AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT FOR THE PERIOD JANUARY 1 - DECEMBER 31, 2019

(ORIGINALLY ISSUED IN TURKISH)

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Maslak no1 Plaza
Eski Büyükdere Caddesi
Maslak Mahallesi No:1
Maslak, Sarıyer 34485
İstanbul, Türkiye

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

Mersis No: 0291001097600016
Ticari Sicil No : 304099

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of AG Anadolu Grubu Holding A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of AG Anadolu Grubu Holding A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

3) Key Audit Matters

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

Key Audit Matter	How This Matter Was Addressed In the Audit
Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes"), a subsidiary of the Group and its subidiary Coca Cola İçecek A.Ş. ("Coca-Cola"), has expanded their operations with business combinations. As a result of these business combinations, the share of goodwill and intangible assets in total assets has reached to 29% in the consolidated financial statements. Anadolu Efes and Coca-Cola managements perform annual impairment testing of its cash generating units to which goodwill has been allocated and its intangible assets with indefinite useful lives in accordance with its accounting policies. The recoverable amount of cash generating units and intangible assets with indefinite useful lives is determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimates; such as, revenue increase, weighted average cost of capital, discount rate, long-term growth rate and inflation rate. There are significant estimates and assumptions used in the impairment tests performed by the Group management and these assets have material magnitude on the consolidated financial statements thus the impairment testing of goodwill and intangible assets with indefinite useful lives is determined as a key audit matter. Related disclosures including the accounting policies for impairment testing of goodwill and intangible assets with indefinite useful lives are disclosed in Note 2 and Note 15.	The audit procedures applied including but not limited to the following are: • Evaluating the appropriateness of cash generating units determined by Anadolu Efes and Coca-Cola managements, • Review of the budget processes in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows, • Comparing forecasted cash flows for each cash generating units with its prior year's financial performance, • Through involvement of our internal valuation specialists, assessing the reasonability of key assumptions used in each cash generating unit, including earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates discount rates, • Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations, • Evaluating sensitivity analysis of impairment tests for the potential changes in key assumptions made by Anadolu Efes and Coca-Cola managements, • Evaluating the appropriateness of related disclosures regarding to intangible assets with indefinite useful lives and goodwill in Note 15 in accordance with TFRS.

3) **Key Audit Matter (Cont'd)**

Key Audit Matter	How This Matter Was Addressed In the Audit
Remeasurement of Goodwill As a Result of Business Combination Achieved In Stages (Step Acquisition) Without Consideration Paid "Business Partnership Agreement" related to the management of Migros Ticaret A.Ş. ("Migros") in which the Group has indirect 50% share, executed between the Group and Moonlight Capital S.A., the other shareholder of Migros, has expired on April 30, 2019 without changing the shareholding rates. Since the criterias disclosed in TFRS 10 Consolidated Financial Statements under the "Assessing the Control" title are fulfilled as of May 1, 2019, Migros has been accounted under investment accounted through equity method until April 30, 2019 and as of May 1, 2019, Migros has been accounted with full consolidation method. As a result of the business combination achieved in stages and different accounting treatment, the goodwill recorded in the consolidated financial statements is remeasured as TRL 3.717.403 thousand. The share of this amount is 6% in total assets. The Group management has significant assumptions when evaluating the remeasurement of goodwill. These assumptions include the weighting of weighted average of discounted cash flows of cash generating units, the market value as at April 30, 2019 and the enterprise value calculated with EBITDA multiple. This model is significantly influenced by revenue increase, growth rate, weighted average cost of capital (discount rate), multiple and control premium. Considering the reasons stated above, the remeasurement of goodwill related to Migros shares is determined as a key audit matter in our audit.	The audit procedures applied including but not limited to the following are: • Review of the budget processes of Migros in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows, • Comparing revenue increase and growth rates included in forecasted cash flows with its prior year's financial performance, • Involving our internal valuation specialists for testing of weighted average cost of capital and assessing the reasonability of this calculation, • Comparison of borrowing rates, financing structure and the risk profile of Migros included in discounted cash flow models with market data, • Recalculation of the value in use of the cash generating unit by using discounted cash flow model, • Recalculation of market value of Migros as of April 30, 2019 and assessment of the control premium included in the calculation, • Involving our internal valuation specialists for testing of multiple used in comparable companies method and the percentage used for the control premium and assessing the reasonability of the margin and the percentage of control premium, • Involving our internal valuation specialists for the weighting of the methods explained above to recalculate the goodwill related to Migros in the consolidated financial statements and assessing the reasonability of the weighting method, • Evaluating the appropriateness of related disclosures regarding to goodwill in Note 3 and 15 in accordance with TFRS.

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

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

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

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

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

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

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

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

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

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

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

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

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

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

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on March 4, 2020.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period January 1-December 31 2019 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

Deloitte.

B) Report on Other Legal and Regulatory Requirements (Cont'd)

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

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

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

Burç Seven
Partner

İstanbul, March 4, 2020

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

Consolidated Financial Statements as at December 31, 2019

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2019
(Currency – Thousands of Turkish Lira (TRL) unless otherwise indicated)

		Audited	
			Restated (Note 2)
ASSETS	**Notes**	**December 31, 2019**	December 31, 2018
Cash and Cash Equivalents	5	**8.927.687**	5.282.990
Financial Investments	6	**415.871**	40.361
Trade Receivables		**3.316.004**	3.030.005
- Due from Related Parties	*32.1*	***18.960***	*273.929*
- Trade Receivables, Third Parties	*8.1*	***3.297.044***	*2.756.076*
Other Receivables		**201.541**	139.535
- Due from Related Parties	*32.1*	***5.594***	*20.595*
- Other Receivables, Third Parties	*9.1*	***195.947***	*118.940*
Derivative Financial Assets	34.2	**42.109**	102.996
Inventories	10	**5.698.025**	3.131.137
Prepaid Expenses	19.1	**761.533**	568.852
Current Income Tax Assets	30.1	**254.546**	189.152
Other Current Assets	20	**862.388**	1.003.980
TOTAL CURRENT ASSETS		**20.479.704**	13.489.008
Financial Investments	6	**4.787**	367
Trade Receivables		**1.619**	1.437
- Trade Receivables, Third Parties	*8.1*	***1.619***	*1.437*
Other Receivables		**69.784**	56.768
- Due from Related Parties	*32.1*	***5.766***	-
- Other Receivables, Third Parties	*9.2*	***64.018***	*56.768*
Derivative Financial Assets	34.2	**6.591**	83.181
Investments Accounted Through Equity Method	11	**74.150**	1.974.950
Investment Property	12	**324.069**	296.443
Property, Plant and Equipment	13	**16.543.585**	11.738.915
Right of Use Assets	14	**3.694.386**	-
Intangible Assets		**23.723.444**	17.097.457
- Goodwill	15.2	***6.934.409***	*2.607.085*
- Other Intangible Assets	15.1	***16.789.035***	*14.490.372*
Prepaid Expenses	19.2	**417.132**	425.205
Deferred Tax Assets	30.2	**1.087.895**	956.514
Other Non-Current Assets	20	**704.562**	1.337.512
TOTAL NON-CURRENT ASSETS		**46.652.004**	33.968.749
TOTAL ASSETS		**67.131.708**	47.457.757

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

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

		Audited	
			Restated (Note 2)
LIABILITIES	**Notes**	**December 31, 2019**	December 31, 2018
Short-Term Borrowings	7	**3.335.175**	3.184.503
Current Portion of Long-Term Borrowings	7	**3.801.957**	3.756.799
- Bank Loans		***3.270.718***	*3.643.106*
- Lease Liabilities		***531.239***	*113.693*
Trade Payables		**11.478.318**	4.161.193
- Due to Related Parties	*32.2*	***2.258***	*7.347*
- Trade Payables, Third Parties	*8.2*	***11.476.060***	*4.153.846*
Employee Benefit Obligations	17.1	**258.990**	114.858
Other Payables		**1.579.969**	1.515.495
- Other Payables, Third Parties	*9.3*	***1.579.969***	*1.515.495*
Derivative Financial Liabilities	34.2	**15.163**	41.037
Deferred Income	21.1	**264.964**	478.774
Income Tax Payable	30.1	**31.172**	18.036
Short-Term Provisions		**474.729**	242.932
- Short-Term Provisions for the Employee Benefits	*17.2*	***291.061***	*130.899*
- Other Short-Term Provisions	*17.3*	***183.668***	*112.033*
Other Current Liabilities	20.3	**221.070**	100.466
TOTAL CURRENT LIABILITIES		**21.461.507**	13.614.093
Long-Term Borrowings	7	**17.502.439**	8.712.404
- Bank Loans		***13.982.755***	*8.549.418*
- Lease Liabilities		***3.519.684***	*162.986*
Trade Payables		**10.864**	44.207
- Trade Payables, Third Parties	*8.2*	***10.864***	*44.207*
Other Payables		**487.737**	392.368
- Other Payables, Third Parties	*9.3*	***487.737***	*392.368*
Liabilities due to Investments Accounted for Using Equity Method	11	**4.750**	*54.073*
Derivative Financial Liabilities	34.2	**41.329**	3.356
Deferred Income	21.2	**18.051**	30.227
Long-Term Provisions		**454.726**	192.358
- Long-Term Provisions for the Employee Benefits	*17.2*	***454.726***	*192.358*
Deferred Tax Liability	30.2	**3.187.488**	2.748.763
Other Non-Current Liabilities	20.4	**229.424**	206.375
TOTAL NON-CURRENT LIABILITIES		**21.936.808**	12.384.131
TOTAL LIABILITIES		**43.398.315**	25.998.224
EQUITY			
Equity Attributable to Equity Holders of the Parent		**6.078.113**	5.046.447
Paid-in Share Capital	22	**243.535**	243.535
Inflation Adjustments on Capital		**65.771**	65.771
Share Premium (Discounts)		**1.057.708**	1.200.135
Effects of Business Combinations Under Common Control		**(7.145)**	(7.145)
Put Option Revaluation Fund Related With Non-Controlling Interests		**2.916**	2.916
Other Comprehensive Income (Loss) Not To Be Reclassified		**165.308**	73.528
- Revaluation and Remeasurement Gain (Loss)		***165.308***	*73.528*
- Gains (Losses) on Remeasurements Defined Benefit Plans		***(27.843)***	*(20.538)*
- Other Revaluation and Remeasurement Gain (Loss)		***193.151***	*94.066*
Other Comprehensive Income (Loss) To Be Reclassified to Profit or Loss		**1.619.774**	1.258.501
- Currency Translation Differences		***2.483.140***	*1.789.278*
- Gains (Losses) on Hedge		***(863.366)***	*(530.777)*
Restricted Reserves Allocated From Net Profit	22	**615.970**	909.511
Retained Earnings	22	**1.770.507**	2.467.846
Net Profit or Loss		**543.769**	(1.168.151)
Non-Controlling Interests		**17.655.280**	16.413.086
TOTAL EQUITY		**23.733.393**	21.459.533
TOTAL LIABILITIES AND EQUITY		**67.131.708**	47.457.757

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

		Audited	
			Restated (Note 2)
	Notes	**January 1 - December 31, 2019**	January 1 - December 31, 2018
Revenue	23	**45.240.423**	23.981.255
Cost of Sales	23	**(31.480.012)**	(16.299.895)
GROSS PROFIT (LOSS)		**13.760.411**	7.681.360
General Administrative Expenses	24	**(2.236.506)**	(1.803.351)
Marketing Expenses	24	**(8.379.520)**	(4.213.934)
Research and Development Expenses		**(4.789)**	(4.481)
Other Operating Income	26.1	**1.091.396**	695.410
Other Operating Expenses	26.2	**(1.306.890)**	(636.307)
Gain (Loss) from Investments Accounted Through Equity Method	11	**(375.738)**	(515.224)
OPERATING PROFIT (LOSS)		**2.548.364**	1.203.473
Income from Investing Activities	27.1	**2.298.330**	292.174
Expenses from Investing Activities	27.2	**(405.809)**	(184.101)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		**4.440.885**	1.311.546
Financial Income	28	**1.464.963**	3.584.519
Financial Expenses	29	**(4.180.189)**	(5.712.373)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**1.725.659**	(816.308)
Tax (Expense) Income from Continuing Operations		**(508.762)**	(287.171)
- Current Period Tax (Expense) Income	30.3	**(455.738)**	(272.509)
- Deferred Tax (Expense) Income	30.3	**(53.024)**	(14.662)
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**1.216.897**	(1.103.479)
Attributable to:			
- Non-controlling Interests		**673.128**	64.672
- Equity Holders of the Parent		**543.769**	(1.168.151)
Earnings (Loss) per share (full TRL)	31	**2,23**	(4,80)
- Earnings (Loss) per share from continuing operations (full TRL)		**2,23**	(4,80)

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

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Audited	
		Restated (Note 2)
	January 1 - December 31, 2019	January 1 - December 31, 2018
NET PROFIT (LOSS)	**1.216.897**	(1.103.479)
OTHER COMPREHENSIVE INCOME		
Items Not To Be Reclassified To Profit or Loss	**81.070**	90.093
- Remeasurement Gain (Loss) from Defined Benefit Plans	**(22.538)**	(4.604)
- Share of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified to Profit or Loss	**15**	(290)
- Other Components of Other Comprehensive Income that will Not To Be Reclassified to Other Profit or Loss	**127.032**	120.597
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	**(23.439)**	(25.610)
- Deferred Tax (Expense) Income	**(23.439)**	(25.610)
Items To Be Reclassified To Profit or Loss	**2.107.777**	1.825.286
- Currency Translation Differences	**2.861.335**	2.854.274
- Other Comprehensive Income (Loss) on Cash Flow Hedge	**(272.967)**	202.260
- Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations (Note 33)	**(632.700)**	(1.520.855)
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified to Profit or Loss	**7.180**	6.770
- Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss	**144.929**	282.837
- Deferred Tax (Expense) Income	**144.929**	282.837
OTHER COMPREHENSIVE INCOME (LOSS)	**2.188.847**	1.915.379
TOTAL COMPREHENSIVE INCOME (LOSS)	**3.405.744**	811.900
Attributable to:		
- Non-controlling Interest	**2.408.922**	1.675.692
- Equity Holders of the Parent	**996.822**	(863.792)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

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

						Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss		Other Comprehensive Income or Expense To Be Reclassified To Profit or Loss			Retained Earnings				
	Paid-in Capital	**Inflation Adjustments on Capital**	**Share Premium/ Discount**	**Effects of Business Combinations Under Common Control**	**Put Option Revaluation Fund Related With Non-Controlling Interests**	**Profit / Loss on Remeasurements of Defined Benefit Plans**	**Other Revaluation and Remeasurement Gain (Loss) (**)**	**Currency Translation Differences**	**Gain / Loss on Hedge**	**Restricted Reserves Allocated from Net Profit**	**Retained Earnings**	**Net Profit/ Loss**	**Attributable to Equity Holders of the Parent**	**Non-Controlling Interests**	**Equity**
Balances as of January 1, 2018	243.535	65.771	1.319.349	(7.145)	8.728	(16.875)	-	1.032.160	12.385	909.511	2.244.351	(130.050)	5.681.720	11.584.070	17.265.790
Transfers	-	-	(10.767)	-	-	-	-	-	-	-	(119.283)	130.050	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(3.663)	94.066	757.118	(543.162)	-	-	(1.168.151)	(863.792)	1.675.692	811.900
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	(1.168.151)	(1.168.151)	64.672	(1.103.479)
Other Comprehensive Income (Expense)	-	-	-	-	-	(3.663)	94.066	757.118	(543.162)	-	-	-	304.359	1.611.020	1.915.379
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	46.196	46.196
Dividends	-	-	(108.447)	-	-	-	-	-	-	-	83.447	-	(25.000)	(283.602)	(308.602)
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	3.903.478	3.903.478
Increase/Decrease Through Changes in Ownership Interests in Subsidiaries That Do Not Result in Loss of Control (Note 3)	-	-	-	-	-	-	-	-	-	-	252.590	-	252.590	(490.117)	(237.527)
Transactions with Non-Controlling Shareholders	-	-	-	-	-	-	-	-	-	-	6.741	-	6.741	5.421	12.162
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	(5.812)	-	-	-	-	-	-	-	(5.812)	(28.052)	(33.864)
Balances as of December 31, 2018 (Restated (Note 2))	243.535	65.771	1.200.135	(7.145)	2.916	(20.538)	94.066	1.789.278	(530.777)	909.511	2.467.846	(1.168.151)	5.046.447	16.413.086	21.459.533
Balances as of January 1, 2019	**243.535**	**65.771**	**1.200.135**	**(7.145)**	**2.916**	**(20.538)**	**94.066**	**1.789.278**	**(530.777)**	**909.511**	**2.467.846**	**(1.168.151)**	**5.046.447**	**16.413.086**	**21.459.533**
Transfers	-	-	(12.919)	-	-	-	-	-	-	(293.541)	(861.691)	1.168.151	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(7.305)	99.085	693.862	(332.589)	-	-	543.769	996.822	2.408.922	3.405.744
Net Profit (Loss)	-	-	-	-	-	-	-	-	-	-	-	543.769	543.769	673.128	1.216.897
Other Comprehensive Income (Expense)	-	-	-	-	-	(7.305)	99.085	693.862	(332.589)	-	-	-	453.053	1.735.794	2.188.847
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	4.066	4.066
Dividends	-	-	(129.508)	-	-	-	-	-	-	-	104.508	-	(25.000)	(330.258)	(355.258)
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.887)	(1.887)
Transactions with Non-Controlling Shareholders	-	-	-	-	-	-	-	-	-	-	59.844	-	59.844	(4.208)	55.636
Increase (Decrease) Due to Other Changes (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	(834.441)	(834.441)
Balances as of December 31, 2019	**243.535**	**65.771**	**1.057.708**	**(7.145)**	**2.916**	**(27.843)**	**193.151**	**2.483.140**	**(863.366)**	**615.970**	**1.770.507**	**543.769**	**6.078.113**	**17.655.280**	**23.733.393**

(*) Balances in the increase (decrease) due to other changes line consists of the share of put option revaluation fund related with non-controlling interests of Anadolu Efes, the subsidiary of the Group.
(**) The balance consists of the increase due to revaluation of the assets used in renting activities.
(***) The amount included in the increase (decrease) due to other changes line consist of the amount recorded as a result of the business combination of Migros, the subsidiary of the Group, as of May 1, 2019 as detailed in Note 3.

