015 – 0,86% - 3,00%) and after tax discount rate is between 7,76% and 17,50% (December 31, 2015 – 9,57%- 17,46%).

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 21).

e) The discount rates related with retirement pay liability are actuarial assumptions determined with future salary increase and the employee's turnover rates (Note 20).

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 31).

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2016

Tarbes Merger Through Acquisition

Anadolu Efes and Tarbes have been merged with assets and liabilities fully transferred without increasing capital as of December 30, 2016.

Transactions Related with 2015

None.

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

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING 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 TRL30.740 (December 31, 2015 – TRL60.605), of which TRL30.433 (December 31, 2015 – TRL60.358) 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 TRL5.554.521 (December 31, 2015 – TRL4.865.449), of which TRL5.550.646 (December 31, 2015 – TRL4.862.512) is related with equity of CCİ attributable to non-controlling interests.

In 2016, total dividend declared to non-controlling interests is amounting to TRL15.628 as disclosed in the consolidated statement of changes in equity (December 31, 2015 – TRL50.030). TRL14.931 of this amount has been paid by CCİ to non-controlling interests (December 31, 2015 – TRL49.855).

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:

	2016	2015
Net cash generated from operating activities	**1.158.856**	874.488
Net cash used in investing activities	**(516.582)**	(703.693)
Net cash generated from financing activities	**(198.066)**	(7.495)
Currency translation adjustment	**19.687**	81.946
Net increase / (decrease) in cash and cash equivalents	**463.895**	245.246

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) which is conducted by the Company, International Beer Operations (International Beer) which is conducted by EBI and Soft Drinks Operations (Soft Drinks) which is conducted by CCİ.

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.

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

NOTE 5. SEGMENT REPORTING (continued)

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

	Turkey Beer	**International Beer**	**Soft Drinks**	**Other (2) and Eliminations**	**Total**
1 January - 31 December 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**
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**
1 January - 31 December 2015					
Revenues	1.484.802	1.971.636	6.723.866	40.434	10.220.738
Inter-segment revenues	(14.893)	(599)	(100)	-	(15.592)
Total Revenues	1.469.909	1.971.037	6.723.766	40.434	10.205.146
EBITDA (1)	433.063	307.424	1.051.382	(45.410)	1.746.459
Profit / (loss) for the period	(49.041)	(135.096)	126.653	(79.670)	(137.154)
Capital expenditures	136.982	125.324	828.681	792	1.091.779

2016	**Turkey Beer**	**International Beer**	**Soft Drinks**	**Other (2) and Eliminations**	**Total**
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**
2015					
Segment assets	7.956.706	4.331.652	8.945.762	809.970	22.044.090
Segment liabilities	2.638.080	915.941	4.804.259	1.112.305	9.470.585
Investment in associates	-	-	-	66.685	66.685

(1) EBITDA calculation of CCI is revised in compliance with the CMB’s communique No. II .14.1.
(2) 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 Operating Profit/Loss before Finance Income / Expense and its components as of December 31, 2016 and 2015 are as follows:

	2016	2015
EBITDA (1)	**1.768.747**	1.746.459
Depreciation and amortization expenses	**(790.670)**	(737.194)
Provision for retirement pay liability	**(20.070)**	(17.577)
Provision for vacation pay liability	**(9.908)**	(5.207)
Foreign exchange gain/loss from operating activities	**(3.903)**	(54.010)
Rediscount interest income/expense from operating activities	**(35)**	22
Other	**(4.221)**	(3.616)
PROFIT/ (LOSS) FROM OPERATIONS	**939.940**	928.877
Investment Activity Income	**29.510**	6.241
Investment Activity Expenses	**(90.804)**	(9.564)
Income/(Loss) from Associates	**(23.530)**	(15.690)
OPERATING PROFIT/ (LOSS) BEFORE FINANCE EXPENSE	**855.116**	909.864

NOTE 6. CASH AND CASH EQUIVALENTS

	2016	2015
Cash on hand	**3.480**	2.845
Bank accounts		
- Time deposits	**2.133.510**	1.632.557
- Demand deposits	**599.788**	247.132
Other	**3.225**	5.500
Cash and cash equivalents in cash flow statement	**2.740.003**	1.888.034
Interest income accrual	**5.261**	3.425
	2.745.264	1.891.459

As of December 31, 2016, annual interest rates of the TRL denominated time deposits vary between 6,50% and 11,50% (December 31, 2015 - %8,00 - %14,00) and annual interest rates of the USD, EURO, denominated and other time deposits vary between 0,02% and 14,15% (December 31, 2015- annual interest rates of the USD, EURO denominated and other time deposits vary between 0,2% - 12,50%).

As of December 31, 2016, there is no cash deposit pledged as collateral by the Group (December 31, 2015 - None).

As of December 31, 2016, the Group has designated its bank deposits amounting to TRL731.323, equivalent of thousand USD182.243, thousand EURO21.062 and thousand RUR 204.035 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2015 - TRL370.128, equivalent of thousand USD96.931, thousand EURO26.000, and thousand RUR 142.221).

NOTE 7. FINANCIAL INVESTMENTS

Short-term Financial Investments

	2016	2015
Time deposits with maturity more than three months	**11.036**	151

As of December 31, 2016 time deposits with maturities over 3 months made for 206 and 262 days period, are denominated in USD and KZT and interest rates are 2,00% and 10,00% respectively (December 31,2015 – USD, 206 days, 2,00%).

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

NOTE 8. SHORT AND LONG TERM BORROWINGS

As of December 31, 2016, total borrowings consist of principal (finance lease obligations included) amounting to TRL6.150.756 (December 31, 2015– TRL5.353.534) and interest expense accrual amounting to TRL32.517 (December 31, 2015 – TRL29.682). As of December 31, 2016 and December 31, 2015, total amount of borrowings and the effective interest rates are as follows:

	2016			2015		
	Amount	**Fixed rate**	**Floating rate**	Short-term	Fixed rate	Floating rate
Current Borrowings						
TRL denominated borrowings	61	-	-	3.962	-	-
Foreign currency denominated borrowings (USD)	-	-	-	58.152	-	Libor + 2,00%
Foreign currency denominated borrowings (EUR)	8.570	3,00%	Euribor + 2,75%	13.055	3,50%	Euribor + 2,75% - Euribor + 2,95%
Foreign currency denominated borrowings (Other)	109.123	8,88%	Kibor + 0,25% - Kibor+ 0,50%	190.643	8,88%	Kibor + 0,40% - Kibor+ 0,50%
	117.754			265.812		
Current Portion of Non-Current Borrowings						
Foreign currency denominated borrowings (USD)	103.035	3,38% - 4,75%	Libor + 2,00%	100.509	3,38% - 4,75%	Libor + 2,00% - Libor+ 2,10%
Foreign currency denominated borrowings (EUR)	273.640	-	Euribor + 0,80% - Euribor + 2,35%	378.272	-	Euribor + 1,25% - Euribor + 2,35%
Foreign currency denominated borrowings (Other)	6.441	6,00%	-	-	-	-
	383.116			478.781		
	500.870			744.593		
Long-term						
Long-Term Borrowings						
Foreign currency denominated borrowings (USD)	4.796.970	3,38% - 4,75%	Libor + 2,00%	4.018.970	3,38% - 4,75%	Libor + 2,0%
Foreign currency denominated borrowings (EUR)	860.031	-	Euribor + 0,80% - Euribor + 2,35%	593.957	-	Euribor + 1,50%- Euribor + 2,00%
Foreign currency denominated borrowings (Other)	25.402	6,00%	-	25.696	6,00%	-
	5.682.403			4.638.623		
	6.183.273			**5.383.216**		

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

NOTE 8. SHORT AND LONG TERM BORROWINGS (continued)

Repayments of long-term borrowings are scheduled as follows:

	2016	2015
Between 1 -2 year	**2.664.559**	251.893
Between 2-3 year	**308.217**	2.046.254
Between 3-4 year	**532.457**	104.521
Between 4-5 year	**-**	443.076
5 year and more	**2.177.170**	1.792.879
	5.682.403	4.638.623

Lessee - Finance Lease

Properties leased by the Group include buildings, machinery and equipment, motor vehicles and furniture and fixtures. The most significant obligations assumed under the lease terms, other than rental payments, are the upkeep of the facilities, insurance and property taxes. Lease terms generally range from 3 to 25 years with options to renew at varying terms.

As of December 31, 2016 and 2015, the costs of the property plant and equipment obtained by finance lease are TRL64.143 and TRL66.134, respectively whereas net book values are TRL1.275 and TRL1.488, respectively.

Lessee - Operating Lease

The Group has operational leasing agreements with Çelik Motor Ticaret A.Ş., a related party of the Group.

NOTE 9. DERIVATIVE INSTRUMENTS

As of December 31, 2016, CCİ has 4 aluminum swap transactions with a total nominal amount of TRL12.379 (December 31, 2015– TRL54.283) for 2.220 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 (Note 35).

As of December 31, 2016, CCİ has 4 option transactions in which CCI acquired the right to purchase 6.300 tonnes of aluminum at USD1.650 per tonne to hedge its financial risk arising from the cash flows between 2017 and 2018 metal box purchases.

As of December 31, 2016 the Group has 1 foreign currency forward transaction with a total nominal amount of TRL17.596. This forward contract is designated as hedging instruments as of November 30, 2016 in cash flow hedges related to forecasted cash flow for the highly probable purchases of raw materials exposed to foreign currency risk (Note 35).

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.

	2016		2015	
	Nominal Value	**Fair Value Asset / (Liabilities)**	Nominal Value	Fair Value Asset / (Liabilities)
Commodity swap contracts	**12.379**	**1.058**	54.283	(7.812)
Forward contracts	**17.596**	**349**	101.765	(3.305)
	29.975	**1.407**	156.048	(11.117)

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

NOTE 10. TRADE RECEIVABLES AND PAYABLES

a) Short-term Trade Receivables

	2016	2015
Short term trade receivables from third parties	**1.182.438**	1.034.104
Long term trade receivables from third parties	**1.278**	1.038
Trade receivables from related parties (Note 33)	**131.499**	106.089
Notes and cheques receivables	**48.125**	36.089
Provision for doubtful receivables (-)	**(42.428)**	(36.819)
	1.320.912	1.140.501

The movement of provision for doubtful receivables as of December 31, 2016 and 2015 is as follows:

	2016	2015
Balance at January 1	**36.819**	27.816
Current year provision	**6.897**	12.455
Provisions no longer required	**(4.971)**	(2.705)
Write-offs from doubtful receivables	**(640)**	(846)
Currency translation differences	**4.323**	99
Balance at December 31	**42.428**	36.819

a) Long-term Trade Receivables

	2016	2015
Short term trade payables to third parties	**1.175.351**	892.319
Long term trade payables to third parties	**26.425**	21.305
Trade payables to related parties (Note 33)	**25.888**	22.296
Accrued expenses	**82.983**	107.724
	1.310.647	1.043.644

NOTE 11. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	2016	2015
Receivables from tax office	**20.390**	16.637
Due from personnel	**15.376**	12.259
Other	**63.327**	28.661
	99.093	**57.557**

b) Other Non-Current Receivables

	2016	2015
Deposits and guarantees given	**11.010**	10.062
Other	**3.495**	10.945
	14.505	21.007

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

NOTE 11. OTHER RECEIVABLES AND PAYABLES (continued)

c) Other Current Payables

	2016	2015
Taxes other than on income	**481.372**	496.485
Deposits and guarantees taken	**175.848**	145.649
Other	**4.426**	4.644
	661.646	646.778

d) Other Non-Current Payables

As of December 31, 2016, other non-current payables consists of deposits and guarantees taken amounting to TRL301.549 (December 31, 2015 – TRL264.564).