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

CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2019

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

		Audited	
	Notes	**January 1- December 31, 2019**	January 1- December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**7.156.962**	3.922.791
Profit / (Loss)		**1.216.897**	(1.103.479)
Adjustments to Reconcile Profit (Loss)		**4.059.163**	4.683.441
Adjustments for Depreciation and Amortization Expense	12,13,14,15,20,25	**2.489.832**	1.663.225
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**197.243**	173.520
- Adjustments for Impairment Loss (Reversal) of Receivables	*8.1*	***34.851***	*32.584*
- Adjustments for Impairment Loss (Reversal) of Inventories	*10*	***55.100***	*9.445*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment	*13,27.2*	***36.147***	*27.597*
- Adjustments for Impairment Loss (Reversal) of Goodwill	*15,27.2*	***3.369***	-
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Intangible Asset	*15,27.2*	***67.776***	*103.894*
Adjustments for Provisions		**190.061**	143.738
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		***171.386***	*93.020*
- Adjustments for (Reversal of) Warranty Provisions	*17.3*	***17.818***	*10.433*
- Adjustments for (Reversal of) Other Provisions		***857***	*40.285*
Adjustments for Interest (Income) and Expenses		**2.060.042**	903.459
Adjustments for Unrealized Foreign Exchange Differences		**263.132**	1.376.165
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		**48.594**	16.347
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	11	**375.738**	515.224
Adjustments for Tax (Income) Expense	30.3	**508.762**	287.171
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		**(284.586)**	(82.281)
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	27.1,27.2	***(284.586)***	*(82.281)*
Transfer of currency translation differences previously accounted as other comprehensive income		**(467.516)**	(169.937)
Other Adjustments to Reconcile Profit (Loss) (**)		**(1.322.139)**	(143.190)
Adjustments for Working Capital		**2.836.167**	644.994
Decrease (Increase) in Financial Investments		**2.039**	12.172
Adjustments for Decrease (Increase) in Trade Accounts Receivables		**(177.371)**	(498.296)
Adjustments for Decrease (Increase) in Other Operating Receivables		**1.108**	(58.947)
Adjustments for Decrease (Increase) in Inventories		**(134.244)**	(677.357)
Adjustments for Increase (Decrease) in Trade Accounts Payables		**2.325.611**	996.209
Adjustments for Increase (Decrease) in Other Operating Payables		**77.864**	538.307
Increase (Decrease) in Deferred Income		**(225.986)**	4.135
Other Adjustments for Increase (Decrease) in Working Capital		**967.146**	328.771
- Decrease (Increase) in Other Assets Related with Operations		***1.004.835***	*328.644*
- Increase (Decrease) in Other Liabilities Related with Operations		***(37.689)***	*127*
Cash Flows from Operations		**8.112.227**	4.224.956
Interest Paid		**(524.994)**	-
Interest Received	26.2	**175.851**	-
Payments Related with Provisions for Employee Benefits	26.1	**(93.657)**	(69.512)
Payments Related with Other Provisions		**(16.029)**	(28.593)
Income Taxes Refund (Paid)		**(496.436)**	(204.060)
CASH FLOWS FROM INVESTING ACTIVITIES		**154.075**	(1.439.026)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		**(211.268)**	(135.819)
Proceeds from Sale of Share or Debt Instruments of Other Business Organizations or Funds		**59.901**	53.314
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		**866.821**	202.475
Purchase of Property, Plant, Equipment and Intangible Assets		**(2.257.119)**	(1.765.134)
Other Cash Inflows (Outflows) (*)		**1.695.740**	206.138
CASH FLOWS FROM FINANCING ACTIVITIES		**(3.753.504)**	(5.161.631)
Proceeds from Issuing Shares or Other Equity Instruments		**4.066**	46.196
Proceeds from Borrowings	7	**10.835.833**	11.541.989
Repayments of Borrowings	7	**(11.922.669)**	(15.338.351)
Payments of Lease Liabilities		**(851.205)**	-
Proceeds from Derivative Instruments		**(37.463)**	(224.588)
Dividends Paid		**(355.258)**	(308.602)
Interest Paid		**(1.774.634)**	(1.215.269)
Interest Received		**347.826**	336.994
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**3.557.533**	(2.677.866)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**82.221**	2.157.432
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3.639.754**	(520.434)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**5.269.086**	5.789.520
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**5**	**8.908.840**	5.269.086

(*) Other cash inflows (outflows) include the consolidation scope change effect of Migros amounting to TRL 1.745.475.

(**) Other Adjustments Regarding Profit (Loss) Reconciliation consists of the amount recorded under income from investing activities as a result of consolidation scope change of Migros amounting to TRL 1.185.846.

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

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

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES OF THE GROUP

AG Anadolu Grubu Holding A.Ş. is a holding company, which is managed by the Özilhan Family and Süleyman Kamil Yazıcı Family in accordance with equal representation and equal management principle and manages its subsidiaries.

14,19% of shares of AG Anadolu Grubu Holding A.Ş. ("Company" or "AGHOL") are traded in Borsa İstanbul A.Ş. ("BİST").

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

The consolidated financial statements as of December 31, 2019 are authorized for issue by the Board of Directors on March 4, 2020 and are approved by the Finance President Onur Çevikel and the Finance Coordinator Volkan Harmandar on behalf of Board of Directors. General Assembly and specified regulatory bodies have the right to change the financial statements after the consolidated financial statements are issued.

Activities of the Group

The Company and its subsidiaries will be referred as the "Group" for the purpose of the consolidated financial statements.

The Group is organized and primarily managed in six principal segments: beer, soft drinks, Migros, automotive (including passenger vehicles, commercial vehicles, generator, spare and component parts, motor vehicle renting), retailing (stationery, restaurant management and tourism) and other (production and sale of electricity, real estate, information technology, trade).

The average number of personnel of the Group for the year ended at December 31, 2019 is 56.950 (December 31, 2018: 24.922).

List of Shareholders

As of December 31, 2019 and 2018 the shareholders and shareholding rates are as follows:

	December 31, 2019		December 31, 2018	
	Paid in Capital	**(%)**	Paid in Capital	(%)
AG Sınai Yatırım ve Yönetim A.Ş. (*)	**118.474**	**48,65**	118.474	48,65
Other Yazıcı Family Members (*)	**47.211**	**19,39**	47.287	19,41
Özilhan Family (*)	**24.293**	**9,98**	24.293	9,98
Azimut Portföy SKY Serbest Özel Fon (*) (****)	**18.772**	**7,71**	-	-
Süleyman Kamil Yazıcı and his Family (*)	**-**	**-**	19.000	7,80
Publicly traded (**)	**34.553**	**14,19**	34.480	14,16
Other (***)	**232**	**0,08**	1	0,00
Paid-in share capital - historical	**243.535**	**100,00**	243.535	100,00
Inflation adjustment on capital	**65.771**		65.771	
Total share capital	**309.306**		309.306	

(*) As of December 31, 2019, 28,65% of AG Sınai Yatırım ve Yönetim A.Ş. shares amounting TRL 69.767 and all of the shares of other Yazıcı Family Members, Özilhan Family, Azimut Portföy SKY Serbest Özel Fon and other are publicly issued and 16,76% of them amounting TRL 40.807 are traded on the stock exchange.
(**) The shares only consist of the shares traded on the stock exchange which do not belong to family members.
(***) TRL 218 of TRL 232 belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş.. Anadolu Ecopack Üretim ve Pazarlama A.Ş.'s 100,00% shares belong to Süleyman Kamil Yazıcı and his Family.
(****) Süleyman Kamil Yazıcı and his daughters (Fazilet Yazıcı, Gülten Yazıcı, Gülşen Yazıcı, Nilgün Yazıcı, Hülya Elmalıoğlu) are the Qualified Investors of Azimut Portföy SKY Serbest Özel Fon and the shares of the fund have been allocated only to these mentioned individuals as predetermined.

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

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

List of Subsidiaries

The subsidiaries included in consolidation and their shareholding percentages at December 31, 2019 and 2018 are as follows:

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) December 31, 2019	December 31, 2018
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (Anadolu Isuzu) (1)	Turkey	Production and sales of Isuzu branded commercial vehicles	Automotive	**55,40**	55,40
Anadolu Efes Biracılık ve Malt San. A.Ş. (Anadolu Efes) (1) (2)	Turkey	Production, bottling, distribution and sales of beer, carbonated and non-carbonated beverages	Beer	**43,05**	43,05
Migros Ticaret A.Ş. (Migros) (1) (4)	Turkey	Sales of food and beverage and durable goods	Migros	**50,00**	-
Çelik Motor Ticaret A.Ş. (Çelik Motor)	Turkey	Import, distribution and marketing of Kia motor vehicles and motor vehicle renting	Automotive	**100,00**	100,00
Anadolu Motor Üretim ve Pazarlama A.Ş. (Anadolu Motor)	Turkey	Production of industrial engines, sale of tractors	Automotive	**100,00**	100,00
Anadolu Otomotiv Dış Ticaret ve Sanayi A.Ş.	Turkey	Inactive	Automotive	**100,00**	100,00
Anadolu Elektronik Aletler Pazarlama ve Ticaret A.Ş. (Anadolu Elektronik)	Turkey	Inactive	Automotive	**51,00**	51,00
Adel Kalemcilik Ticaret ve Sanayi A.Ş. (Adel) (1)	Turkey	Production of writing instruments under Adel, Johann Faber and Faber Castell brand names	Retailing	**56,89**	56,89
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. (Ülkü)	Turkey	Distribution of the products of Adel and other imported stationery products	Retailing	**73,17**	73,17
Efestur Turizm İşletmeleri A.Ş. (Efestur)	Turkey	Arrangement of travelling and organization facilities	Retailing	**100,00**	100,00
Anadolu Bilişim Hizmetleri A.Ş. (ABH)	Turkey	IT, internet and e-commerce services	Other	**99,38**	99,38
Oyex Handels GmbH (Oyex)	Germany	Trading of various materials used in the Group	Other	**100,00**	100,00
Anadolu Restoran İşletmeleri Limited Şirketi (McDonald's)	Turkey	Restaurant management	Retailing	**100,00**	100,00
Artı Anadolu Danışmanlık A.Ş. (Artı Anadolu)	Turkey	Inactive	Other	**100,00**	100,00
Anadolu Araçlar Ticaret A.Ş. (Anadolu Araçlar)	Turkey	Import, distribution and marketing of motor vehicles	Automotive	**100,00**	100,00
Anadolu Termik Santralleri Elektrik Üretim A.Ş. (Anadolu Termik) (3)	Turkey	Inactive	Other	**-**	100,00
AES Elektrik Enerjisi Toptan Satış A.Ş. (AES Elektrik)	Turkey	Whole sale and retail sale of electricity and/or its capacity	Other	**100,00**	100,00
AEH Sigorta Acenteliği A.Ş. (AEH Sigorta)	Turkey	Insurance agency	Other	**100,00**	100,00
Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya) (5)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Other	**61,49**	75,68
Taba LLC (5)	Georgia	Production and sale of electricity (Investment in progress)	Other	**30,75**	-
Georgia Urban Enerji Ltd. (GUE) (5)	Georgia	Production and sale of electricity	Other	**55,34**	68,11
AND Anadolu Gayrimenkul Yatırımları A.Ş. (AND Anadolu Gayrimenkul)	Turkey	Purchase, sale, rental and management of real estate	Other	**100,00**	100,00
AND Ankara Gayrimenkul Yatırımları A.Ş. (AND Ankara Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	**100,00**	100,00
AND Kartal Gayrimenkul Yatırımları A.Ş. (AND Kartal Gayrimenkul)	Turkey	Purchase, sale and rental of real estate	Other	**100,00**	100,00
Kheledula Enerji Ltd. (Kheledula) (5)	Georgia	Production and sale of electricity (Investment in progress)	Other	**61,49**	75,68
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik)	Turkey	Retailing	Other	**100,00**	100,00

(1) Shares of Anadolu Isuzu, Anadolu Efes, Adel and Migros are quoted in BİST.
(2) The Company has control over Anadolu Efes although the Company holds less than 50 percent of its shares. In concluding to have control over Anadolu Efes, the Company management considers the number of Board members representing AGHOL in the Board of Directors of Anadolu Efes, the Company's participation in policy-making processes, including participation in decisions about dividends or other distributions, the transactions between AGHOL and Anadolu Efes. The managerial personnel of AGHOL provide internal audit services and high level finance, tax, legal and human resources support to Anadolu Efes.
(3) The merger of AGHOL with its 100% owned inactive subsidiary, Anadolu Termik Santralleri Elektrik Üretim A.Ş., through facilitated merger has been registered on February 21, 2019 by İstanbul Registry of Commerce and merger was realized.
(4) As particularly specified in Note 3, Migros is defined as a subsidiary as of May 1, 2019.
(5) Anadolu Kafkasya, subsidiary of the Group, acquired 50% of the shares of Taba LLC from Ricoti Energy in the amount of USD 12.500 on September 16, 2019. Also, The Company has sold 7,43% share of Anadolu Kafkasya Enerji Yatırımları A.Ş. (Anadolu Kafkasya) to Paravani Energy B.V. which is the existing partner, on September 5, 2019 in the amount of USD 5,5 Million and has sold 6,76% share on November 8, 2019 in the amount of USD 5 Million. As a result of this transaction, the Company's shareholding rate in Anadolu Kafkasya and Kheledula has decreased from 75,68% to 61,49%, shareholding rate in GUE has decreased from 68,11% to 55,34% and shareholding rate in TABA has decreased from 34,13% to 30,75%. Although the Company holds less than 50% of Taba LLC shares, Company controls Taba LLC. Regarding having control over Taba LLC, the Anadolu Kafkasya management considers the number of members of the Board of Directors representing the Anadolu Kafkasya on the Taba LLC Board of Directors, and their involvement in policy making processes, including the participation of the Anadolu Kafkasya in the dividend or other distribution decision. Because of that, Taba LLC has been identified as a subsidiary.