NOTE 12. INVENTORIES

	2016	2015
Finished and trade goods	**330.230**	387.216
Work-in-process	**90.197**	86.782
Raw materials	**356.663**	409.279
Packaging materials	**101.216**	116.225
Supplies	**77.475**	63.457
Bottles and cases	**61.789**	26.444
Other	**32.480**	28.933
Reserve for obsolescence (-)	**(19.058)**	(15.421)
	1.030.992	1.102.915

The movement of reserve for obsolescence as of December 31, 2016 and 2015 is as follows:

	2016	2015
Balance at January 1	**15.421**	4.454
Current year provision	**7.938**	14.459
Provisions no longer required	**(3.746)**	-
Inventories written-off	**(3.086)**	(3.906)
Currency translation differences	**2.531**	414
Balance at December 31	**19.058**	15.421

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

NOTE 13. PREPAID EXPENSES

a) Short Term Prepaid Expenses

	2016	2015
Prepayments	**343.512**	323.288
Advances given to suppliers	**81.965**	82.776
	425.477	**406.064**

b) Long Term Prepaid Expenses

	2016	2015
Prepayments	**159.748**	176.309
Advances given to suppliers	**17.919**	16.606
	177.667	192.915

c) Short Term Deferred Income

	2016	2015
Advances taken	**32.385**	30.610
Deferred Income	**1.068**	1.255
	33.453	31.865

d) Long Term Deferred Income

	2016	2015
Deferred Income	**544**	1.581
	544	1.581

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

NOT 14. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	2016		2015	
	Ownership	**Amount**	Ownership	Amount
Anadolu Etap	**33,33%**	**58.406**	33,33%	66.685
SSDSD (1) (2)	**25,13%**	**-**	25,13%	-
		58.406		66.685

Relating to investment in associates, total assets and liabilities as of December 31, 2016 and 2015 and profit/ (loss) for the period of as of December 31, 2016 and 2015 are as follows:

	Anadolu Etap		**SSDSD**	
	2016	2015	**2016**	2015
Total Assets	**289.221**	193.984	**713**	1.179
Total Liabilities	**230.815**	127.299	**1.621**	6.878
Net Assets	**58.406**	66.685	**(908)**	(5.699)

	Anadolu Etap		**SSDSD**	
	2016	2015	**2016**	2015
Group's Share of Profit/(Loss) for the period	**(22.354)**	(14.774)	**(1.176)**	(916)

The movement of investments in associates for the years ended as of December 31, 2016 and 2015 are as follows:

	2016	2015
Balance at January 1	**66.685**	72.517
Income / Loss from associates	**(23.530)**	(15.690)
Other	**1.176**	916
Capital increase (3)	**14.075**	8.942
Balance at December 31	**58.406**	66.685

(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) As of December 31, 2016, shareholder loans amounting to USD3 million (share of the Group amounting to USD1,5 million) , which is given by the shareholders of SSDSD according to their percentage of shares are deducted from the accumulated losses of SSDSD and converted into capital.

(3) Capital increase provided to Anadolu Etap.

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

NOT 15. INVESTMENT PROPERTIES

Cost	**2015**	**Additions**	**Disposals**	**Currency translation differences**	**Transfers**	**2016**
Land and land improvements	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 and land improvements	-	-	-	-	-	-
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**

Cost	**2014**	**Additions**	**Disposals**	**Currency translation differences**	**Transfers**	**2015**
Land and land improvements	10.460	-	-	(729)	3.720	13.451
Buildings	115.449	-	-	(3.707)	-	111.742
Construction in progress	4.223	-	-	255	(3.720)	758
	130.132	**-**	**-**	**(4.181)**	**-**	**125.951**
Accumulated depreciation(-)						
Land and land improvements	-	-	-	-	-	-
Buildings	53.054	2.697	-	(2.098)	-	53.653
Construction in progress	-	-	-	-	-	-
	53.054	**2.697**	**-**	**(2.098)**	**-**	**53.653**
Net book value	**77.078**					**72.298**

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

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

For the years ended December 31, 2016 and 2015, the additions and disposals 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(-)							
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**

As of December 31, 2016; there is no borrowing cost capitalized on construction in progress (December 31, 2015 – TRL5.843).

As of December 31, 2016, there is a pledge on property, plant and equipment of TL 102.122 (December 31, 2015 - TL 84.373) for loans of CCİ. This amount is disclosed in Commitments and Contigencies note under guarantees, pledges and mortgages (GPMs) table (Note 19).

(*) There are transfers to other intangible assets amounting to TRL1.538 in 2016. (December 31, 2015 – there are transfers amounting to TRL562 to other intangible assets).
(**) As at December 31, 2016 depreciation amounting to TRL(639) is related to inventories (2015 – TRL1.535) (Note 25).

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

NOTE 16. PROPERTY, PLANT AND EQUIPMENT (continued)

Cost	**2014**	**Additions (**)**	**Disposals**	**Currency translation differences**	**Impairment / (Impairment Reversal), Net**	**Transfers (*)**	**2015**
Land and land improvements	476.050	968	(373)	23.146	-	9.890	**509.681**
Buildings	1.454.499	44.215	(1.569)	95.608	-	244.265	**1.837.018**
Machinery and equipment	4.091.386	147.187	(104.327)	377.556	-	448.217	**4.960.019**
Vehicles	138.353	17.006	(20.994)	17.524	-	3.605	**155.494**
Other tangibles	2.278.483	327.546	(176.339)	(18.900)	-	82.659	**2.493.449**
Leasehold improvements	32.762	376	(706)	(580)	-	-	**31.852**
Construction in progress	475.582	533.870	(15)	72.214	-	(789.927)	**291.724**
	8.947.115	**1.071.168**	**(304.323)**	**566.568**	**-**	**(1.291)**	**10.279.237**
Accumulated depreciation(-)							
Land and land improvements	51.425	8.147	(373)	(504)	-	-	**58.695**
Buildings	314.092	55.750	(236)	9.619	85	(576)	**378.734**
Machinery and equipment	1.908.267	278.761	(96.403)	71.334	4.204	-	**2.166.163**
Vehicles	54.564	20.901	(18.433)	8.352	-	46	**65.430**
Other tangibles	1.071.658	344.811	(159.591)	18.870	3.743	(199)	**1.279.292**
Leasehold improvements	8.950	6.340	(244)	(31)	-	-	**15.015**
	3.408.956	**714.710**	**(275.280)**	**107.640**	**8.032**	**(729)**	**3.963.329**
Net book value	**5.538.159**						**6.315.908**

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

NOTE 17. OTHER INTANGIBLE ASSETS

For the years ended December 31, 2016 and 2015, the additions and disposals on other 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 (-)							
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. OTHER INTANGIBLE ASSETS (continued)