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

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

List of Subsidiaries (cont'd)

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) December 31, 2019	December 31, 2018
Ant Sınai ve Tic. Ürünleri Paz. A.Ş. (8)	Turkey	Purchase and sale of spare parts	Automotive	**55,40**	55,40
Efes Breweries International N.V. (EBI) (9)	The Netherlands	Holding company that facilitates Anadolu Efes' foreign investments in breweries	Beer	**43,05**	43,05
AB InBev Efes B.V. (9)	The Netherlands	Investment company	Beer	**21,53**	21,53
JSC Moscow-Efes Brewery (Efes Moscow) (6) (9) (10)	Russia	Production and marketing of beer	Beer	**-**	21,53
LLC Vostok Solod (9)	Russia	Production of malt	Beer	**21,53**	21,53
LLC Bosteels Trade (12)	Russia	Selling and distribution of beer	Beer	**21,53**	21,53
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (9) (10)	Germany	Investment company	Beer	**21,53**	21,53
JSC AB InBev Efes (6) (9) (10)	Russia	Production and marketing of beer	Beer	**21,53**	21,53
LLC Inbev Trade (9)	Russia	Production of malt	Beer	**21,53**	21,53
PJSC AB InBev Efes Ukraine (9) (10)	Ukraine	Production and marketing of beer	Beer	**21,25**	21,22
Bevmar GmbH (9) (10)	Germany	Investment company	Beer	**21,53**	21,53
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) (9)	Kazakhstan	Production and marketing beer	Beer	**43,05**	43,05
International Beers Trading LLP (IBT) (9)	Kazakhstan	Marketing of beer	Beer	**43,05**	43,05
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) (9)	Moldova	Production of beer and low alcoholic drinks	Beer	**41,70**	41,70
JSC Lomisi (Efes Georgia) (9)	Georgia	Production and marketing and of beer and carbonated soft drinks	Beer	**43,05**	43,05
PJSC Efes Ukraine (Efes Ukraine) (9)	Ukraine	Production and marketing of beer	Beer	**43,02**	43,02
Efes Trade BY FLLC (Efes Belarus) (9)	Belarus	Market development	Beer	**43,05**	43,05
Efes Holland Technical Management Consultancy B.V. (EHTMC) (9)	The Netherlands	Leasing of intellectual property and similar products	Beer	**43,05**	43,05
LLC Efes Ukraine (11)	Ukraine	Selling and distribution of beer	Beer	**-**	43,05
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (9)	Turkey	Marketing and distribution company of Anadolu Efes	Beer	**43,05**	43,05
Cypex Co. Ltd. (Cypex) (9)	Northern Cyprus	Marketing and distribution of beer	Beer	**43,05**	43,05
Efes Deutschland GmbH (Efes Germany) (9)	Germany	Marketing and distribution of beer	Beer	**43,05**	43,05
Coca-Cola İçecek A.Ş. (CCİ) (7) (9)	Turkey	Production of Coca-Cola products	Soft-drinks	**21,64**	21,64
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) (9)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft-drinks	**21,63**	21,63
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) (9)	Turkey	Filling and selling of natural spring water	Soft-drinks	**21,64**	21,64
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) (9)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Soft-drinks	**21,64**	21,64
Tonus Turkish-Kazakh Joint Venture LLP (Tonus) (9)	Kazakhstan	Investment company of CCİ	Soft-drinks	**21,64**	21,64
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) (9)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,61**	21,61
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) (9)	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,64**	21,64
CCI International Holland B.V. (CCI Holland) (9)	The Netherlands	Investment company of CCİ	Soft-drinks	**21,64**	21,64
Sardkar for Beverage Industry Ltd. (SBIL) (9)	Iraq	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,64**	21,64
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC) (9)	Jordan	Production, distribution and selling of Coca Cola products	Soft-drinks	**19,47**	19,47
Coca-Cola Beverages Pakistan Ltd. (CCBPL) (9)	Pakistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**10,75**	10,75
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) (9)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**12,87**	12,87
Waha Beverages B.V. (9)	The Netherlands	Investment company of CCİ	Soft-drinks	**17,32**	17,32
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha) (9)	Iraq	Production, distribution and selling of Coca Cola products	Soft-drinks	**17,32**	17,32
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tajikistan) (9)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft-drinks	**21,64**	21,64
Ramstore Kazakhstan LLC (Ramstore Kazakhstan) (13)	Kazakhstan	Sales of food and beverage and durable goods	Migros	**50,00**	-
Ramstore Macedonia DOO (Ramstore Macedonia) (13)	Macedonia	Sales of food and beverage and durable goods	Migros	**49,50**	-
Sanal Merkez Ticaret A.Ş. (Sanal Merkez) (13)	Turkey	Inactive	Migros	**50,00**	-
Ramstore Bulgaria E.A.D. (Ramstore Bulgaria) (13)	Bulgaria	Inactive	Migros	**50,00**	-

(6) As of March 1, 2019, Efes Moscow and JSC Sun Inbev were merged under JSC Sun Inbev. As a result of the merger, JSC Sun Inbev 's name changed as JSC AB Inbev Efes.
(7) CCI shares are quoted in BIST.
(8) Subsidiary of Anadolu Isuzu.
(9) Subsidiary of Anadolu Efes. The name of PJSC Sun Inbev Ukraine was changed to PSJC AB Inbev Efes Ukraine on April 1, 2019.
(10) Companies which AB Inbev Efes B.V. directly participates in connection with the business combination explained in Note 3.
(11) Has been sold on June 4, 2019 to a non-related party.
(12) The name of LLC Efes Solod was changed to LLC Bosteels Trade on May 6, 2019.
(13) Subsidiary of Migros.

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

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

Joint Ventures

The joint ventures included in consolidation by equity method and its shareholding percentages at December 31, 2019 and 2018 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			December 31, 2019	December 31, 2018
Migros Ticaret A.Ş. (Migros) (*)	Turkey	Sales of food and beverage and durable goods	**-**	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Turkey	Tractor production	**50,00**	50,00
Aslancık Elektrik Üretim A.Ş. (Aslancık)	Turkey	Electricity production	**33,33**	33,33
LLC Faber-Castell Anadolu	Russia	Trading of all kinds of stationery	**28,44**	28,44
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap) (**)	Turkey	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	**30,87**	17,09
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	**10,82**	10,82
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş.	Turkey	Development, production and trade of all kinds of electrical motor vehicles	**19,00**	19,00

(*) Shares of Migros are currently quoted in BİST. As stated in Note 3, Migros has been identified as a subsidiary as of May 1, 2019.
(**) In December 2019, Anadolu Efes purchased shares and made capital increase at Anadolu Etap. As a result of these transactions, the final share rate of the Group in Anadolu Etap has increased from 17,09% to 30,87%. Anadolu Etap, which is accounted for as an investment valued by equity method in the Group's financial statements, will continue to be recognized as an investment valued by equity method since the management structure and the agreements between the shareholders do not allow any shareholder to control Anadolu Etap alone.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation of Financial Statements

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on June 13, 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS/TFRS Taxonomy" which was published on April 15, 2019 by POA and the format and mandatory information recommended by CMB.

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

The consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and joint ventures and presented in TRL in accordance with the principles CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting of deferred taxes, accounting of employment termination benefits on an actuarial basis and accruals for various expenses. These consolidated financial statements have been prepared on the historical cost basis except for assets used in renting activities and certain financial assets and liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

Basis of Preparation of Financial Statements (cont'd)

Financial Reporting in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005 No:29 "Financial reporting in Hyperinflationary Economies" ("TAS 29") was not applied.

Functional and Presentation Currency

(a) Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TRL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

(b) Transactions and balances

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

(c) Group companies

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

(i) assets and liabilities presented in the statement of financial position are translated at the closing rate at the date of that statement of financial position;
(ii) income and expenses presented in the statements of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates prevailing on the dates of the transactions); and
(iii) all resulting exchange differences are recognized in the statement of other comprehensive income.

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

Basis of Preparation of Financial Statements (cont'd)

Functional and Presentation Currency (cont'd)

Functional currency of significant subsidiaries and joint ventures located in foreign countries are as follows:

		December 31, 2019	December 31, 2018
	Local Currency	**Functional Currency**	Functional Currency
Oyex	European Currency (EUR)	**EUR**	EUR
Gue	Georgian Lari (GEL)	**GEL**	GEL
Kheledula	Georgian Lari (GEL)	**GEL**	GEL
Taba	Georgian Lari (GEL)	**GEL**	-
EBI	European Currency (EUR)	**USD**	USD
JSC AB Inbev Efes	Russian Ruble (RUR)	**RUR**	RUR
PJSC AB InBev Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
AB InBev Efes B.V.	European Currency (EURO)	**USD**	USD
Efes Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Efes Moldova	Moldovan Leu (MDL)	**MDL**	MDL
Efes Georgia	Georgian Lari (GEL)	**GEL**	GEL
EHTMC	European Currency (EUR)	**USD**	USD
Efes Germany	European Currency (EUR)	**EUR**	EUR
Almaty CC	Kazakh Tenge (KZT)	**KZT**	KZT
Tonus	Kazakh Tenge (KZT)	**KZT**	KZT
Azerbaijan CC	Azerbaijani Manat (AZN)	**AZN**	AZN
Turkmenistan CC	Turkmenistan Manat (TMT)	**TMT**	TMT
Bishkek CC	Kyrgyz Som (KGS)	**KGS**	KGS
TCCBCJ	Jordan Dinar (JOD)	**JOD**	JOD
SBIL	Iraqi Dinar (IQD)	**IQD**	IQD
SSDSD	Syrian Pound (SYP)	**SYP**	SYP
CCBPL	Pakistan Rupee (PKR)	**PKR**	PKR
CCI Holland	European Currency (EUR)	**USD**	USD
Waha B.V.	European Currency (EUR)	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**IQD**	IQD
Tajikistan CC	Tajikistani Somoni (TJS)	**TJS**	TJS
Ramstore Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Ramstore Macedonia	Makedonian Dinar (MKD)	**MKD**	MKD

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

Basis of Preparation of Financial Statements (cont'd)

Comparative Information and Restatement of Prior Period Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in the financial position and performance. Comparative figures are reclassified, where necessary, to conform to changes in presentation in the current period consolidated financial statements and significant changes are explained. In order to be consistent with the current period presentation, the reclassifications on the consolidated financial statements for the periods ended December 31, 2018 are as follows:

a) Management of Anadolu Isuzu, a subsidiary of the Group has determined that the foreign exchange rates used in one of the 2018 Export sales project were incorrectly recognized based on the evaluations made in 2019. Anadolu Isuzu management has evaluated the effects of these errors on the consolidated financial statements and the errors identified as a result of these evaluations have been corrected retrospectively. Accordingly, the consolidated statement of financial position as of December 31, 2018 has been restated as follows;

- Inventories – decrease in the amount of TRL 3.873
- Trade receivables – increase in the amount of TRL 10.932
- Other current assets – decrease in the amount of TRL 13.259
- Short term deferred income – decrease in the amount of TRL 331
- Long term deferred income – increase in the amount of TRL 2.647
- Trade payables – increase in the amount of TRL 4.932
- Deferred tax liability – decrease in the amount of TRL 167
- Net income - equity holders of the parent– decrease in the amount of TRL 7.359
- Net income - non-controlling interests – decrease in the amount of TRL 5.924

b) In the scope of TFRS 3 "Business Combinations", it is permitted to finalize fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies in a time period of one year. Fair value appraisal process has been finalized as of March 31, 2019 for the business combination of Beer Group recognized as of March 31, 2018. Accordingly, consolidated financial statements for the year 2018 which has been prepared by recognizing provisional goodwill has been restated. According to the restatement, as of March 31, 2018 fair value of the "Inventory", "Property, Plant and Equipment", "Intangible Assets", "Deferred Tax Asset", "Other Liabilities" and "Deferred Tax Liabilities" have been changed. Restatements about the recognition of changes in fair value in the consolidated financial statements as of December 31, 2018 and profit or loss statement as of December 31, 2018 are as follows:

Consolidated statement of financial position as of December 31, 2018;

- Property, plant and equipment – increase in the amount of TRL 703.690
- Goodwill – decrease in the amount of TRL 3.284.470
- Other intangible assets – increase in the amount of TRL 3.281.583
- Deferred tax asset – decrease in the amount of TRL 191.725
- Other short term provisions – increase in the amount of TRL 62.260
- Deferred tax liability – increase in the amount of TRL 652.780
- Currency translation differences – increase in the amount of TRL 2.142
- Net income – equity holders of the parent – decrease in the amount of TRL 46.738
- Non-controlling interests – decrease in the amount of TRL 161.367

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

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

Basis of Preparation of Financial Statements (cont'd)

Comparative Information and Restatement of Prior Period Financial Statements (cont'd)

Consolidated statement of profit or loss as of December 31, 2018;

- Cost of sales – increase in the amount of TRL 252.763
- General administrative expenses – decrease in the amount of TRL 23.066
- Marketing expenses – increase in the amount of TRL 13.278
- Expense from investing activities – increase in the amount of TRL 10.910
- Deferred tax (expense) income – increase in the amount of TRL 37.653
- Net income - equity holders of the parent – decrease in the amount of TRL 46.738
- Net income - non-controlling interests – decrease in the amount of TRL 169.494

The fair value table and goodwill reconciliation (as of the merger date) of the net assets of the companies, whose shares are purchased, are included in "Note 3 - Business Combinations".

New and Amended Turkish Financial Reporting Standards

Amendments that are mandatorily effective from 2019 year

TFRS 16	Leases
TFRS Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to TAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to TAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement
Annual Improvements to TFRS Standards 2015–2017 Cycle	Amendments to TFRS 3 Business Combinations, TFRS 11 Joint Arrangements, TAS 12 Income Taxes and TAS 23 Borrowing Costs

TFRS 16 Leases

TFRS 16; provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. TFRS 16 supersedes the current lease guidance including TAS 17 Leases and the related Interpretations for accounting periods beginning on or after 1 January 2019. The date of initial application of TFRS 16 for the Group is January 1, 2019 retrospectively taking into account the cumulative effect in the financial statements.

In contrast to lessee accounting, TFRS 16 substantially carries forward the lessor accounting requirements in TAS 17.

As a lessee

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

a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

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

Basis of Preparation of Financial Statements (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

Amendments that are mandatorily effective from 2019 year (cont'd)

TFRS 16 Leases (cont'd)

i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

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

a) amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the Group; and

To apply a cost model, the Group measure the right-of-use asset at cost:

a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability.

The Group applies the straight-line method to depreciate the right of use. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
d) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

Basis of Preparation of Financial Statements (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

Amendments that are mandatorily effective from 2019 year (cont'd)

Lease Liability (cont'd)

After the commencement date, the Group measure the lease liability by:

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

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or

b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.

b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

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

a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and

b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

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

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

Basis of Preparation of Financial Statements (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

Amendments that are mandatorily effective from 2019 year (cont'd)

Lease Liability (cont'd)

Leases with a lease term of 12 months or less and leases of low-value assets determined by the Group are evaluated in scope of the exemption of TFRS 16 and payments associated with those leases are recognized on a straight-line basis as an expense in profit or loss.

First adoption to TFRS 16

The Group has adopted TFRS 16 "Lease" which has been replaced with TAS 17 "Leases" from January 1, 2019 with simplified approach. The Group has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach. With this method, use of rights are measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period.

As of January 1, 2019 the details of the right of use assets that are accounted in the consolidated financial statements are as follows:

	January 1, 2019
Land	26.965
Buildings	3.496.723
Machinery and equipments	12.649
Vehicles	14.090
Furniture and fixtures	5.922
Other	614
Total Right of Use Assets	**3.556.963**

With the transition, the Group recognized lease liability in the consolidated financial statements for the lease contracts which were previously measured under TAS 17 as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as of January 1, 2019. The weighted average of the Group's incremental borrowing rates are as follows:

	January 1, 2019
Currency	**Incremental Borrowing Rate**
TRL	19,2%
US Dollars (USD)	5,6%
European Currency (EUR)	2,9%
Russian Ruble (RUR)	8,2%
Ukraine Hryvnya (UAH)	19,8%
Pakistan Rupee (PKR)	7,7%
Azerbaijani Manat (AZN)	15,0%
Jordan Dinar (JOD)	7,3%
Iraqi Dinar (IQD)	5,7%
British Pound (GBP)	7,0%

Finance leases

The main differences between TFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17. Based on an analysis of the finance leases as at December 31, 2019 and on the basis of the facts and circumstances that exist at that date, there isn't any material impact on the Group's consolidated financial statements.

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

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

New standards and interpretations (cont'd)

New and amended TFRS Standards that are effective as of January 1, 2019 (cont'd)

TFRS 16 Leases (cont'd)

First adoption to TFRS 16 (cont'd)

The effects of TFRS 16 on the consolidated statement of financial position as of December 31, 2019 are as follows:

	December 31, 2019		
	Without TFRS 16 effects	**TFRS 16 effects**	**With TFRS 16 effects**
Current Assets	**20.499.717**	**(20.013)**	**20.479.704**
Trade receivables	3.316.004	-	3.316.004
Other receivables	-	5.594	5.594
Prepaid expenses	787.140	(25.607)	761.533
Other components of current assets	16.396.573	-	16.396.573
Non-current Assets	**42.977.530**	**3.674.474**	**46.652.004**
Other receivables	-	5.766	5.766
Right of use assets	-	3.694.386	3.694.386
Prepaid expenses	451.692	(34.560)	417.132
Investments accounted through equity	77.254	(3.104)	74.150
Deferred tax asset	1.081.395	6.500	1.087.895
Other components of non-current assets	41.367.189	5.486	41.372.675
TOTAL ASSETS	**63.477.247**	**3.654.461**	**67.131.708**
Current Liabilities	**21.035.957**	**425.550**	**21.461.507**
Current portion of non-current borrowings	3.376.407	425.550	3.801.957
Other components of current liabilities	17.659.550	-	17.659.550
Non-current Liabilities	**18.529.659**	**3.407.149**	**21.936.808**
Long-term borrowings	14.049.086	3.453.353	17.502.439
Deferred tax liabilities	3.220.276	(32.788)	3.187.488
Other components of non-current liabilities	1.260.297	(13.416)	1.246.881
TOTAL EQUITY	**23.911.631**	**(178.238)**	**23.733.393**
Equity Attributable to Equity Holders of the Parent	**6.178.587**	**(100.474)**	**6.078.113**
Prior years' profits	1.770.507	-	1.770.507
Current period profits	643.989	(100.220)	543.769
Currency translation differences	2.483.394	(254)	2.483.140
Other components of equity	1.280.697	-	1.280.697
Non-Controlling Interests	**17.733.044**	**(77.764)**	**17.655.280**
TOTAL LIABILITIES	**63.477.247**	**3.654.461**	**67.131.708**

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

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

New standards and interpretations (cont'd)

New and amended TFRS Standards that are effective as of January 1, 2019 (cont'd)

TFRS 16 Leases (cont'd)

First adoption to TFRS 16 (cont'd)

The effects of TFRS 16 on the consolidated profit or loss statement as of December 31, 2019 are as follows:

	January 1 – December 31, 2019		
	Without TFRS 16 effects	**TFRS 16 effects**	**With TFRS 16 effects**
Revenue	45.240.423	-	45.240.423
Cost of Sales (-)	(31.586.881)	106.869	(31.480.012)
GROSS PROFIT (LOSS)	**13.653.542**	**106.869**	**13.760.411**
General Administrative Expenses (-)	(2.257.737)	21.231	(2.236.506)
Marketing Expenses (-)	(8.500.846)	121.326	(8.379.520)
Research and Development Expenses (-)	(4.789)	-	(4.789)
Other Operating Income	1.091.421	(25)	1.091.396
Other Operating Expenses (-)	(1.306.890)	-	(1.306.890)
Gain (Loss) from Investments Accounted Through Equity Method	(338.572)	(37.166)	(375.738)
INCOME FROM OPERATING ACTIVITIES	**2.336.129**	**212.235**	**2.548.364**
Income from Investing Activities	2.298.330	-	2.298.330
Expense from Investing Activities (-)	(405.809)	-	(405.809)
INCOME BEFORE FINANCING INCOME (EXPENSE)	**4.228.650**	**212.235**	**4.440.885**
Financial Income	1.463.869	1.094	1.464.963
Financial Expenses (-)	(3.798.666)	(381.523)	(4.180.189)
INCOME (LOSS) FROM CONTINUING OPERATIONS	**1.893.853**	**(168.194)**	**1.725.659**
Tax (Expense) Income, Continuing Operations	**(533.003)**	**24.241**	**(508.762)**
- Current Period Tax (Expense) (-)	*(455.738)*	-	*(455.738)*
- Deferred Tax (Expense) Income	*(77.265)*	*24.241*	*(53.024)*
NET INCOME (LOSS)	**1.360.850**	**(143.953)**	**1.216.897**
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*716.861*	*(43.733)*	*673.128*
- Equity Holders of the Parent	*643.989*	*(100.220)*	*543.769*
EBITDA	**5.539.553**	**726.161**	**6.265.714**

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

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

New standards and interpretations (cont'd)

New and amended TFRS Standards that are effective as of January 1, 2019 (cont'd)

TFRS Interpretation 23 ***Uncertainty over Income Tax Treatments***

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under TAS 12.

Amendments to TAS 28 ***Long-term Interests in Associates and Joint Ventures***

This amendment clarifies that an entity applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to TAS 19 Employee Benefits Plan

Amendments to TAS 19 Employee Benefits address changes in defined benefit plans from the post-employment benefit benefits (defined as defined benefit plans and defined contribution plans) to the recognition of the defined benefit plans and amended TAS 19.

Annual Improvements to TFRS Standards 2015–2017 Cycle

Annual Improvements to TFRS Standards 2015–2017 Cycle include amendments to TFRS 3 Business Combinations and TFRS 11 Joint Arrangements in when a party that participates in, but does not have joint control of, TAS 12 Income Taxes; income tax consequences of dividends in profit or loss, and TAS 23 Borrowing Costs in capitalized borrowing costs.

New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TFRS 3	*Definition of a Business*
Amendments to TAS 1 and TAS 8	*Definition of Material*
Amendments to TFRS 9, TAS 39 and TFRS 7	*Interest Rate Benchmark Reform*

TFRS 17 ***Insurance Contracts***

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of January 1, 2021.

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

New standards and interpretations (cont'd)

New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TFRS 3 *Definition of a Business*

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to TAS 1 and TAS 8 *Definition of Material*

The amendments in Definition of Material (Amendments to TAS 1 and TAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to TFRS 9, TAS 39 and TFRS 7 *Interest Rate Benchmark Reform*

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Other than TFRS 16, these standards, amendments and improvements have no material impact on the consolidated financial position and performance of the Group.

Changes in Accounting Policies, Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the comparative period are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes are for the following periods, changes are applied both on the current and following years prospectively. Except for the subject mentioned in "Comparative Information and Restatement of Prior Period Financial Statements" and TFRS 16 Leases, the Group has not identified any significant accounting error or estimated changes in accounting policies in the current year.

Basis of Consolidation

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

Subsidiaries

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 fully consolidated from the date on which control is transferred to the group. The consolidation of subsidiary ceases when the Company loses control of the subsidiary.

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

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

The consolidated financial statements of the Group include AG Anadolu Grubu Holding A.Ş. and subsidiaries under its control. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to manage the financial and operating policies to benefit from its operations. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company holds 43,05% of the shares in Anadolu Efes that is described as a subsidiary. The remaining 24% shares of Anadolu Efes are held by AB Inbev Harmony Ltd ("AB Inbev" – SAB Miller Harmony Ltd on the date the partnership was established), and 32,95% of the shares are publicly held. Yazıcılar Holding, Özilhan Sınai Yatırım A.Ş. and Anadolu Endüstri Holding A.Ş. (3 holding companies before the merger) are described as Anadolu Efes Control Group ("AECG"). Pursuant to the agreement between AECG and AB Inbev, AECG is granted right to exercise voting rights pertaining to 24% of the shares held by AB Inbev; thus AG Anadolu Grubu Holding A.Ş., as a reflection of this clause to the practice, such voting rights are granted to the Chairman of the Board of Directors of AGHOL that is under joint control of Yazıcı and Özilhan families by proxy in the general assembly of Anadolu Efes. Pursuant to terms and conditions of the agreement, this situation applies as long as the shareholding ratio (of AECG) in Efes is above 35%. From this perspective, AGHOL is able to exercise controlling power on Anadolu Efes together with the shares held by AB Inbev. Likewise, Shareholders Agreement executed with AB Inbev shall be terminated in case AGHOL sells Anadolu Efes shares and its shareholding ratio on Anadolu Efes declines below 35%, and this voting right and right to represent in the general assembly AB Inbev granted to AECG shall no longer exist.

On the other hand;

- The number of Board members representing The Company in the Board of Directors of Anadolu Efes,
- The Company's participation in policy-making processes, including participation in decisions about dividends or other distributions,
- The transactions between The Company and Anadolu Efes and providing internal audit services and high level finance, tax, legal and human resources support to Anadolu Efes by the managerial personnel of The Company are indicators of the Company's control power.

The Group management assessed whether or not the Group has control over Anadolu Efes based on whether the Group has the practical ability to direct the relevant activities of Anadolu Efes unilaterally. In making their judgement, the Group management considered the Group's absolute size of holding in Anadolu Efes and the relative size of and dispersion of the shareholdings owned by the other shareholders. After this assessment, it is concluded that the Group has control over Anadolu Efes.

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

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

Anadolu Efes 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.

A joint venture agreement was signed between EBI, the subsidiary of Anadolu Efes and AB Inbev Efes BV with a 50% stake in Anheuser Busch InBev SA/NV (AB InBev). The issue has detailed explanation in Note 3. As a result of this partnership agreement EBI has gained control over JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. In addition to that EBI's control over Efes Moscow ve Euro-Asien is continuing. Therefore since March 29, 2018 EBI, has started to consolidate companies of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. As of March 29, 2018, Efes Moscow and Euro-Asien companies, which were previously consolidated with a 100% direct final ratio, continued to be consolidated with a 50% direct ownership to EBI.

"Business Partnership Agreement" related with the management of Migros, in which the Group has indirect 50% share, executed between the Group and Moonlight Capital S.A, the other shareholder of Migros has expired on April 30, 2019, as a result, there is no change in the shareholding rates. In TFRS 10 Consolidated Financial Statements under "Assessing Control" title, it is stated that an investor has rights that are sufficient to give it power when the investor has the practical ability to direct the relevant activities unilaterally. Also, it is stated that an investor holds significantly more voting rights than any other vote holder or organised group of vote holders, and the other shareholdings are numerous and widely dispersed, the investor has power over the investee. Since the related criteria in this standard have been fulfilled as of May 1, 2019, Migros has been accounted under investment accounted through equity method until April 30, 2019 and as of May 1, 2019 Migros has been accounted with full consolidation method.

Non-controlling interests in the net assets of the subsidiaries included in consolidation, appears as a separate item in Group's equity. Non-controlling interest consists of non-controlling amount that already exists as of the first acquisition date and the amounts take place during the changes in the parent company's equity related to non-controlling interest after the first acquisition date. Losses exceeding the shares belonging to non-controlling interest are distributed to the shares of the Group, unless there is a mandatory obligation to compensate the recognized losses and an opportunity to make additional investments to cover the stated losses of the non-controlling interest. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the consolidated balance sheet and statement of profit or loss, respectively.

Transactions with non-controlling interests that do not result in loss of control are accounted under equity. These type of transactions are done among the shareholders. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control, any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Basis of Consolidation (cont'd)

Investments in Associates

The Group's investments in associates are accounted under the equity method of accounting. Investments in associates are undertakings over which the Group generally has between 20% and 50% of the voting rights and the Group has significant influence and which are not subsidiaries or joint ventures of the Group. The investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The statement of profit or loss reflects the Group's share of the results of operations of the associates. The group's investment in associates includes goodwill identified on acquisition.

The Group's investments in associates which the Group has direct interest or indirect interest by its subsidiaries are accounted under the equity method of accounting considering direct or indirect shareholding rate in total. Non-controlling interest is calculated regarding the effective shareholding rate through its subsidiaries.

The investments valued accounted through equity method are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associates. The effect of the amounts that has not reflected to the profit or loss of the associate on the equity of the associate may require an adjustment on the book value of the associate. Group's share in these changes is directly being recorded in Group's equity.

Unrealized gains on transactions between the Group and its associates have been adjusted to the extent of the Group's interest in the associate and unrealized losses have been restated if the transaction does not imply impairment of the transferred asset.

Investments in the Joint Ventures

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 for under the equity method of accounting.

The shareholder agreement signed between Anadolu Efes, the subsidiary of Group and Özgörkey Holding A.Ş., which owns 28,3% shares of Anadolu Etap on December 4, 2019, and Anadolu Etap's management structure does not allow any shareholder to control Anadolu Etap on its own. Anadolu Etap, is currently being accounted to Group's financials on equity method and will continue to account by using equity method during the period of validity of the shareholder agreement terms.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities when such options may only be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed number of shares in the subsidiary. The amount that may become payable under the option on exercise is initially recognized at fair value within borrowings with a corresponding charge directly to equity. The charge to equity is recognized separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

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

Basis of Consolidation (cont'd)

The Group recognizes the cost of writing such put options, determined as the excess of the fair value of the option over any consideration received, as a financial expense. Such options are subsequently measured at amortized cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financial expense. In the event that the option expires unexercised, the liability is derecognized with a corresponding adjustment to equity.

Offsetting

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

Summary of Significant Accounting Policies

2.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer:

Sale of Goods

Revenue is generated from beer and soft drinks sales to domestic and foreign dealers and customers and by-product sales. Revenues are recognized on an accrual basis at the time deliveries are made, the amount of revenue can be measured reliably and it's probable that the economic benefits associated with the transaction will flow to the Company at the fair value of considerations received or receivable. Net sales represent the invoiced value of goods shipped or services given without value added tax less sales returns and sales discounts.

Revenue recognition:

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

Group recognized revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- Group can identify each party's rights regarding the goods or services to be transferred,
- Group can identify the payment terms for the goods or services to be transferred,
- The contract has commercial substance,
- It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

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

Summary of Significant Accounting Policies (cont'd)

2.1 Revenue (cont'd)

Sale of goods: Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods,
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend Income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Rent Income

Rent income from investment properties is recognized on a straight-line basis over the term of the respective lease. When there is significant amount of cost of financing included in the sales, the fair value is determined by discounting all probable future cash flows with the yield rate, which is embedded in the cost of financing. The difference is included in financial statements on accrual basis.

2.2 Inventories

Inventories are valued at the lower of cost and net realizable value after provision for obsolete and slow moving. Overheads that have been incurred in bringing the inventories to their present location and condition are accounted as stated below:

Costs are accounted for weighted average method. Finished goods and semi-finished goods include cost of direct materials, labor and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs incurred in order to realize sale.

Inventories related to the real estate operations comprise of construction costs of housing units (completed and in-progress) and the cost of land used for to these housing projects. Land held for future development of housing projects are also classified as inventory. Borrowing costs attributable to qualifying projects are capitalized. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year, are classified as short and long term inventories in the consolidated financial statements.

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

Summary of Significant Accounting Policies (cont'd)

2.3 Property, Plant and Equipment

Property, plant and equipment are carried with their cost after subtracting accumulated depreciation and impairment. Property, plant and equipment are depreciated principally on a straight-line basis. Land is not depreciated as it is deemed to have an indefinite life. The estimated useful lives of assets are as follows:

Land improvements	2-50 years
Buildings	2-50 years
Machinery and equipment	2-20 years
Motor vehicles	3-10 years
Furniture and fixtures	3-20 years
Returnable bottles and cases	5-10 years
Other tangible assets	2-12 years
Leasehold improvements	Lower of lease period or useful life

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 amounts. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present values 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 statement of profit or loss (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 statement of profit or loss. 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

Summary of Significant Accounting Policies (cont'd)

2.4 Assets Used in Renting Activities

In the case of the operating lease business, the economic ownership of the object of the lease remains with the lessor. Assets used in operational lease, which consist of motor vehicles, are carried at fair value in accordance with TAS 16, revaluation model. The fair values of assets used in renting activities are determined using the market value determined by taking into account the valuation of the experts of the company and valuation experts with professional qualifications. In the determination of fair value, "sample comparison approach analysis" method is used. Depreciation is calculated on a pro-rata basis at rates based on the contract periods of assets after deducting the residual value of the assets. The depreciable amount of an asset used in operational lease is the cost of the asset less its residual value, which is determined as the expected market value at the end of the leasing period. The residual value represents the net amount which the enterprise expects to obtain from an asset at the end of its useful life after deducting the expected costs of disposal. Residual values are initially recorded based on appraisals and estimates. Realization of the residual values is dependent on Çelik Motor's future ability to market the vehicles under the prevailing market conditions. Management reviews residual values periodically to determine that recorded amounts are appropriate and if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. In addition, assets used in operational lease, for which legal action have been taken against the lessor, are periodically subjected to the impairment test.

As the residual value (the value of the vehicle at the end of the lease as estimated by Çelik Motor in advance) may differ from the actual market price at the end of the lease, this is considered to be market risk. The residual value is basically affected by external factors. Supply of second hand cars, consumer preferences, exchange rates, government policies and general economic circumstances can only be managed to a certain extent. Çelik Motor has a robust policy in place with respect to residual value risks.

Among other things, Çelik Motor manages the residual value risk by describing the roles and responsibilities in relation to the mandatory frequency of risk measurement and reporting and the minimum risk mitigation standards. Statistical models are applied to calculate the future value of a car as accurately as possible, taking country-specific factors into account. Çelik Motor has an advanced management information system, which accurately monitors the development of residual values under its lease contracts. It also monitors the residual values realized when the vehicles are sold.

2.5 Investment Properties

Investment properties are stated at cost less accumulated depreciation and any impairment in value. Investment properties are depreciated on a straight-line basis over the estimated useful live which is 50 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development to sell.

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

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets

(i) Goodwill and impairment of goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Other intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the period in which it is incurred.

Useful lives of intangible assets are determined as either finite or infinite.

Intangible assets are amortized on a straight line basis over the estimated useful lives. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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 of Anadolu Efes and Migros; 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. Brands are reviewed for impairment annually.

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

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include,

i) Bottlers and distribution agreements that are signed with the Coca Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013

ii) "Distribution Agreements" that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012 and 2018

Since the management of Anadolu Efes, the subsidiary of the Group, 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 agreements includes, the agreements that are signed related with various brands identified in the fair value financial statements of subsidiaries acquired in 2012 and 2018 by EBI in the scope of consolidation. Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. License agreements are treated as cash generating units with indefinite useful life. License agreements are tested for impairment annually. License agreements are treated as cash generating unit with indefinite useful life.

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.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized. This difference is recognized in profit or loss when the asset is excluded from the statement of financial position.

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

Summary of Significant Accounting Policies (cont'd)

2.7 Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-Based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent considerations are remeasured at fair value and changes are accounted in profit or loss statement.

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

Summary of Significant Accounting Policies (cont'd)

2.7 Business Combinations (cont'd)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.8 Impairment of Assets

All assets other than goodwill are tested whether there is an indication of impairment of asset or not for each periods of the balance sheet. If such an indication exists, recoverable amount of that asset is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.9 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs shall be recognized as an expense when incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Group reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

(i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Group applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Group applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

Impairment of financial assets (cont'd)

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

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

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

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

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value.