Cost	2014	Additions	Disposals	Currency translation differences	Impairment / (Impairment Reversal), Net	Transfers	2015
Bottling contracts	6.934.032	-	-	585.363	-	-	**7.519.395**
Licence agreements	859.851	-	-	(30.649)	-	-	**829.202**
Brands	380.433	-	-	46.209	-	-	**426.642**
Rights	38.465	2.291	-	29	-	522	**41.307**
Other intangible assets	78.829	18.320	(71)	(309)	-	40	**96.809**
	8.291.610	**20.611**	**(71)**	**600.643**	**-**	**562**	**8.913.355**
Accumulated amortization (-)							
Bottling contracts	-	-	-	-	-	-	**-**
Licence agreements	-	-	-	-	-	-	**-**
Brands	-	-	-	-	-	-	**-**
Rights	21.461	5.821	-	(272)	-	-	**27.010**
Other intangible assets	33.255	12.431	(32)	(358)	-	-	**45.296**
	54.716	**18.252**	**(32)**	**(630)**	**-**	**-**	**72.306**
Net book value	**8.236.894**						**8.841.049**

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

NOTE 18. GOODWILL

For the years ended December 31, 2016 and 2015, movements of the goodwill during the period are as follows:

	2016	2015
Balance at January 1	**1.334.738**	1.232.465
Impairment (Note 28)	**(54.051)**	-
Currency translation differences	**394.531**	102.273
Balance at December 31	**1.675.218**	1.334.738

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 TRY54.051 in accordance with IFRS 3 "Business Combinations".

	Turkey Beer	**International Beer**	**Soft Drinks**	**Other**	**Total**
2016	**50.099**	**935.229**	**689.890**	**-**	**1.675.218**
2015	50.099	659.336	625.303	-	**1.334.738**

NOTE 19. COMMITMENTS AND CONTINGENCIES

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

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

	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	**550.512**	**429.549**	**226**	**1.339**	**5.996**	**31.814**	**2.667.385**	**21.006**
B. GPMs given in favor of subsidiaries included in full consolidation (1)	**504.540**	**-**	**35.075**	**83.510**	**-**	**-**	**1.177.705**	**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	**1.066.521**	**441.018**	**35.301**	**84.849**	**5.996**	**31.814**	**3.845.089**	**52.679**
Ratio of other GPMs over the Company's equity (%)	**0,1**							

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

NOTE 19. COMMITMENTS AND CONTINGENCIES (continued)

	2015							
	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	431.235	336.120	168	2.373	-	22.389	2.667.000	10.238
B. GPMs given in favor of subsidiaries included in full consolidation (1)	712.135	-	93.000	106.430	-	-	2.800.285	25.696
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	10.849	10.849	-	-	-	-	-	-
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)	10.849	10.849	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	1.154.219	346.969	93.168	108.803	-	22.389	5.467.285	35.934
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, 2016, CCBPL has USD 0,1 million sugar purchase commitment from the Banks until the end of March 2017 and has USD 29,8 million sugar purchase commitment from the Banks until the end of December 2017.

Operational Lease

As of December 31, 2016, the Group's contingent liability, for the following years resulting from the non-cancellable operational lease agreements is amounting to TRL40.133 (December 31, 2015 – TRL41.364).

Tax and Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve 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.

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

NOTE 20. EMPLOYEE BENEFITS

a) Employee Benefits Obligations

As of December 31, 2016 and 2015, employee benefits obligations are as follows:

	2016	2015
Payables to personnel	**12.967**	13.863
Social security and withholding tax liabilities	**41.109**	33.834
	54.076	47.697

b) Short Term Provision for Employee Benefits

As of December 31, 2016 and 2015, short term provision for employee benefits are as follows:

	2016	2015
Provision for vacation pay liability	**30.533**	25.904
Management bonus accrual	**58.527**	44.509
Other short-term employee benefits	**40.021**	21.357
	129.081	91.770

As of December 31, 2016 and 2015, the movement of provision for vacation pay liability is as below:

	2016	2015
Balance at January 1	**25.904**	31.949
Payments and used vacations	**(9.552)**	(11.761)
Current year provision	**9.908**	5.207
Currency translation differences	**4.273**	509
	30.533	25.904

As of December 31, 2016 and 2015, the movement of management bonus accruals is as below:

	2016	2015
Balance at January 1	**44.509**	44.075
Payments	**(84.753)**	(80.057)
Current year provision	**85.745**	79.019
Currency translation differences	**13.026**	1.472
	58.527	44.509

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

NOTE 20. EMPLOYEE BENEFITS (continued)

b) Long Term Provision for Employee Benefits

	2016	2015
Employment termination benefits	**106.935**	91.345
Long term incentive plans	**9.332**	7.757
	116.267	99.102

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, 2016 is subject to a ceiling of full TRL4.297 (December 31, 2015 – full TRL3.828) (Retirement pay liability ceiling has been increased to full TRL4.426 as of January 1, 2017). In the consolidated financial statements as of December 31, 2016 and 2015, 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 3,35% and 4,30% (December 31, 2015 – 2,9% – 3,7%).

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

	2016	2015
Balance at January 1	**91.345**	86.013
Payments	**(13.410)**	(15.684)
Interest cost	**4.275**	3.631
Current year provision	**15.795**	13.946
Actuarial loss	**8.930**	3.439
	106.935	91.345

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

	2016	2015
Balance at January 1	**7.757**	8.256
Payments	**(18.085)**	(17.780)
Interest cost	**703**	670
Current year provision	**19.214**	16.222
Actuarial loss	**423**	389
Currency translation differences	**(680)**	-
	9.332	7.757

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employment termination benefits, amounting to TRL9.859 was reflected to other comprehensive income (December 31, 2015 – TRL7.770).

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

NOTE 21. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	2016	2015
Value Added Tax (VAT) deductible or to be transferred	**239.553**	259.315
Other	**11.830**	5.057
	251.383	264.372

b) Other Non-Current Assets

	2016	2015
Deferred VAT and other taxes	**56.948**	26.134
Other	**59**	146
	57.007	26.280

c) Other Current Liabilities

	2016	2015
Put option liability	**8.305**	6.862
Other	**12.738**	13.599
	21.043	20.461

d) Other Non-Current Liabilities

	2016	2015
Put option liability	**111.151**	115.749
Deferred VAT and other taxes	**55.269**	25.403
	166.420	141.152

The obligation of TL 8.305 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 Refreshment (ER), ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V. The Group's share of the put option liability amounting to TRL111.151 is recorded under "other non-current liabilities" (December 31, 2015– TRL115.749).

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

NOTE 22. EQUITY

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

	2016	2015
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, 2016 and 2015 are given at Note 1 – Group's Organization and Nature of Activities.

As of December 31, 2016 and 2015, 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 TRL3.208.905 as of December 31, 2016.