A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

***Financial liabilities* (cont'd)**

b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 34.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.11 Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

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

Summary of Significant Accounting Policies (cont'd)

2.11 Foreign Currency Transactions (cont'd)

In preparing the financial statements of the Company and its Turkish subsidiaries, transactions in currencies other than TRL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The foreign currency income or expenses incurred from the translation of foreign currency denominated transaction or restatement of monetary items is reflected within the statement of income in the related period.

Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings are recognized in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.12 Earnings per Share

Earnings per share disclosed in the consolidated statement of income are determined by dividing net income by the weighted average number of shares in existence during the period concerned.

In Turkey, companies can raise their share capital by distributing shares ("Bonus Shares") to shareholders in their retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2.13 Events After the Reporting Period

Subsequent events cover all events between the balance sheet date and authorization date of balance sheet for issue even if subsequent event has occurred after any announcement about the profit or any other selected financial information made public. Those matters that do not require adjustment after the balance sheet date are disclosed in the consolidated financial statements in the event that matters affect the financial decisions of the financial statements users.

The Group adjusts the amounts recognized in its consolidated 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.

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

Summary of Significant Accounting Policies (cont'd)

2.14 Provisions, Contingent Liabilities and Contingent Assets

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. Contingent liabilities are assessed continuously to determine whether the possibility of an outflow of resources embodying economic benefits is probable. When the possibility of an outflow of resources embodying economic benefits is probable for the accounts classified as contingent liabilities, provision is provided in the financial statements for related contingent liabilities except for the situations there is not a reliable estimation.

The Group discloses the contingent liabilities that are probable but there is not a reliable estimation for the amount of resources embodying economic benefits.

Assets that result from previous events that cannot be controlled fully by the Group and depend on the realization of one or more uncertain events, is considered as a contingent asset. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15 Leases

Accounting policies applied until December 31, 2018 are included:

The Group as a Lessee

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. Finance charges are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Lease

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. These include rent agreements of premises, which are cancellable subject to a period of notice. Operating lease payments are recognized as an expense in the statement of profit or loss on a straight-line basis over the lease term.

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

Summary of Significant Accounting Policies (cont'd)

2.15 Leases (cont'd)

The Group as a Lessor

Operating Lease

The Group presents assets subject to operating leases in the balance sheets according to their nature. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognized as a reduction of rental income over the lease term on a straight-line basis. Operating leases are amortized based on their cost after deducting their residual values.

TAS 16 "Property, Plant and Equipment", items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental, are transferred to inventory when rental ceases.

Sale and leaseback transaction

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The lease payment and the sale price are usually interdependent because they are negotiated as a package. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income by a seller-lessee. The Group continues to account property, plant and equipment which are subject to sale and leaseback, with previous carrying amount as if the related sale and leaseback does not exist. The details of the related tangible assets and financial leasing liabilities are explained in detail in Note 7 and Note 13.

2.16 Related Parties

Parties are considered related to the Group if;

(a) directly, or indirectly through one or more intermediaries, the party:
  (i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
  (ii) has an interest in the Company that gives it significant influence over the Company; or
  (iii) has joint control over the Company;
(b) the party is an associate of the Company;
(c) the party is a joint venture in which the Company is a venture;
(d) the party is member of the key management personnel of the Company or its parent;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e);
(g) the party has a defined benefit plan for the employees of the Company or a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged.

2.17 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group Management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group is organized and primarily managed in six principal segments: Beer, soft drinks, Migros, automotive (including passenger vehicles, commercial vehicles, generator, spare and component parts, motor vehicle renting), retailing (stationery, chain restaurant management and tourism) and other (production and sale of electricity, information technology, trade and real estate).

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

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

Summary of Significant Accounting Policies (cont'd)

2.18 Government Incentives and Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to such grants, and that the grants will be received. They are recognized as income over the period to match them with the related costs that they are intended to compensate. Income relating to government grants is recognized as a deduction from the appropriate expense.

2.19 Taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The current income tax payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

	2019	2018
The Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**-**	-
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Pakistan	**29%**	29%
Iraq	**15%**	15%
Jordan	**14%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**13%**	13%

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Summary of Significant Accounting Policies (cont'd)

2.19 Taxes (cont'd)

Deferred Tax (cont'd)

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current Income Tax and Deferred Tax

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

2.20 Employee Termination Benefits

Defined Benefit Plan

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 upon estimated inflation rates and factors derived using the Group's experience of personnel terminating their services and being eligible to receive such benefits and discounted by using the current market yield at the balance sheet date on government bonds.

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

Defined Contribution Plan

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 accrued.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.21 Statement of Cash Flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.22 Hedge Accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge).

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.

Foreign Currency Hedge of Net Investments in Foreign Operations

Group that is determined to be effective on the gain or loss arising from the hedging instrument related to the net investments in foreign subsidiaries operating in foreign countries is recognized directly in equity and the ineffective portion is recognized in the statement of profit or loss. In the case of disposal of a foreign subsidiary, the amount recognized in equity for the hedging instrument is recognized in profit or loss.

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

Summary of Significant Accounting Policies (cont'd)

2.22 Hedge Accounting (cont'd)

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.

2.23 Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

2.24 Research and Development Expenses

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditures are recognised as expenses as incurred. Development expenses recognised as expense in prior periods are not subject to capitalisation in subsequent periods.

Use of Accounting Estimates and Assumptions

The preparation of the consolidated 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 earnings in the periods in which they become known. The source of the risk carrying estimates, assumptions and calculation indefinitions which may cause to significant adjustments at assets and liabilities at following periods as of balance sheet date are; actuarial assumptions used for employee termination benefits, impairment of assets and useful lives of tangibles and intangibles. These estimates and assumptions are explained at related disclosure in detail:

Goodwill impairment

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, 2019, Group made 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. 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 3,00% - 15,10% (December 31, 2018: between 4,70% and 13,00%) and after tax discount rate is between 7,70% and 26,70% (December 31, 2018: between 10,80% and 25,90%).

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

Use of Accounting Estimates and Assumptions (cont'd)

Provision for expected credit loss

Allowance for expected credit loss is recognized by using the expected credit loss defined in TFRS 9. Expected credit losses are calculated based on Group's future estimates and experience over the past years. The provision for expected credit loss is explained in the Note 8.1.

Provisions for impairment in inventories

During the assessment of the provision for impairment in inventory the followings 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. As a result of this, the inventories with the net realizable values below the costs are explained in the Note 10.

Employee termination benefit

Discount rates are determined using actuarial valuations which involve making assumptions about future salary increases and employee turnover rates. The details related with the defined benefit plans are explained in Note 17.2.

Warranty provision

Group has determined the warranty provision by considering the realized warranty expense per each product in the previous years for each product model/type and the warranty period left per each product. Group also takes into consideration the warranty expenses that can be recourse to the manufacturer along with expenses of previous years and contracts and does not make provisions for these amounts. The details related with warranty provision are explained in Note 17.3.

Carry forward tax losses subject to deferred tax calculation

Carry forward tax losses are reviewed each reporting period. 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 (Note 30.2).

Put Option Liability

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

Assets used in renting activities

Çelik Motor, a subsidiary of the Group, recognizes assets used in renting activities at fair value on a prospective basis in the context of TAS 16, a revaluation model. The fair value of assets is determined based on the average sales prices in the market and sales prices of the vehicles sold through İkinciyeni.com in previous periods, the estimates made by Çelik Motor Management using independent data. In this context, revaluations are made every six months utilizing reliable and independent data sources. As of December 31, 2019, valuation was also calculated under this policy and revaluation increase of TRL 99.085 after deferred tax was recognized under Revaluation and Remeasurement Gain (Loss). As of December 31, 2019, the net book value of the assets used in operational leasing before valuation amounts to TRL 738.786 (December 31, 2018: TRL 1.510.453).

Assets that are carried at revalued amount and used for operational leasing are valued at a rate that will ensure that the assets do not differ from their fair value. Revaluation increases are recognized in the revaluation fund in the comprehensive income statement.

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

Use of Accounting Estimates and Assumptions (cont'd)

Assets used in renting activities (cont'd)

Accumulated depreciation on the revaluation date is netted at gross value of the assets used in operational leasing and the net amount equals the revalued amount of the asset used in the operational leasing.

In case of the disposal of the asset carried at fair value, the profit or loss (the difference between the net cash flow from the sale and the carrying amount of the asset) is transferred primarily to the revaluation fund related to that asset in the valuation fund and to the retained earnings. The balance is added to the profit or loss statement of the year during which the asset is disposed.

Residual values of assets used in operational lease

The Group management has significant assumptions regarding the technical team's experience in determining the second hand vehicle sales values at the end of the rental period of the vehicles located in property, plant and equipment and leased to the operator. The difference between the cost values of these vehicles and the second hand sales values is amortized over the term of the lease contracts.

NOTE 3 - BUSINESS COMBINATIONS

Transactions for year of 2019

1) "Business Partnership Agreement" related with the management of Migros, in which the Group has indirect 50% share, executed between the Group and Moonlight Capital S.A, the other shareholder of Migros has expired on April 30, 2019, as a result, there is no change in the shareholding rates. In TFRS 10 Consolidated Financial Statements under "Assessing Control" title, it is stated that an investor has rights that are sufficient to give it power when the investor has the practical ability to direct the relevant activities unilaterally. Also, it is stated that an investor holds significantly more voting rights than any other vote holder or organised group of vote holders, and the other shareholdings are numerous and widely dispersed, the investor has power over the investee. Since the related criteria in this standard have been fulfilled as of May 1, 2019, Migros has been accounted under investment accounted through equity method until April 30, 2019 and as of May 1, 2019 Migros has been accounted with full consolidation method.

This amendment is accounted as business combination achieved in stages according to TFRS 3 "Business Combinations" and in a business combination achieved in stages, the acquirer shall re-measure its previously held equity interest in the acquire at its acquisition-date fair value and recognize the resulting gain or loss.

TFRS 3 Business Combinations permits fair value appraisal works to be completed in one year period. Fair value appraisal works related to assets, liabilities and contingent liabilities in the Migros' financial statements have been recognized in accordance with TFRS 3 "Business Combinations". The difference between the fair value of Migros and the fair value of Migros' net assets has been recognized as goodwill amounting to TRL 3.717.403 in the consolidated financial statements as of December 31, 2019, the difference between Migros' fair value and amount of investment accounted by equity method amounting to TRL 1.185.846 as of April 30, 2019 is recognized as income from investing activities in the consolidated financial statements (Note 15.2, Note 27.1).

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

NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for year of 2019 (cont'd)

The fair values of Migros' net assets in its financial statements as of April 30, 2019 are as follows:

	Fair Value	**Book Value**
Cash and cash equivalents	1.745.475	1.745.475
Trade receivables	167.426	167.426
Inventories	2.832.556	2.506.356
Assets held for sale	133.083	39.009
Other current assets	131.633	131.633
Investment properties	32.325	22.389
Tangible assets	3.807.985	3.419.863
Right of use assets	2.907.972	2.907.972
Intangible assets		
- Goodwill	1.565	1.565
- Brand	116.411	2.787
- Other intangible assets	193.866	265.261
Deferred tax assets	-	103.599
Other Non - current assets	23.369	23.369
Financial liabilities	(4.915.253)	(4.915.253)
Lease liabilities	(2.967.585)	(2.967.585)
Trade payables	(4.941.902)	(4.941.902)
Other liabilities	(827.584)	(827.584)
Deferred tax liabilities	(110.225)	-
Carrying value of net assets	**(1.668.883)**	**(2.315.620)**
Fair value of shares hold (*)	2.882.962	
Value of identifiable net assets of non-controlling interests	(834.441)	
	2.048.521	
Value of identifiable net assets	(1.668.883)	
Goodwill as a result of business combination (Not 15.2)	**3.717.403**	

(*) The relevant amount is calculated by the weighting of discounting future cash flows of cash generating units, the market value which includes control premium as at April 30, 2019 and the enterprise value calculated with EBITDA multiple which also includes control premium.

2) In December 2019, the transactions detailed below are made regarding Anadolu Etap, which is accounted as an investment valued by equity.

a) Anadolu Efes, a subsidiary of the Group, Burlingtown LLP and Özgörkey Holding A.Ş. (Özgörkey Holding) signed a share purchase agreement on December 4, 2019 for the purchase of Burlingtown LLP's 39,7% shares in Anadolu Etap at the rate of each partner's own shares. Based on this share purchase agreement, Anadolu Efes purchased 26,1% of Anadolu Etap for a price of TRL 189. Following the share transfer on December 6, 2019, Anadolu Efes' shareholding in Anadolu Etap increased from 39,70% to 65,84%.

b) As a result of the capital increase amounting to TRL 114.000 at Anadolu Etap on December 27, 2019, Anadolu Efes' share in Anadolu Etap increased from 65,84% to 71,70%.

Anadolu Etap, which is accounted as an investment valued by equity in the financial statements of the Group, will continue to be recognized as an investment valued by equity since the management structure and the agreements between the shareholders do not allow any shareholder to control Anadolu Etap alone.

NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the year of 2018

On March 29, 2018 after the required approvals from the legal authorities related with the alliance with Anheuser Busch InBev SA / NV (AB InBev), EBI's all beer operations in Russia, whose 100% shares are owned by Anadolu Efes, the subsidiary of the Group and AB InBev's all beer operations in Russia and Ukraine, has been merged under AB InBev Efes BV (AB InBev Efes) as 50%-50% ownership of Anadolu Efes and AB InBev. After this business combination, Anadolu Efes's Russian business and AB InBev's Russian and Ukrainian businesses started to operate together.

In August 2017, AB InBev Efes B.V. established in Netherlands by EBI with 100% ownership in order to facilitate the business combination. Thereafter, AB InBev has made an in kind capital contribution to AB InBev Efes with JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH entities' 100,00%, 98,34% and 100,00% shares respectively on March 29, 2018. At the same time, EBI has made an in kind capital contribution to AB InBev Efes with 100% shares of Efes Moscow and Euro-Asien on March 29, 2018. Moreover, AB InBev and EBI have made cash capital increase in AB InBev Efes with a total amount of USD 500 Thousand. After the cash and in kind capital contributions made by AB InBev and EBI, their ownership in AB InBev Efes became 50%-50%.

As a result of this merger, ABI InBev Efes's direct effective shareholding and voting rights have been 100,00%, 98,34% and 100,00% on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH respectively (Anadolu Efes' share 50,00%, 49,17% and 50,00%). In accordance with the clauses of the shareholders agreement between EBI and AB InBev, EBI has acquired the control on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH. Accordingly; JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH have been consolidated for the period ended March 31, 2018.

Additionally, as a result of this merger ABI InBev Efes's direct effective shareholding and voting rights have been 100% in Efes Moscow and Euro-Asien. Accordingly, Anadolu Efes' share in these subsidiaries have been changed to 50,00% with retained control (Before this merger, the effective shareholding and voting rights were 100% for these two companies). In accordance with TFRS 10, as a result of the change in effective shareholding rates in Efes Moscow and Euro-Asien with retained control, the difference between the fair value and the book value amounting to TRL 586.736 has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated financial statements of Anadolu Efes (The Group's share amounts to TRL 252.590).

Based upon the valuation report, the value of the assets that AB InBev has contributed in kind in AB InBev Efes as capital has been booked as USD 1.049.170 Thousand in the financial statements of AB InBev Efes (equivalent of TRL 4.143.067). Additionally, AB InBev has made a cash capital contribution to AB InBev Efes amounting to USD 250 Thousand as mentioned above (equivalent of TRL 987).

Based upon the valuation report, the value of the assets that EBI has contributed in kind in AB InBev Efes as capital has been booked as USD 1.049.990 Thousand in the financial statements of AB InBev Efes (equivalent of TRL 4.146.305). Additionally, EBI has made a cash capital contribution to AB InBev Efes amounting to USD 250 Thousand as mentioned above (equivalent of TRL 987).

After this merger, 50% of JSC Sun InBev's shareholder loan amounting to TRL 595.553 is taken over by EBI. 50% of Efes Russia's the shareholder loan amounting to TRL 327.097 is taken over by Brandbev S.A.R.L which is an ABI InBev Group company.

In December 2018, AB Inbev made a cash payment of USD 39,4 Million to EBI regarding to the commitments determined within the scope of this business combination (equivalent of TRL 179.856).

If the financial statements of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH had been consolidated since January 1, 2018, the contribution to consolidated net revenue would have been TRL 474.753 (Consolidated net revenue would be TRL 24.456.008 for the year ended December 31, 2018).

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to TFRS 3 "Business Combinations" has been realized. As at March 31, 2018, the difference amounting to TRL 535.793 between the Group's acquisition cost and the fair value of net assets of the Group companies is recognized as goodwill in the consolidated financial statements.

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

NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the year of 2018 (cont'd)

The fair value of the net assets of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH derived from the financial statements as of the acquisition date are as follows:

	Fair Value			
	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	**JSC Sun InBev**	**PJSC Sun InBev Ukraine**	**Bevmar GmbH**
Cash and Cash Equivalents	**13.758**	11.773	1.985	-
Trade and Other Receivables	**231.333**	203.884	27.449	-
Due from Related Parties	**26.259**	24.183	4.703	277.237
Inventories	**341.926**	274.353	67.573	-
Other Current Assets	**48.660**	25.439	23.222	-
Tangible Assets	**1.736.920**	1.463.742	273.178	-
Intangible Assets	**3.034.023**	2.893.308	140.715	-
Other Non - Current Assets	**281**	252	29	-
Deferred Tax Assets	**138.702**	89.633	49.069	-
Financial Liabilities to Related Parties	**(596.047)**	(873.201)	-	-
Financial Liabilities to Third Parties	**(120.293)**	-	(119.938)	(355)
Trade payables	**(748.718)**	(560.950)	(187.768)	-
Due to Related Parties	**(194.070)**	(129.307)	(67.230)	(243)
Other Liabilities	**(258.257)**	(197.636)	(60.622)	-
Deferred Tax Liabilities	**(598.760)**	(573.824)	(24.936)	-
Carrying Value of Net Assets Acquired	**3.055.717**	**2.651.649**	**127.430**	**276.639**
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Anadolu Efes' share in Net Assets	**3.053.603**	**2.651.649**	**125.315**	**276.639**

Total consideration	**4.143.069**
Shareholder loans transferred, net	**(134.229)**
Cash inflows due to commitments determined within the scope of the business combination	**(179.856)**
Impaired assets due to a business combination	**(239.588)**
Anadolu Efes' share in net assets	**3.053.603**
Goodwill arising from acquisition (Note 15.2)	**535.793**

NOTE 4 - SEGMENT REPORTING

The management monitors the operating results of its six business units separately for the purpose of making decisions about the resource allocation and performance assessment. The six operating segments are: beer, soft-drinks, Migros, automotive (including passenger vehicles, commercial vehicles, generator, spare and component parts, motor vehicle renting); retailing (stationery, restaurant management and tourism) and other (production and sale of electricity, real estate, information technologies, trade).

Since segment reporting and information used in the Group management reporting is consistent with consolidated statement of financial position and consolidated statement of profit or loss the Group does not need to perform reconciliation between the consolidated statement of profit or loss, consolidated statement of financial position and the segment reporting disclosure.

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

NOTE 4 - SEGMENT REPORTING (cont'd)

December 31, 2019	Beer	Soft-Drinks	Migros	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Pro forma Consolidated with Migros (**)
Sales	10.579.490	11.957.649	23.187.669	4.114.418	1.359.019	497.377	(6.455.199)	45.240.423	51.699.024
Inter-segment sales	489.530	287.361	3.695	48.124	39.820	130.729	(999.259)	-	-
Total Sales	**11.069.020**	**12.245.010**	**23.191.364**	**4.162.542**	**1.398.839**	**628.106**	**(7.454.458)**	**45.240.423**	**51.699.024**
GROSS PROFIT(LOSS)	**4.582.804**	**4.206.600**	**6.205.253**	**666.763**	**302.417**	**153.828**	**(2.357.254)**	**13.760.411**	**15.586.848**
Operating expenses	(4.113.636)	(2.601.737)	(4.884.123)	(323.807)	(192.346)	(160.842)	1.655.676	(10.620.815)	(12.118.559)
Other operating income (expenses), net	255.600	(83.712)	(516.372)	(12.101)	661	12.210	128.220	(215.494)	(360.782)
Gain (loss) from the investments accounted through equity method (*)	(123.371)	(361)	-	(13.289)	(6.082)	(232.635)	-	(375.738)	(174.707)
OPERATING INCOME (LOSS)	**601.397**	**1.520.790**	**804.758**	**317.566**	**104.650**	**(227.439)**	**(573.358)**	**2.548.364**	**2.932.800**
Income (expense) from investing activities, net	860.962	3.009	(30.169)	995	1.247	964	1.055.513	1.892.521	1.887.713
Financial income (expense), net	(517.370)	(334.872)	(1.242.119)	(568.643)	(149.499)	(479.891)	577.168	(2.715.226)	(3.292.236)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**944.989**	**1.188.927**	**(467.530)**	**(250.082)**	**(43.602)**	**(706.366)**	**1.059.323**	**1.725.659**	**1.528.277**
Tax (expense) income from continuing operations, net	(410.354)	(246.681)	(24.440)	40.972	3.916	28.146	99.679	(508.762)	(512.787)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**534.635**	**942.246**	**(491.970)**	**(209.110)**	**(39.686)**	**(678.220)**	**1.159.002**	**1.216.897**	**1.015.490**
Attributable to:									
- Non-controlling interest	(167.873)	(23.523)	142	(97)	-	(5.156)	869.635	673.128	471.721
- Equity holders of the parent	702.508	965.769	(492.112)	(209.013)	(39.686)	(673.064)	289.367	543.769	543.769
Total Assets	**22.536.050**	**15.959.755**	**14.479.305**	**2.933.439**	**889.308**	**5.712.484**	**4.621.367**	**67.131.708**	**67.131.708**
Total Liabilities	**12.034.372**	**8.590.406**	**14.138.007**	**2.728.131**	**730.043**	**4.292.074**	**885.282**	**43.398.315**	**43.398.315**
Net debt	**1.574.911**	**2.334.080**	**2.055.016**	**1.319.364**	**208.250**	**3.753.469**	**-**	**11.245.090**	**11.245.090**
Purchases of tangible & intangible assets, assets used in renting activities and investment property	1.057.586	765.987	340.861	132.920	25.123	3.031	(68.389)	2.257.119	2.325.508
EBITDA	**1.755.811**	**2.282.745**	**2.235.767**	**432.815**	**238.135**	**38.585**	**(718.144)**	**6.265.714**	**6.911.133**
- Depreciation and amortization	1.036.619	694.587	805.960	79.341	117.007	32.847	(276.529)	2.489.832	2.757.389
- Provision for employee termination benefits	14.844	38.822	92.159	7.887	10.352	726	(23.593)	141.197	164.790
- Provision for vacation pay liability	12.756	1.103	16.518	(88)	44	(184)	(25.166)	4.983	30.149
- Other	(33.176)	27.082	516.372	14.820	-	-	180.502	705.600	851.298

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 123.371 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 361 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 13.289 is recorded under 'automotive' segment; loss recognized from Aslancık amounting TRL 16.024, loss recognized from TOGG amounting TRL 15.580 and loss recognized from Migros amounting TRL 201.031 are recorded under 'other' segment, loss recognized from LLC Faber-Castell Anadolu amounting TRL 6.082 is recorded under 'retailing' segment.

(**) As stated in Note 3, Migros has been recognized under the investments accounted through equity method until April, 30 2019 and as of May 1, 2019 the Group has started to fully consolidate Migros in financial statements. "Pro forma Consolidated with Migros" that is presented for indicative purposes shows fully consolidated financial results of Migros as of January 1, 2019.

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

NOTE 4 - SEGMENT REPORTING (cont'd)

December 31, 2018	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	8.066.678	10.623.314	3.857.525	1.179.682	254.502	(446)	23.981.255	18.717.358	42.069.622
Inter-segment sales	-	71	49.419	20.741	126.596	(196.827)	-	-	-
Total Sales	8.066.678	10.623.385	3.906.944	1.200.423	381.098	(197.273)	23.981.255	18.717.358	42.069.622
GROSS PROFIT(LOSS)	3.210.788	3.526.789	685.789	247.902	147.849	(137.757)	7.681.360	4.880.541	12.516.848
Operating expenses	(3.218.281)	(2.311.107)	(313.800)	(176.235)	(148.896)	146.553	(6.021.766)	(4.031.754)	(10.035.220)
Other operating income (expenses), net	128.997	39.093	(69.436)	(6.266)	(10.938)	(22.347)	59.103	(407.697)	(349.074)
Gain (loss) from the investments accounted through equity method (*)	(80.183)	(882)	(12.432)	(753)	(420.974)	-	(515.224)	-	(135.840)
OPERATING INCOME (LOSS)	41.321	1.253.893	290.121	64.648	(432.959)	(13.551)	1.203.473	441.090	1.996.714
Income (expense) from investing activities, net	172.759	(9.295)	4.378	(2.726)	53.651	(110.694)	108.073	(136.832)	90.774
Financial income (expense), net	(269.815)	(688.827)	(787.262)	(66.414)	(315.026)	(510)	(2.127.854)	(1.351.525)	(3.479.375)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(55.735)	555.771	(492.763)	(4.492)	(694.334)	(124.755)	(816.308)	(1.047.267)	(1.391.887)
Tax (expense) income from continuing operations, net	(83.859)	(195.611)	498	(6.215)	2.148	(4.132)	(287.171)	211.830	(90.861)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	(139.594)	360.160	(492.265)	(10.707)	(692.186)	(128.887)	(1.103.479)	(835.437)	(1.482.748)
Attributable to:									
- Non-controlling interest	(80.795)	33.383	(178)	-	(2.075)	114.337	64.672	121	(314.597)
- Equity holders of the parent	(58.799)	326.777	(492.087)	(10.707)	(690.111)	(243.224)	(1.168.151)	(835.558)	(1.168.151)
Total Assets	18.337.472	14.020.442	3.645.460	718.501	5.451.975	5.283.907	47.457.757	10.884.861	56.544.247
Total Liabilities	9.546.580	7.569.706	3.644.583	505.677	3.586.017	1.145.661	25.998.224	10.249.771	36.054.057
Net debt	1.804.887	2.628.435	2.825.124	243.025	2.824.742	4.142	10.330.355	2.801.131	13.131.488
Purchases of tangible & intangible assets, purchases of assets used in renting activities, investment property	1.057.586	857.646	773.410	45.807	2.955	(305.063)	2.432.341	487.751	2.737.404
EBITDA	1.084.268	1.870.574	423.958	111.226	19.758	(316)	3.509.468	1.217.399	4.699.634
- Depreciation and amortization	884.874	598.630	103.848	31.920	30.721	13.232	1.663.225	295.083	1.958.307
- Provision for employee termination benefits	17.395	19.223	5.550	6.894	646	57	49.765	61.536	111.301
- Provision for vacation pay liability	10.700	1.031	265	6.133	376	1	18.506	11.993	30.499
- Other	49.795	(3.085)	11.742	878	-	(55)	59.275	407.697	466.973

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 80.183 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 882 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 12.432 is recorded under 'automotive' segment; loss recognized from Aslancık amounting TRL 40.807, loss recognized from TOGG amounting TRL 783 and loss recognized from Migros amounting TRL 379.384 are recorded under 'other' segment; loss recognized from LLC Faber -Castell Anadolu amounting TRL 753 is recorded under 'retailing' segment.

(**) As stated in Note 3, Migros has been recognized under the investments accounted through equity method until April, 30 2019 and as of May 1, 2019 the Group has started to fully consolidate Migros in financial statements. "Pro forma Consolidated with Migros" that is presented for indicative purposes shows fully consolidated financial results of Migros as of January 1, 2018.

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

NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	December 31, 2019	December 31, 2018
Cash	**97.542**	5.317
Time deposit	**6.854.643**	4.226.317
Demand deposit	**875.348**	811.176
Credit card receivables	**1.056.763**	193.835
Other cash and cash equivalents (*)	**24.544**	32.441
Cash and cash equivalents in the consolidated cash flow statement	**8.908.840**	5.269.086
Interest income accruals	**18.847**	13.904
	8.927.687	5.282.990

(*) Other liquid assets consist of cheques in collection and direct billing system (DBS) balances.

As of December 31, 2019, while annual interest rates of the TRL denominated time deposits vary between 7,60% and 14,10% (December 31, 2018:15,00% - 24,50%), annual interest rates of the USD and Euro and other currency denominated time deposits vary between 0,5% and 18,00% (December 31, 2018: Annual interest rates of the USD, Euro and other currency denominated time deposits vary between 0,2% and 18,00%).

As of December 31, 2019, cash and cash equivalents of AGHOL amount to TRL 199.707 (December 31, 2018: TRL 110.235).

As of December 31, 2019, there is no cash deposit pledged as collateral or no restricted deposit by the Group (December 31, 2018: None).

As of December 31, 2019, the Group has designated its bank deposits amounting to TRL 125.789, equivalent of USD 18.992 Thousand and EUR 1.950 Thousand for the future raw material purchases, operational and interest expense related payments (December 31, 2018: TRL 1.100.668, equivalent of USD 195.145 Thousand and EUR 12.281 Thousand).

NOTE 6 - FINANCIAL INVESTMENTS

	December 31, 2019	December 31, 2018
Time deposits	**408.248**	31.439
Investment fund	**7.623**	6.883
Credit card receivables	**-**	2.039
Other	**4.787**	367
	420.658	40.728

As of December 31, 2019, deposits with maturities longer than 3 months with 31 to 180 days are in TRL, USD, EURO, KZT and MKD and interest rate for TRL is 11,40%, vary between 0,8%-3,0% for USD, 1,10% for EURO, 1% for MKD and vary between 10,00%-10,50% for KZT (December 31, 2018 – USD 1,00%- 4,50% and KZT 11,00%; maturities between 31-361 days).

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

NOTE 7 - BORROWINGS

	December 31, 2019	December 31, 2018
Bank borrowings	**3.335.175**	3.184.503
Current portion of long term borrowings	**3.270.718**	3.643.106
Lease liabilities	**531.239**	113.693
Short term borrowings	**7.137.132**	6.941.302
Bank borrowings	**13.982.755**	8.549.418
Lease liabilities	**3.519.684**	162.986
Long term borrowings	**17.502.439**	8.712.404
Total borrowings	**24.639.571**	15.653.706

As of December 31, 2019 AGHOL's total bank borrowings amount to TRL 2.431.270 (December 31, 2018: TRL 1.644.887).

Some of the Group's borrowings are subject to covenants. According to the mentioned provisions, certain performance criteria have to be fulfilled by the Group.

Lessee - Finance Lease

The properties acquired by the Group through financial leasing consist of land, buildings, machinery and equipment, motor vehicles and furniture and fixtures.

Net book value of property, plant and equipment obtained by financial leasing of the Group is TRL 32.766 (December 31, 2018: TRL 43.225). Sale and leaseback process have been applied for the property, plant and equipment amounting TRL 32.016 (December 31, 2018: TRL 42.289) acquired by financial leasing. The Group has continued to record these tangible assets based on previous net book values assuming no leaseback transactions.

The movement of bank loans as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Opening balance	**15.653.706**	14.112.520
Interest expense	**1.637.385**	1.243.994
Interest paid	**(1.717.362)**	(1.215.269)
Addition through business combination	**4.915.253**	418.554
Shareholder loans transferred as a result of business combination	**-**	163.549
Proceeds from borrowings	**10.835.833**	11.541.989
Repayments of borrowings	**(11.922.669)**	(15.338.351)
Foreign exchange (gain)/loss, net	**989.357**	4.256.305
Classification to lease liabilities item under TFRS 16	**(276.679)**	-
Currency translation differences	**447.812**	413.085
Capitalized interest	**26.012**	57.330
Closing balance	**20.588.648**	15.653.706

As of December 31, 2019, net interest expense on cross currency swap contracts is TRL 139.377 (December 31, 2018: TRL 44.990).

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

NOTE 7 - BORROWINGS (cont'd)

	December 31, 2019			December 31, 2018		
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**2.767.859**	**10,5% - 29,0%**	**Trlibor + (3,5% - 4,8%)**	2.515.681	11,7% - 37,5%	-
Borrowing in foreign currency (EUR)	**1.968.531**	**1,4% - 6,0%**	**Euribor + (0,7% - 5,1%)**	3.030.888	1,0% - 8,0%	Euribor + (0,9% - 5,1%)
Borrowing in foreign currency (USD)	**1.231.838**	**1,5% - 6,0%**	**Libor + (3,9% - 6,9%)**	608.226	3,0% - 5,0%	Libor + (1,0% - 5,8%)
Borrowing in foreign currency (Other)	**637.665**	**0,1% - 15,5%**	**Kibor + (0,3%)**	672.814	6,0% - 21,5%	Kibor + (-0,1% - 0,5%) & Mosprime + (2,6%)
	6.605.893			6.827.609		
Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**2.228.760**	**11,6% - 29,0%**	**Trlibor + (3,5% - 4,8%)**	759.919	11,7% - 29,0%	-
Borrowing in foreign currency (EUR)	**4.737.734**	**1,5% - 6,0%**	**Euribor + (4,8% - 5,1%)**	1.368.410	1,5% - 5,0%	Euribor + (1,6% - 5,1%)
Borrowing in foreign currency (USD)	**6.463.658**	**2,5% - 4,2%**	**Libor + (4,4% - 5,4%)**	6.416.056	3,4% - 4,4%	Libor + (3,9% - 5,0%)
Borrowing in foreign currency (Other)	**552.603**	**7,9% - 11,0%**	**-**	5.033	6,0%	-
	13.982.755			8.549.418		
	20.588.648			15.377.027		

Repayments schedules of long-term bank loans are as follows:

	December 31, 2019	December 31, 2018
1-2 years	**3.158.748**	1.191.615
2-3 years	**5.803.004**	767.128
3-4 years	**1.697.587**	2.811.293
4-5 years	**2.931.679**	860.074
5 years and more	**391.737**	2.919.308
	13.982.755	8.549.418

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

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

8.1 Trade Receivables, Third Parties

	December 31, 2019	December 31, 2018
Trade receivables	**3.426.085**	2.761.477
Post-dated cheques and notes receivables	**105.562**	121.991
Less: provision for expected credit loss	**(234.603)**	(127.392)
	3.297.044	2.756.076

As of December 31, 2019, the Group has long term trade receivables from third parties amounting to TRL 1.619 (December 31, 2018: TRL 1.437).