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. (The Group distributed dividend in 2015, related with the year ended as of December 31, 2014, for a gross amount of full TRL0,46 per share, amounting to a total of TRL272.368).

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

NOTE 22. EQUITY (Continued)

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

For December 31, 2016 and 2015, nominal amounts, equity restatement differences and restated value of equity are as follows:

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	**66.825**	**25.831**	**92.656**
	962.344	**164.143**	**1.126.487**
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)**
- Revaluation and Remeasurement Gain/Loss			***(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 for the period)			**3.392.556**
Equity attributable to equity holders of the parent			**9.262.501**

2015	**Nominal Amount**	**Equity Restatement Differences**	**Restated Amount**
Issued capital	592.105	63.583	655.688
Legal reserves	282.836	74.697	357.533
Extraordinary reserves	226.407	26.091	252.498
	1.101.348	164.371	1.265.719
Share Premium (Discount)			3.137.684
Put Option Revaluation Fund Related with Non-controlling Interests			5.795
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss			(15.128)
- Revaluation and Remeasurement Gain/Loss			*(15.128)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			80.543
- Currency Translation Differences			*48.156*
- Gains (Losses) on Hedge			*32.387*
Other Reserves			(235.742)
Prior Years' Profits or Losses (Including net income for the period)			3.469.185
Equity attributable to equity holders of the parent			7.708.056

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

NOTE 23. SALES AND COST OF SALES

Revenues	**2016**	2015
Domestic revenues	**4.940.392**	4.754.007
Foreign revenues	**5.479.865**	5.451.139
Total sales, net	**10.420.257**	10.205.146
Cost of Sales		
Current year purchases and net change in inventory	**5.074.847**	4.872.831
Depreciation and amortization expense on PP&E and intangible assets	**430.782**	396.048
Personnel expenses	**295.865**	284.544
Utility expenses	**189.472**	196.083
Provision for retirement pay liability	**6.172**	5.110
Other expenses	**210.296**	263.832
Total cost of sales	**6.207.434**	6.018.448
Gross Operating Profit	**4.212.823**	4.186.698

NOTE 24. OPERATING EXPENSES

a) General and Administrative Expenses

	2016	2015
Personnel expenses	**395.870**	404.990
Service rendered from outside	**143.220**	139.718
Depreciation and amortization expense on PP&E and intangible assets	**56.414**	56.354
Rent expense	**46.022**	41.894
Taxation (other than on income) expenses	**27.101**	29.357
Insurance expenses	**21.075**	25.016
Utilities and communication expenses	**16.658**	19.419
Repair and maintenance expenses	**7.644**	7.593
Provision for retirement pay liability	**10.077**	6.441
Provision for unused vacation	**4.197**	2.169
Other expenses	**112.949**	116.080
	841.227	849.031

b) Selling, Distribution and Marketing Expenses

	2016	2015
Advertising, selling and marketing expenses	**868.460**	846.191
Personnel expenses	**512.469**	502.062
Transportation and distribution expenses	**474.633**	469.639
Depreciation and amortization expense on PP&E and intangible assets	**284.369**	268.016
Rent expense	**40.773**	40.130
Repair and maintenance expenses	**33.637**	32.899
Utilities and communication expenses	**28.586**	29.648
Provision for retirement pay liability	**3.817**	6.026
Other expenses	**147.019**	149.746
	2.393.763	2.344.357

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

NOTE 25. EXPENSES BY NATURE

a) Depreciation and Amortization Expenses

	2016	2015
Cost of sales	**(430.782)**	(396.048)
Marketing, selling and distribution expenses	**(284.369)**	(268.016)
General and administration expenses	**(56.414)**	(56.354)
Inventories	**(639)**	1.535
Other operating expenses	**(19.105)**	(16.776)
	(791.309)	(735.659)

b) Personnel Expenses

	2016	2015
Cost of sales	**(295.865)**	(284.544)
Marketing, selling and distribution expenses	**(512.469)**	(502.062)
General and administration expenses	**(395.870)**	(404.990)
	(1.204.204)	(1.191.596)

NOTE 26. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	2016	2015
Foreign exchange gains arising from operating activities	**122.744**	89.257
Income from scrap and other materials	**26.442**	20.966
Rent income	**8.324**	6.411
Insurance compensation income	**7.131**	2.049
Rediscount income	**1.179**	1.729
Other income	**122.438**	40.312
	288.258	160.724

b) Other Operating Expenses

	2016	2015
Foreign exchange losses arising from operating activities	**(126.647)**	(143.267)
Depreciation and amortization expense on PP&E and intangible assets	**(19.104)**	(16.777)
Donations	**(3.663)**	(4.142)
Rediscount expense	**(1.214)**	(1.707)
Other expenses	**(53.315)**	(59.264)
	(203.943)	(225.157)

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

NOTE 27. INVESTMENT ACTIVITY INCOME

a) Income from Investing Activities

	2016	2015
Gain on sale of fixed assets	**13.972**	6.075
Reversal of impairment on property, plant and equipment (Note 16)	**453**	166
	14.425	6.241

NOTE 28. INVESTMENT ACTIVITY EXPENSES

b) Expense from Investing Activities

	2016	2015
Provision for impairment on tangible assets (Note 16)	**(28.761)**	(8.198)
Loss on sale of fixed assets	**(7.585)**	(1.366)
Provision for impairment on intangible assets (Note 17)	**(264)**	-
Impairment on goodwill (Note 18)	**(54.051)**	-
Loss on sale of intangible assets	**(143)**	-
	(90.804)	(9.564)

NOTE 29. FINANCE INCOME

a) Finance Income

	2016	2015
Foreign exchange gain	**727.294**	702.312
Interest income	**81.142**	81.600
Gain on derivative transactions	**24.090**	183
	832.526	784.095

NOTE 30. FINANCE EXPENSE

b) Finance Expense

	2016	2015
Foreign exchange loss	**(1.368.249)**	(1.544.021)
Interest expense	**(211.610)**	(220.098)
Borrowing costs	**(661)**	(661)
Loss on derivative transactions	**(28.337)**	(1.355)
Other financial expenses	**(25.821)**	(26.778)
	(1.634.678)	(1.792.913)

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

NOTE 31. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 20% in Turkey (31 December 2015 - 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 2015 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

According to the Turkish Tax Law, corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years. In Turkey, the tax legislation does not permit to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis. Expiration schedule of carry forward tax losses is as follows:

The main components of tax income and expenses as of December 31, 2016 and 2015 are as follows:

	2016	2015
Current period tax expense	**(84.927)**	(111.579)
Deferred tax income / (expense), net	**(8.092)**	73.379
	(93.019)	(38.200)

	2016	2015
Prepaid corporate tax	**124.324**	80.301
Provision for corporate tax	**1.441**	8.174

As of December 31, 2016 and 2015, the reconciliation of theoretical income tax calculated with the tax rates used in the countries that Anadolu Efes operates in and total income tax is as follows:

	2016	2015
Consolidated profit before tax	**52.964**	(98.954)
Effect of associate income net off tax	**23.530**	15.690
Taxable profit	**76.494**	(83.264)
Enacted tax rate	**20%**	20%
Tax calculated at the parent company tax rate	**(15.299)**	16.653
Tax effect of non-deductible expenses	**(13.832)**	(3.141)
Tax effect of goodwill impairment	**(10.810)**	-
Tax effect of income excluded from tax bases	**84**	482
Effect of different tax rates	**(970)**	3.369
Deffered tax effect of translation on non-monetary items	**(7.497)**	(27.110)
Impact of tax base increase regarding law no 6736 (1)	**(21.276)**	-
Other	**(23.419)**	(28.453)
	(93.019)	(38.200)

(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 31. TAX ASSETS AND LIABILITIES (continued)

As of December 31, 2016 and 2015 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		**Liabilities**		**Net**	
	2016	2015	**2016**	2015	**2016**	2015
PP&E and intangible assets	**-**	-	**(2.142.349)**	(1.961.892)	**(2.142.349)**	(1.961.892)
Inventories	**30.176**	25.221	**-**	-	**30.176**	25.221
Carry forward losses	**452.517**	371.004	**-**	-	**452.517**	371.004
Retirement pay liability and other employee benefits	**5.819**	17.232	**-**	-	**5.819**	17.232
Receivables and payables	**77.191**	54.193	**-**	-	**77.191**	54.193
Unused investment discounts	**24.648**	21.004	**-**	-	**24.648**	21.004
Derivative financial instruments	**(19.059)**	4.665	**-**	-	**(19.059)**	4.665
Other	**13.915**	18.439	**-**	-	**13.915**	18.439
	585.207	511.758	**(2.142.349)**	(1.961.892)	**(1.557.142)**	(1.450.134)

As of December 31, 2016 and 2015, the movement of deferred tax liability is as follows:

	2016	2015
Balance at January 1	**(1.450.134)**	(1.480.231)
Recorded to the consolidated income statement	**(8.092)**	73.379
Recognized in other comprehensive income	**(14.806)**	(4.674)
Unused provisions		(657)
Currency translation adjustment	**(84.110)**	(37.951)
Balance at December 31	**(1.557.142)**	(1.450.134)

As a result of the Group management's assessment that sufficient taxable income will be generated and such carried losses will be utilized until 2025, deferred tax asset amounting to TRL452.517 has been recognized.

As of December 31, 2016, TRL394 tax advantage is recognized from the future tax advantage of the incentives used for Bursa mineral water, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin and İzmir production line investments (As of December 31, 2015 tax advantage has not been calculated since the Company was in statutory loss).

NOTE 32. 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:

	2016	2015
Profit / (loss) for the period	**(70.795)**	(197.759)
Weighted average number of shares	**592.105.263**	592.105.263
Earnings/ (losses) per share (full TRL)	**(0,1196)**	(0,3340)

There have been no other transactions involving ordinary shares or potential ordinary shares between the financial statement date and the date of approval of these financial statements.

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

NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Bank Balances with Related Parties

Due from Related Parties

	2016	2015
Migros Ticaret A.Ş. (4) (6) (7)	**130.907**	104.697
Anadolu Vakfı	**347**	732
Ab InBev Group Companies (5) (6)	**106**	302
AEH (2) (3)	**1**	212
SSDSD	**-**	76
Efes Turizm İşletmeleri A.Ş. (3) (4)	**44**	31
Artı Varlık Yönetim A.Ş. (4)	**-**	29
Other	**94**	10
	131.499	106.089

Due to Related Parties

	2016	2015
Ab InBev Group Companies (5) (6)	**14.995**	15.804
Oyex Handels GmbH (3) (4)	**6.409**	2.332
Anadolu Bilişim Hizmetleri A.Ş. (1) (3) (4)	**1.405**	1.983
Çelik Motor Ticaret A.Ş. (3) (4)	**1.078**	1.381
AEH (2) (3)	**1.340**	457
AEH Anadolu Gayrimenkul Yatırımları A.Ş. (4)	**123**	140
Efes Turizm İşletmeleri A.Ş. (3) (4)	**423**	67
Anadolu Efes Spor Kulübü	**-**	46
Anadolu Motor Üretim Ve Pazarlama A.Ş. (3) (4)	**12**	-
Other	**103**	86
	25.888	22.296

The Group has TRL1.055 (December 31, 2015 – TRL1.092) short term and TRL474 (December 31, 2015 – TRL1.482) long term deferred revenue related to AEH.

(1) Non-current financial investment of the Group
(2) The shareholder of the Group
(3) Related party of Yazıcılar Holding A.Ş. (a shareholder)
(4) Related party of AEH (a shareholder)
(5) Related party of SABMiller Harmony Ltd (a shareholder)
(6) Ab InBev (Anhauser Busch InBev), became ultimate parent of SAB Miller Harmony Ltd. which holds 24% shares of Anadolu Efes after ABI and SAB Miller Harmony Ltd. business combination.