Movement of provision for expected credit loss is as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	**127.392**	69.925
Provisions (Note 26.2)	**47.876**	36.222
Reversal of provision (including collections)	**(13.025)**	(3.638)
Recorded due to business combination	**66.941**	26.429
Write-off from expected credit loss	**(6.986)**	(11.191)
Currency translation differences	**12.405**	9.645
Balance at the end of the period	**234.603**	127.392

The total minimum collection of the receivables from non-cancelable operational leases of Çelik Motor and AND Anadolu Gayrimenkul, subsidiaries of the Group for subsequent periods are as follows:

	December 31, 2019	December 31, 2018
- Less than a year	**93.018**	328.493
- Between one and five years	**5.944**	145.262
	98.962	473.755

8.2 Trade Payables, Third Parties

	December 31, 2019	December 31, 2018
Short-term trade payables	**11.476.060**	4.153.846
Long-term trade payables	**10.864**	44.207
	11.486.924	4.198.053

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

9.1 Other Short Term Receivables, Third Parties

	December 31, 2019	December 31, 2018
Receivables from tax office	**31.435**	54.827
Due from personnel	**40.907**	16.612
Deposits and guarantees given	**2.266**	6.827
Other	**121.339**	40.674
	195.947	118.940

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

NOTE 9 - OTHER RECEIVABLES AND PAYABLES (cont'd)

9.2 Other Long Term Receivables, Third Parties

	December 31, 2019	December 31, 2018
Deposits and guarantees given	**60.609**	51.283
Other	**3.409**	5.485
	64.018	56.768

9.3 Other Short Term Payables, Third Parties

	December 31, 2019	December 31, 2018
Taxes payable	**1.229.848**	1.155.767
Deposits and guarantees taken	**312.978**	262.906
Other	**37.143**	96.822
	1.579.969	1.515.495

As of December 31, 2019 the non-current portion of other payables to third parties consists of deposits and guarantees taken amounting TRL 485.872 and other payables amounting to TRL 1.865 (December 31, 2018: TRL 392.368).

NOTE 10 – INVENTORIES

	December 31, 2019	December 31, 2018
Raw materials	**1.089.522**	969.597
Work-in-process	**254.934**	175.974
Finished and trade goods	**3.561.473**	1.061.894
Packaging materials	**176.561**	154.802
Bottles and cases	**183.087**	86.030
Supplies	**182.539**	150.199
Ongoing real estate projects (*)	**242.447**	435.999
Other inventories	**152.474**	148.889
Provisions for impairment (-)	**(145.012)**	(52.247)
	5.698.025	3.131.137

(*) Balance is related to the ongoing housing project of Kartal Gayrimenkul, a subsidiary of the Company which is operating in real estate development business located in Kartal district of İstanbul province and the housing project in Çankaya district of Ankara province and it includes capitalized financial expense amounting TRL 26.012 in total of which TRL 106.926 belongs to January 1 – December 31, 2019 (December 31, 2018: TRL 80.914).

The movement of provision for impairment in inventories is as follow:

	December 31, 2019	December 31, 2018
Balance at January 1	**52.247**	31.530
Provision	**69.237**	30.426
Provisions no longer required (-)	**(14.137)**	(20.981)
Recorded due to business combination	**27.684**	16.950
Inventories written-off (-)	**(4.226)**	(5.350)
Currency translation differences	**14.207**	(328)
Balance at the end of the period	**145.012**	52.247

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

NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Joint Ventures

			December 31, 2019		December 31, 2018	
Entity	**Principle activities**	**Country**	**Carrying value**	**Effective shareholding and voting rights (%)**	Carrying value	Effective shareholding and voting rights (%)
Migros (*)	Sales of food and drinks along with durable goods	Turkey	**-**	**-**	1.884.617	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Tractor production	Turkey	**(2.868)**	**50,00**	10.421	50,00
Aslancık	Production of electricity	Turkey	**(1.882)**	**33,33**	(54.073)	33,33
LLC Faber-Castell Anadolu	Trading of all kind of stationery	Russia	**-**	**28,44**	-	28,44
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap)	Production and sale of fruit juice concentrate and puree and sales of fresh fruit	Turkey	**62.013**	**30,87**	71.195	17,09
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Distribution and sales of Coca-Cola products	Syria	**-**	**10,82**	-	10,82
Türkiye'nin Otomobili Girişim Grubu Sanayi ve Ticaret A.Ş. (TOGG)	Development, production and trade of all kind of electrical motor vehicles	Turkey	**12.137**	**19,00**	8.717	19,00
			69.400		1.920.877	

	January 1 - December 31, 2019	January 1 - December 31, 2018
Entity	**Group's interest in net income/ (loss)**	
Migros (*)	**(201.031)**	(379.384)
Anadolu Landini	**(13.289)**	(12.432)
Aslancık	**(16.024)**	(40.807)
LLC Faber-Castell Anadolu	**(6.082)**	(753)
Anadolu Etap	**(123.371)**	(80.183)
SSDSD	**(361)**	(882)
TOGG	**(15.580)**	(783)
	(375.738)	(515.224)

(*) Shares of Migros are currently quoted in BİST. It consists of the share in Migros' 4-month period profit until April 30, 2019.

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

	December 31, 2019	December 31, 2018
Anadolu Landini		
Total Assets	**122.808**	194.532
Total Liabilities	**128.544**	173.691
Net Assets	**(5.736)**	20.841
Group's share in net assets	**(2.868)**	10.421

	December 31, 2019	December 31, 2018
Revenue	**74.136**	107.498
Net loss	**(26.577)**	(24.864)
Group's share in net loss	**(13.289)**	(12.432)

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

NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Joint Ventures (cont'd)

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

	December 31, 2018
Migros	
Current Assets	4.474.261
Non-Current Assets	6.410.600
Total Assets	10.884.861
Short-Term Borrowings	1.229.090
Other Current Liabilities	5.445.829
Long-Term Borrowings	3.341.007
Other Non-Current Liabilities	233.845
Total Liabilities	10.249.771
Net Assets	635.090
Attributable to:	
Non-controlling interests	2.186
Net assets of the equity holders of the parent	632.904
Group's share in net assets	1.884.617

	December 31, 2019	December 31, 2018
Revenue	**23.191.364**	18.717.358
Net loss	(491.970)	(835.437)
Non-controlling interests	142	121
Equity holders of the parent	**(492.112)**	(835.558)
Consolidation adjustments	90.050	76.790
Net loss per consolidation as of April 30, 2019	**(402.062)**	(758.768)
Group's share in net loss as of April 30, 2019	**(201.031)**	(379.384)

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

NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Joint Ventures (cont'd)

The movement of carrying value of the joint venture Migros in the consolidated financial statements as of December 31, 2019 and 2018 is as follows:

	December 31, 2019	December 31, 2018
Balance at the beginning of the period	**1.884.617**	2.297.857
Group's share in net loss	**(201.031)**	(379.384)
Treasury shares	**-**	(62.718)
Recorded due to the business combination	**(1.705.328)**	22.468
Group's share in currency translation differences	**21.742**	6.685
Group's share in remeasurement fund	-	(291)
Balance at the end of the period	-	1.884.617

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

	December 31, 2019	December 31, 2018
Aslancık		
Total Assets	**590.347**	595.008
Total Liabilities	**464.369**	625.619
Net Assets	**125.978**	(30.611)
Fair value adjustment	**(131.625)**	(131.625)
Net assets included in consolidation	**(5.647)**	(162.236)
Group's share in net assets	**(1.882)**	(54.073)

	December 31, 2019	December 31, 2018
Revenue	**139.764**	113.984
Net loss	**(48.072)**	(122.434)
Group's share in net loss of the joint venture	**(16.024)**	(40.807)

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

NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (cont'd)

Joint Ventures (cont'd)

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

	December 31, 2019	December 31, 2018
LLC Faber-Castell Anadolu		
Total Assets	**796**	16.874
Total Liabilities	**1.406**	17.990
Net Assets	**(610)**	(1.116)
Group's share in net assets (*)	**-**	-

	December 31, 2019	December 31, 2018
Revenue	**3.552**	24.814
Net loss	**(12.774)**	(2.620)
Group's share in net loss of the joint venture	**(6.082)**	(753)

(*) Group's interest in Faber Castell Anadolu LLC, a joint venture of the Group, is calculated as negative balance, therefore share in net assets of investments accounted through equity method is adjusted in an amount that make balance of Faber Castell Anadolu LLC equal to zero.

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

	December 31, 2019	December 31, 2018
Anadolu Etap		
Total Assets	**808.983**	1.240.684
Total Liabilities	**722.494**	1.061.349
Net Assets	**86.489**	179.335
Group's share in net assets	**62.013**	71.195

	December 31, 2019	December 31, 2018
Net loss	**(172.064)**	(201.976)
Group's share in net loss of the joint venture	**(123.371)**	(80.183)

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

NOTE 12 - INVESTMENT PROPERTIES

	December 31, 2019	December 31, 2018
Cost		
Balance as of January 1	**410.851**	405.393
Additions	**95**	6
Disposals (-)	**(32.325)**	(23.672)
Currency translation differences	**57.903**	29.148
Transfers	**8.070**	(24)
Recorded due to the business combination	**32.325**	-
Balance as of December 31	**476.919**	410.851
Accumulated depreciation		
Balance as of January 1	**114.408**	97.452
Depreciation charge for the period (*)	**9.267**	8.726
Disposals (-)	**-**	(4.902)
Currency translation differences	**27.748**	13.132
Transfers	**1.427**	-
Balance as of December 31	**152.850**	114.408
Net book value	**324.069**	296.443

(*) As of December 31, 2019, TRL 4.331 (December 31, 2018: TRL 4.396) of the depreciation expenses has been added to cost of sales, TRL 4.936 (December 31, 2018: TRL 4.330) of the depreciation expenses has been added to other expenses.

As at December 31, 2019 there are mortgages on investment property amounting TRL 659.954 (December 31, 2018: TRL 530.198) for the loans that AND Anadolu Gayrimenkul, the subsidiary of the Group, has borrowed. The GPM position table of the "Commitments" note includes this amount (Note 18).

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (PP&E)

Movements of property, plant and equipment for the year ended on December 31, 2019 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2019	802.465	4.086.837	10.082.145	241.907	1.553.979	2.873.073	182.394	526.981	20.349.781
Additions	3.024	43.900	293.848	23.237	237.670	271.884	52.329	1.085.205	2.011.097
Recorded due to the business combination	1.030.020	1.448.203	1.196.775	6.667	807.248	-	849.951	42.755	5.381.619
Disposals (-)	(210.450)	(200.073)	(170.447)	(50.976)	(54.619)	(386.497)	(6.041)	(2.207)	(1.081.310)
Currency translation differences	58.058	498.678	1.323.695	31.855	20.212	322.982	(2.157)	95.029	2.348.352
Transfers (*)	15.583	169.846	(104.464)	43.891	24.240	884.181	14.237	(1.130.529)	(83.015)
Impairment	-	-	-	-	-	-	(8.769)	-	(8.769)
December 31, 2019	1.698.700	6.047.391	12.621.552	296.581	2.588.730	3.965.623	1.081.944	617.234	28.917.755
Accumulated depreciation									
January 1, 2019	129.928	958.590	4.761.117	135.695	1.057.100	1.462.140	103.575	2.721	8.610.866
Depreciation charge for the period (**)	21.822	147.815	810.270	30.437	219.932	542.675	57.950	-	1.830.901
Recorded due to the business combination	-	48.867	625.123	1.895	476.919	-	420.733	-	1.573.537
Disposals (-)	(23.154)	(49.884)	(124.473)	(36.195)	(54.380)	(343.621)	(4.714)	-	(636.421)
Currency translation differences	17.020	109.715	664.382	21.048	9.594	163.690	157	-	985.606
Transfers (*)	(11.338)	25.837	(395.145)	15.370	7.824	336.386	-	-	(21.066)
Impairment / (impairment reversal), net	-	-	(105)	-	-	6.037	(6.117)	30.932	30.747
December 31, 2019	134.278	1.240.940	6.341.169	168.250	1.716.989	2.167.307	571.584	33.653	12.374.170
Net carrying amount	1.564.422	4.806.451	6.280.383	128.331	871.741	1.798.316	510.360	583.581	16.543.585

(*) TRL 90.423 of PP&E is transferred to other intangible assets, TRL 6.643 of PP&E is transferred to investment properties, TRL 35.117 of PP&E is transferred from inventories to tangible assets.
(**) Distribution of the depreciation charge for the period is given in Note 25.

As at December 31, 2019, there are mortgages on PP&E amounting TRL 123.699 (December 31, 2018: TRL 120.149) for the loans that CCİ and GUE, the Group's subsidiaries borrowed. As at December 31, 2019, TRL 521.976 of the PP&E is pledged (December 31, 2018: TRL 515.268) for the loans that GUE, the Group's subsidiary borrowed. The GPM position table of the "Commitments" note includes this amount (Note 18).

Çelik Motor and Adel, subsidiaries of the Group, have signed a sales and lease back agreement for property, plant and equipment amounting TRL 32.016 and continued to record these PP&Es by previous net book values assuming no leaseback transactions (December 31, 2018: TRL 42.289).

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

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (PP&E) (cont'd)

Movements of property, plant and equipment for the year ended on December 31, 2018 are as follows:

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2018	716.373	3.119.270	7.260.781	204.012	1.371.923	2.005.359	174.083	178.397	15.030.198
Additions	1.143	7.505	136.994	46.232	197.005	334.269	3.760	932.997	1.659.905
Due to business combination	495	246.338	1.196.685	-	18.001	192.100	-	83.301	1.736.920
Disposals (-)	(6.262)	(13.811)	(226.674)	(67.611)	(92.131)	(269.602)	(4.955)	(221)	(681.267)
Currency translation differences	86.520	600.290	1.378.311	54.988	25.050	378.666	282	97.510	2.621.617
Transfers (*)	4.196	127.245	336.048	4.286	34.131	232.281	9.224	(765.003)	(17.592)
December 31, 2018	802.465	4.086.837	10.082.145	241.907	1.553.979	2.873.073	182.394	526.981	20.349.781
Accumulated depreciation									
January 1, 2018	105.376	726.389	3.625.166	105.658	964.496	1.050.731	93.073	2.721	6.673.610
Depreciation charge for the period (**)	12.409	128.875	747.419	30.244	167.294	432.484	13.626	-	1.532.351
Disposals (-)	(248)	(3.856)	(200.189)	(34.441)	(87.995)	(244.271)	(3.361)	-	(574.361)
Currency translation differences	12.391	107.382	578.721	34.234	13.303	205.401	237	-	951.669
Transfers (*)	-	(200)	164	-	2	34	-	-	-
Impairment / (impairment reversal), net	-	-	9.836	-	-	17.761	-	-	27.597
December 31, 2018	129.928	958.590	4.761.117	135.695	1.057.100	1.462.140	103.575	2.721	8.610.866
Net carrying amount	672.537	3.128.247	5.321.028	106.212	496.879	1.410.933	78.819	524.260	11.738.915

(*) TRL 17.616 of PP&E is transferred to intangible assets, TRL 24 of investment properties is transferred to motor vehicles under PP&E.
(**) Distribution of the depreciation charge for the period is given in Note 25.

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

NOTE 14 - RIGHT OF USE ASSET

The Group has adopted the TFRS 16 "Leases" as of January 1, 2019 for the first time. Right of use assets and receivables from subleases are measured at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments for lease liabilities which had previously been classified as "operating leases" under the principles of TAS 17 in the consolidated financial statements.