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

NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

	Nature of transaction	2016	2015
Anadolu Efes Spor Kulübü	Service	**62.520**	58.646
Ab InBev Group Companies (5) (7)	Service and Purchase of Trade Goods	**46.407**	52.348
Oyex Handels GmbH (3) (4)	Purchase of Materials and Fixed Assets	**32.597**	25.817
AEH (2) (3)	Consultancy Service	**29.219**	26.540
Çelik Motor Ticaret A.Ş. (3) (4)	Vehicle Leasing	**26.389**	26.669
Efestur Turizm İşletmeleri A.Ş. (3) (4)	Travel and Accommodation	**8.463**	9.797
Anadolu Bilişim Hizmetleri A.Ş. (1) (3) (4)	Information Service	**7.675**	9.024
Anadolu Eğitim ve Sosyal YardımVakfı	Donations	**2.305**	3.610
AEH Anadolu Gay. Yat. A.Ş. (3) (4)	Service	**1.917**	1.814
AEH Münih (3) (4)	Purchase of Materials and Fixed Assets	**1.483**	4.735
Arge Danışmanlık A.Ş.	Consultancy Service	**575**	533
Ahmet Boyacıoğlu	Consultancy Service	**347**	324
Mehmet Cem Kozlu	Consultancy Service	**289**	270
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (3) (4) (6)	Rent Expense	**-**	16
Other		**85**	118
		220.271	220.261

Finance Income / (Expenses), Net

	Nature of transaction	2016	2015
Alternatifbank (8)	Interest income / (expense), net	**9.939**	17.575
		9.939	17.575

Revenue and Other Income / (Expenses), Net

	Nature of transaction	2016	2015
Migros (4) (7)	Sales Income	**407.994**	186.510
Ab InBev Group Companies (5) (7)	Other Income	**2.571**	1.475
Alternatifbank	Rent Income	**140**	130
Anadolu Efes Spor Kulübü	Other Income	**75**	70
Anadolu Bilişim Hizmetleri A.Ş.. (1) (3) (4)	Rent Income	**280**	67
Çelik Motor Ticaret A.Ş. (3) (4)	Other Income	**-**	475
AEH (2) (3)	Other Income	**12**	16
SSDSD	Sales Income	**-**	2.602
AEH Anadolu Gayrimenkul Yatırımları A.Ş.	Fixed Asset Sale	**-**	821
Other	Other Income	**-**	182
		411.072	192.348

(1) Non-current financial investment of the Group
(2) The shareholder of the Group
(3) Related party of Yazıcılar Holding A.Ş. (a shareholder)
(4) Related party of AEH (a shareholder)
(5) Related parties of SABMiller Harmony Ltd. (a shareholder)
(6) Related party of Özilhan Sınai Yatırım A.Ş. (a shareholder)
(7) Ab InBev (Anhauser Busch InBev), became ultimate parent of SAB Miller Harmony Ltd. which holds 24% shares of Anadolu Efes after ABI and SAB Miller Harmony Ltd. business combination.
(8) Migros Ticaret A.Ş. and its subsidiaries (Migros) have been defined as related party after AEH, shareholder of the company, has participated indirectly in Migros Ticaret A.Ş. in July 2015. Consequently, transactions with Migros for the period between 1 January – 31 December 2016 have been disclosed as “Revenue and Other Income / (Expense), Net” under “Transactions with Related Parties” (2015 - transactions with Migros for the period between 1 July – 31 December 2015, have been disclosed as “Revenue and Other Income / (Expense), Net” under “Transactions with Related Parties”).
(9) Alternatifbank is not determined as related part as of 31 December 2016 (as it was related party between 1 January- 19 December 2016) as a result of sale of Alternatifbank’s shares to third parties by Yazıcılar Holding and AEH.

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

NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Director's remuneration

As of December 31, 2016 and 2015, total benefits to Anadolu Efes Board of Directors are TRL320 and TRL275, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of December 31, 2016 and 2015 are as follows:

	2016	**2015**
Short-term employee benefits	**39.709**	32.239
Termination benefits	**549**	524
Post-employment benefits	**-**	-
Other long term benefits	**5.550**	3.813
Share-based payments	**-**	-
	45.808	36.576

NOTE 34. 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, 2016 (December 31, 2015 – 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:

	2016	2015
Financial instruments with fixed interest rate		
Financial assets		
Financial assets at fair value through profit or loss	**2.149.807**	1.636.132
Financial liabilities	**4.778.115**	3.943.844
Financial instruments with floating interest rate		
Financial liabilities	**1.405.158**	1.439.372

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

NOTE 34. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

a) Interest Rate Risk (continued)

At December 31, 2016, 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, 2017 which is the following reporting period, would be:

	2016	2015
Change in USD denominated borrowing interest rate	**402**	590
Change in EURO denominated borrowing interest rate	**2.823**	2.437
Change in Other denominated borrowing interest rate	**145**	362
Total	**3.370**	3.389

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 34. 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, 2016 and 2015 are presented below:

Foreign Currency Position Table
2016

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EUR	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	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	(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	**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)	**(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	**-**	**-**	**-**	**-**	**-**	**-**

Foreign Currency Position Table
2015

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EUR	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	54.343	2.606	7.576	461	1.464	45.303
2a. Monetary Financial Assets (Cash and cash equivalents	981.613	288.545	838.973	32.514	103.316	39.324
2b. Non- monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	62.212	156	455	711	2.259	59.498
4. Current Assets	**1.098.168**	**291.307**	**847.004**	**33.686**	**107.039**	**144.125**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets	**1.098.168**	**291.307**	**847.004**	**33.686**	**107.039**	**144.125**
10.Trade Payables and Due to Related Parties	(152.802)	(13.363)	(38.855)	(16.618)	(52.805)	(61.142)
11.Short- term Borrowings and Current Portion of Long- term	(525.652)	(48.719)	(141.654)	(120.804)	(383.867)	(131)
12a. Monetary Other Liabilities	(41.436)	(2.360)	(6.862)	(106)	(337)	(34.237)
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities	**(719.890)**	**(64.442)**	**(187.371)**	**(137.528)**	**(437.009)**	**(95.510)**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(3.984.990)	(1.157.428)	(3.365.339)	(186.920)	(593.957)	(25.694)
16 a. Monetary Other Liabilities	(116.038)	(39.909)	(116.038)	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities	**(4.101.028)**	**(1.197.337)**	**(3.481.377)**	**(186.920)**	**(593.957)**	**(25.694)**
18. Total Liabilities	**(4.820.918)**	**(1.261.779)**	**(3.668.748)**	**(324.448)**	**(1.030.966)**	**(121.204)**
19. Off Statement of Financial Position Derivative Items' Net	**101.766**	**35.000**	**101.766**	**-**	**-**	**-**
19a. Total Hedged Assets	**101.766**	**35.000**	**101.766**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position	**(3.620.984)**	**(935.472)**	**(2.719.978)**	**(290.762)**	**(923.927)**	**22.921**
21. Monetary Items Net Foreign Currency Asset / (Liability)	**(3.784.962)**	**(970.628)**	**(2.822.199)**	**(291.473)**	**(926.186)**	**(36.577)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**(3.306)**	**(1.137)**	**(3.306)**	**-**	**-**	**-**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

As of December 31, 2016, intercompany loan receivables of CCI with an amount of USD164,0 million from its subsidiaries which have been provided to finance their ongoing investment activities and working capital requirements was netted on foreign currency position (As of December 31, 2015, USD181,8 million was netted on foreign currency position table).

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

NOTE 34. 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, 2016 and 2015 is as follows:

	2016	2015
Total Export	**178.064**	196.991
Total Import	**1.421.424**	1.592.024

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2016 and 2015:

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2016 (*)		December 31, 2015 (*)	
	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)	**(293.841)**	**293.841**	(282.220)	282.220
USD denominated hedging instruments (-)	**1.760**	**(1.760)**	10.177	(10.177)
Net effect in USD	**(292.081)**	**292.081**	(272.043)	272.043
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	**(106.549)**	**106.549**	(92.619)	92.619
EURO denominated hedging instruments (-)	**-**	**-**	-	-
Net effect in EURO	**(106.549)**	**106.549**	(92.619)	92.619
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**8.832**	**(8.832)**	(3.658)	3.658
Other foreign currency hedging instruments (-)	**-**	**-**	-	-
Net effect in other foreign currency	**8.832**	**(8.832)**	(3.658)	3.658
Total	**(389.798)**	**389.798**	(368.320)	368.320

(*) 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.

2016 **Contractual maturities**	**Carrying value**	**Contractual payment (=I+II+III+IV)**	**Less than 3 month (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**	**-**
Put option liability	**119.456**	**119.456**	**-**	**8.305**	**111.151**	**-**
Total	**7.613.376**	**8.400.341**	**1.284.910**	**697.219**	**4.136.282**	**2.281.930**

2015 Contractual maturities	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV
Financial liabilities	5.383.216	6.162.038	257.725	645.273	3.328.538	1.930.502
Trade payable and due to related parties	1.043.644	1.043.644	1.000.893	21.446	21.305	-
Put option liability	122.611	122.611	-	6.862	115.749	-
Total	6.549.471	7.328.293	1.258.618	673.581	3.465.592	1.930.502

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

NOTE 34. 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.

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2016 and 2015 are disclosed as below:

Current Year	Receivables					
	Trade Receivables		Other Receivables		Deposits	Derivative Instruments
	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
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	-	-	-	-	-	-

Current Year	Trade Receivables	Other Receivables	Deposits	Derivative Financial Assets
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	-	-	-

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

NOTE 34. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

f) Credit Risk (continued)

Prior Year	Receivables					
	Trade Receivables		Other Receivables		Deposits	Derivative Instruments
	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	106.089	1.034.412	-	78.563	1.883.265	260
- Maximum credit risk secured by guarantees	38.929	771.201	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	106.089	959.872	-	78.563	1.883.265	260
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	-	72.295	-	-	-	-
- Under guarantee	-	32.959	-	-	-	-
D. Net carrying amount of financial assets impaired	-	2.245	-	-	-	-
- past due (gross carrying value)	-	38.954	-	-	-	-
- impaired (-)	-	(36.709)	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	2.245	-	-	-	-
- 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 Financial Assets
Past due between 1-30 days	49.774	-	-	-
Past due between 1-3 months	14.638	-	-	-
Past due between 3-12 months	6.646	-	-	-
Past due for more than 1 year	1.237	-	-	-

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 35. 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	**-**	**1.472**	**-**
Financial liabilities at fair value				
	Interest rate swap	**-**	**65**	**-**
	Options (Note 21)	**-**	**111.151**	**-**

Prior Year		Level 1	Level 2	Level 3
Financial assets at fair value				
	Derivative Financial Assets		260	-
Financial liabilities at fair value				
	Derivative Financial Assets	-	11.377	-
	Options (Note 21)	-	115.749	-

NOTE 35. FINANCIAL INSTRUMENTS (continued)

Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments are initially measured at cost. After initial recognition, derivatives are measured at fair value.

As of December 31, 2016 CCI has 4 aluminum swap transactions with a total nominal amount of TRL12.379 for 2.220 tones (December 31, 2015 – TRL54.283) are designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk.

As of December 31, 2016, CCI has 4 option transactions in which CCI acquired the right to purchase 6.300 tonnes of aluminum at USD1.650 per tonne to hedge its financial risk arising from the cash flows between 2017 and 2018 metal box purchases.

As of December 31, 2016, the Group has designated its bank deposits amounting to TRL731.323, equivalent of thousand USD182.243, thousand EURO21.062 and thousand Russian Ruble (RUR) 204.035 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2015 – TRL370.128, equivalent of thousand USD96.931, thousand EURO26.000, and thousand Russian Ruble (RUR) 142.221).

As of December 31, 2016 the Group has 1 foreign currency forward transaction with a total nominal amount of TRL17.596. This forward contract is designated as hedging instruments as of November 30, 2016 in cash flow hedges related to forecasted cash flow, for the highly probable purchases of raw materials exposed to foreign currency risk (Note 35).

NOTE 36. EVENTS AFTER REPORTING PERIOD

a. On January 1, 2017, the Group changed the functional currency of the foreign subsidiaries and joint ventures of CCİ from US Dolar to the foreign subsidiaries' and joint ventures' local currencies. The change in functional currency has been applied prospectively with effect from 1 January 2017 in accordance with the requirements 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. The resulting translated amounts for non-monetary items are treated as their historical cost.

b. It was announced that works regarding integration and institutionalization of Anadolu Group's corporate and legal management infrastructure was initiated on the pupose of further strengthening among.Kamil Yazıcı Yönetim ve Danışma A.Ş. ("KYYDAŞ") and Özilhan Sınai Yatırım A.Ş. ("ÖSYAŞ") on June 28, 2016. It is envisaged that Yazıcılar Holding which will incorporate ÖSYAŞ and AEH within the scope of the above-mentioned merger and will be controlled by KYYDAŞ and Özilhan Family in the direction of equal representation and equal management principle after this planned merger. In order to achieve this, it is envisaged to establish a separate capital company in which 50% -50% of KYYDAŞ and Özilhan Family will be shareholders. These procedures are subject to the mutual agreement of the parties on the final binding agreements, the approvals to be obtained from the relevant official institutions and organizations, and the approvals of general assembly of ÖSYAŞ, AEH and Yazıcılar Holding.

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