For the year ended on December 31, 2019, movement of right of use asset is as follows:

	January 1, 2019	Additions	Disposals	Currency translation differences	Transfers	December 31, 2019
Land	26.965	5.596	-	7.964	-	40.525
Buildings	3.496.723	717.659	(330.969)	15.928	-	3.899.341
Machinery and equipment	12.649	17.958	(25)	1.978	-	32.560
Vehicles	14.090	173.179	(38.343)	1.388	-	150.314
Furniture and fixture	5.922	203	(1.054)	92	-	5.163
Other	614	2.203	-	28	-	2.845
Cost	**3.556.963**	**916.798**	**(370.391)**	**27.378**	**-**	**4.130.748**
Land	-	5.604	-	544	-	6.148
Buildings	-	339.267	(16.248)	2.571	-	325.590
Machinery and equipment	-	9.683	(25)	304	-	9.962
Vehicles	-	119.153	(27.541)	513	-	92.125
Furniture and fixture	-	2.745	(1.054)	31	-	1.722
Other	-	807	-	8	-	815
Accumulated depreciation	**-**	**477.259**	**(44.868)**	**3.971**	**-**	**436.362**
Net carrying amount	**3.556.963**					**3.694.386**

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

NOTE 15 - INTANGIBLE ASSETS

15.1 Other Intangible Assets

Movements of intangible assets for the year ended on December 31, 2019 are as follows:

	Bottling contracts	**License agreements**	**Brands**	**Other intangible assets**	**Total**
Cost					
January 1, 2019	**9.226.672**	**4.667.182**	**713.818**	**601.003**	**15.208.675**
Additions	**-**	**-**	**-**	**207.047**	**207.047**
Recorded due to the business combination change	**-**	**-**	**116.411**	**616.363**	**732.774**
Disposals (-)	**-**	**-**	**-**	**(98.158)**	**(98.158)**
Currency translation differences	**577.136**	**1.163.660**	**154.932**	**48.810**	**1.944.538**
Transfers (*)	**-**	**-**	**-**	**90.423**	**90.423**
December 31, 2019	**9.803.808**	**5.830.842**	**985.161**	**1.465.488**	**18.085.299**
Accumulated amortization/impairment					
January 1, 2019	**-**	**308.509**	**111.704**	**298.090**	**718.303**
Amortization charge for the period (**)	**-**	**34**	**-**	**138.036**	**138.070**
Recorded due to the business combination change	**-**	**-**	**-**	**422.497**	**422.497**
Disposals (-)	**-**	**-**	**-**	**(86.196)**	**(86.196)**
Currency translation differences	**-**	**2.257**	**13.341**	**23.585**	**39.183**
Impairment	**-**	**64.407**	**-**	**-**	**64.407**
December 31, 2019	**-**	**375.207**	**125.045**	**796.012**	**1.296.264**
Net carrying amount	**9.803.808**	**5.455.635**	**860.116**	**669.476**	**16.789.035**

(*) TRL 90.423 of PP&E is transferred to other intangible assets.
(**) Distribution of the amortization for the period is given in Note 25.

Movements of intangible assets for the year ended on December 31, 2018 are as follows:

	Bottling contracts	License agreements	Brands	Other intangible assets	Total
Cost					
January 1, 2018	8.378.797	1.352.039	426.149	432.925	10.589.910
Additions	-	-	-	110.539	110.539
Recorded due to business combination	-	2.830.298	189.755	13.970	3.034.023
Disposals (-)	-	-	-	(5.390)	(5.390)
Currency translation differences	847.875	484.845	97.914	31.343	1.461.977
Transfers (*)	-	-	-	17.616	17.616
December 31, 2018	9.226.672	4.667.182	713.818	601.003	15.208.675
Accumulated amortization/impairment					
January 1, 2018	-	19.224	-	227.073	246.297
Amortization charge for the period (**)	-	32	-	58.496	58.528
Disposals (-)	-	-	-	(2.661)	(2.661)
Currency translation differences	-	20	7.810	15.182	23.012
Impairment	-	289.233	103.894	-	393.127
December 31, 2018	-	308.509	111.704	298.090	718.303
Net carrying amount	9.226.672	4.358.673	602.114	302.913	14.490.372

(*) TRL 17.616 of PP&E is transferred to other intangible assets.
(**) Distribution of the amortization for the period is given in Note 25.

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

NOTE 15 - INTANGIBLE ASSETS (cont'd)

15.2 Goodwill

Movements of the goodwill for the years ended December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
At January 1	**2.607.085**	1.834.897
Recorded due to business combination (Note 3) (*)	**3.718.968**	535.793
Impairment (Note 27.1)	**(3.369)**	**-**
Currency translation differences	**611.725**	236.395
Balance at the end of the period	**6.934.409**	2.607.085

(*) As of December 31, 2019, the amount has been recorded as a result of the full consolidation of Migros as of May 1, 2019. The balance is total of goodwill amounting to TRL 1.565 in the financial statement of Migros and as stated in Note 3 goodwill amounting to TRL 3.717.403 which is recognized as a result of defining Migros as a subsidiary as of April 30, 2019.

As of December 31, 2019 and 2018, operating segment distributions of goodwill are presented below:

	Migros	**Beverage**	**Automotive**	**Total**
2019	**3.718.968**	**3.212.380**	**3.061**	**6.934.409**
2018	**-**	2.604.024	3.061	2.607.085

NOTE 16 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2019, total investments made for the Group's subsidiary CCİ's Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL 259.308 (December 31, 2018: TRL 205.441) with a total tax advantage of TRL 72.855 (December 31, 2018: TRL 41.209). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL 3.149 (December 31, 2018: TRL 2.119).

The cash support collected from TUBİTAK in 2019 regarding the R&D activities of Anadolu Isuzu, the subsidiary of the Group, is TRL 544 (December 31, 2018: TRL 485). As of December 31, 2019, Anadolu Isuzu's R&D discount amount due to expenses related to R&D activities to be used for tax calculation is TRL 183.309. As per amendment made in Article 35 of the Law on Supporting Research and Development No. 5746 which became effective on April 1, 2008, R&D deduction rate from which will be benefited for the expenses of R&D has been increased from 40% to 100% (December 31, 2018: TRL 101.193). In order to benefit from the incentives and exemptions provided in line with the Law No. 5746, Anadolu Isuzu applied to the Ministry of Industry and Commerce to become an R&D center. On June 3, 2009, Anadolu Isuzu was entitled to become an R&D center. According to the investment incentive certificate Anadolu Isuzu has spent a total of TRL 8.689 as of December 31, 2019 and will be able to benefit from the 20% investment incentive and 50% discounted corporate income tax incentive within the framework of Article 32/A of the Corporate Income Tax Law in proportion to the effect of the investment on generated income.

The construction of the new factory building, into which Anadolu Motor, a subsidiary of the Group moved to in 2014 and TRL 31.886 of the property, plant and equipment investments are within the scope of the investment communiqué published by the T.C. Ministry of Economy and the investment contribution rate in the investment incentive certificate is 15%. Anadolu Motor deducted TRL 5.657 of the related incentive from the corporation tax, calculated deferred tax asset amounting TRL 3.934 over the remaining TRL 26.229 and the related investment incentive does not expire (December 31, 2018: TRL 26.229, deferred tax: TRL 3.934).

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

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

17.1 Employee Benefits Obligations

	December 31, 2019	December 31, 2018
Social security and withholding tax liabilities	**119.639**	72.070
Payables to personnel	**139.351**	42.788
	258.990	114.858

17.2 Short Term Provision for Employee Benefits

The provisions for employee benefits as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Short-term	**291.061**	130.899
Provision for bonus	**66.519**	47.531
Provision for vacation pay liability	**193.661**	47.866
Other short-term employee benefits	**30.881**	34.848
Provision for employee termination benefits	**-**	654
Long-term	**454.726**	192.358
Provision for employee termination benefits	**443.918**	182.070
Provision for incentive plan	**10.808**	10.288
	745.787	323.257

The movement of provision for bonus is as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	**47.531**	58.784
Charge for the period (net)	**127.254**	117.337
Payments (-)	**(158.861)**	(163.158)
Currency translation differences	**3.837**	11.341
Recorded due to business combination	**46.758**	23.227
Balance at the end of the period	**66.519**	47.531

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

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

17.2 Short Term Provision for Employee Benefits (cont'd)

The movement of provision for employment termination benefits is as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	**182.724**	157.904
Interest expense	**18.694**	5.428
Charge for the period (net)	**120.353**	47.800
Payments (-)	**(59.180)**	(34.079)
Actuarial losses	**22.506**	5.387
Recorded due to business combination	**157.916**	**-**
Currency translation differences	**905**	284
Balance at the end of the period	**443.918**	182.724

The movement of provision for incentive plan is as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	**10.288**	9.961
Interest expense	**337**	334
Charge for the period (net)	**13.180**	23.405
Payments (-)	**(12.817)**	(23.412)
Actuarial losses	**(180)**	-
Balance at the end of the period	**10.808**	10.288

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employee termination benefits, amounting to TRL 22.538 was reflected to consolidated statements of other comprehensive income (December 31, 2018: TRL 4.604).

Provision for Employee Termination Benefits

In accordance with the existing social legislation, the Group is 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 (limited to a maximum of TRL 6,380 /year at December 31, 2019 and TRL 5,434/year December 31, 2018) per year of employment at the rate of pay applicable at the date of retirement or termination.

In the consolidated financial statements as of December 31, 2019 and 2018 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. As of December 31, 2019 discount rate (yearly) used in calculations is between 3,72%-4,21% (December 31, 2018: 4,13%-4,46%).

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRL 6,730 effective from January 1, 2020 (January 1, 2019: TRL 6,018) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

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

NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

17.3 Other Provisions

The provisions as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Provision for litigations	**99.666**	18.698
Warranty provisions (*)	**13.223**	11.434
Other provisions	**70.779**	81.901
	183.668	112.033

(*) Warranty provisions are resulting from sales of Anadolu Motor and Anadolu Isuzu which are subsidiaries of the Company. Çelik Motor a subsidiary of the Company has the right of recourse the compensation payments of imported vehicles under warranty to the manufacturer company, therefore no warranty provision is recorded.

The movement of warranty provision is as follows:

	December 31, 2019	December 31, 2018
Balance at January 1	**11.434**	13.429
Charge for the period (net)	**17.818**	10.433
Payments (-)	**(16.029)**	(12.428)
Balance at the end of the period	**13.223**	11.434

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

NOTE 18 - COMMITMENTS

As of December 31, 2019 and December 31, 2018 letter of guarantees, pledges and mortgages (GPMs) are as follows:

December 31, 2019	**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**	**TRL Equivalent of Other Currency**
Letter of guarantees, pledge and mortgages provided by the Company								
A. Total amount of GPMs given on behalf of the Company's legal personality	**2.167.768**	631.199	177.149	52.320	-	52.216	2.667.000	20.916
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	**865.222**	-	79.527	48.182	-	-	1.376.939	19.563
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	-	-	-	-	-	-	-
D. Total amount of other GPM's	**206.929**	19.457	23.163	7.500	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	**-**	-	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	**206.929**	19.457	23.163	7.500	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	3.239.919	650.656	279.839	108.002	-	52.216	4.043.939	40.479

December 31, 2018	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	TRL Equivalent of Other Currency
Letter of guarantees, pledge and mortgages provided by the Company								
A. Total amount of GPMs given on behalf of the Company's legal personality	1.653.340	313.751	181.375	30.877	27	42.879	2.667.000	86.307
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	933.550	6.360	58.500	85.121	-	-	2.222.331	18.987
C. Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Total amount of other GPM's	231.419	14.559	23.704	15.288	-	-	-	-
i. Total amount of GPMs given in favor of the parent Company	-	-	-	-	-	-	-	-
ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	231.419	14.559	23.704	15.288	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	2.818.309	334.670	263.579	131.286	27	42.879	4.889.331	105.294

As of December 31, 2019, the ratio of other GPMs over the Group's equity is 0,9% (December 31, 2018: 1,1%).

CCBPL, a subsidiary of the Group 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, 2019, CCBPL has USD 84 Million sugar purchase commitment to the Banks until the end of March 2020 and has USD 3,2 Million sugar purchase commitment to the Banks until the end of June 2020.

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

NOTE 18 - COMMITMENTS (cont'd)

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, Central Banks and Ministries of Finance. Tax declarations, together with other legal compliance areas (i.e., 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.

GUE, which is a subsidiary of the Group, has a guarantor for the long term loan for construction of a hydroelectric power plant with a capacity of 87 MW in Georgia for the period until start of electricity production following the fulfillment of specified conditions. As of December 31, 2019, the remaining amount of the related loan is USD 93.736 Thousand.

The Company, has acted as a guarantor in the proportion of its capital (33,33%), to its joint venture Aslancık's long term project finance loan which was taken in 2011 amounting to USD 160.000.000 in relation to its 120 MW hydro power plant under construction in Giresun. As of December 31, 2019, the balance of the loan is USD 52.272 Thousand and the warranty per the Group is USD 17.424 Thousand (December 31, 2018: USD 71.111 Thousand). The Company, has acted as a guarantor in the proportion of its capital (33,33%) to Aslancık's finance loan amounting to USD 17.218 Thousand. As of December 31, 2019, the balance of the loan is USD 17.218 Thousand and the warranty per the Group is USD 5.739 Thousand.

As of December 31, 2019 the obligation of TRL 14.019 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 amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL 14.019 amount is reflected under other current liabilities (December 31, 2018: TRL 12.416). The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase.

According to the put option signed with European Refreshments ("ER"), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCİ will have an obligation to buy) its remaining 19,97% (December 31, 2018: 19,97%) participatory shares in Waha B.V. This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TRL 209.204 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2018: TRL 198.020).

Kartal Gayrimenkul, the subsidiary of the Group, in accordance with the contract terms based on the guarantorship agreements and in the case of the customer does not make loan payments on time, commits to pay the unpaid installments to the bank and all other installments that have not become due yet with its interest and expenses. The total limit committed by Kartal Gayrimenkul, the subsidiary of the Group, in guarantorship agreements amounts to TRL 249.000. As of December 31, 2019, there are no defaulting installments (December 31, 2018: None).

In line with Kartal Gayrimenkul's preliminary sales contract regarding AND Pastel housing project started in İstanbul Province Kartal District; if Kartal Gayrimenkul is late upon delivery of the relevant real estate, if the delay exceeds the expected due date by 180 days then Kartal Gayrimenkul is obliged to pay the monthly delay penalty of 0,1% of the price paid by the buyer in accordance with the contract until then. This obligation is valid except the force majeure. As of December 31, 2019, Kartal Gayrimenkul has paid penalty of TRL 859 for delay (December 31, 2018: None).

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

NOTE 19 - PREPAID EXPENSES

19.1 Short-term Prepaid Expenses

	December 31, 2019	December 31, 2018
Prepaid expenses	**570.559**	416.100
Advances given	**190.974**	152.752
	761.533	568.852

19.2 Long-term Prepaid Expenses

	December 31, 2019	December 31, 2018
Prepaid expenses	**406.592**	410.447
Advances given	**10.540**	14.758
	417.132	425.205

NOTE 20 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	December 31, 2019	December 31, 2018
Assets used in renting activities	**226.107**	328.683
VAT receivable	**573.394**	601.412
Other current assets	**62.887**	73.885
	862.388	1.003.980

Other Non-Current Assets

	December 31, 2019	December 31, 2018
Assets used in renting activities	**639.710**	1.302.368
VAT receivable and other taxes	**14.976**	16.490
Other non-current assets	**49.876**	18.654
	704.562	1.337.512

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

NOTE 20 - OTHER ASSETS AND LIABILITIES (cont'd)

Movements of assets used in renting activities for the year ended December 31, 2019 and 2018 are as follows:

Assets Used in Renting Activities

	December 31, 2019	December 31, 2018
Cost		
Balance at January 1	**1.631.051**	2.129.345
Additions	38.880	667.207
Disposals	(898.075)	(1.222.522)
Transfers	-	-
Depreciation charge for the period (*)	(33.071)	(63.577)
Revaluation increases	127.032	120.598
Balance at the end of the period	**865.817**	1.631.051

(*) All depreciation charges are included in the cost of sales.

20.3 Other Current Liabilities

	December 31, 2019	December 31, 2018
Deferred VAT and other taxes	**148.153**	63.934
Other payables	**58.898**	24.116
Put option liability (Note 18)	**14.019**	12.416
	221.070	100.466

20.4 Other Non-Current Liabilities

	December 31, 2019	December 31, 2018
Put option liability (Note 18)	**209.204**	198.020
Deferred VAT and other taxes	**500**	-
Other	**19.720**	8.355
	229.424	206.375

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

NOTE 21 - DEFERRED INCOME

21.1 Short-term Deferred Income

	December 31, 2019	December 31, 2018
Advances taken (*)	**151.959**	391.945
Other deferred income	**113.005**	86.829
	264.964	478.774

(*) TRL 82.512 of the advances taken is the balance received due to pre-sale related to the ongoing housing project that AND Kartal Gayrimenkul, the subsidiary of the Company which operates in real estate, located in Kartal province in İstanbul (December 31, 2018: TRL 323.474 cash).

21.2 Long-term Deferred Income

	December 31, 2019	December 31, 2018
Other deferred income	**18.051**	30.227
	18.051	30.227

NOTE 22 - EQUITY

Share Capital / Adjustments to Share Capital and Equity Instruments

As of December 31, 2019 and 2018 the Company's shareholders and their respective shareholding percentages are stated in Note 1 - Organization and Nature of Activities of the Group.

Movements of paid capital for the year ended December 31, 2019 and 2018 are as follows (the amounts are historical):

	December 31, 2019		December 31, 2018	
	Number of shares	**Amount**	Number of shares	Amount
Balance at the beginning of the period	**243.534.518**	**243.535**	243.534.518	243.535
Balance at the end of the period	**243.534.518**	**243.535**	243.534.518	243.535

AGHOL’s common shares are divided into two classes as A and B with each class of shares having equal voting rights on all matters except for the privilege to nominate 6 of the 12 members of the Board of Directors recognized for Class B. Class B consists of registered shares and are owned by AG Sınai Yatırım ve Yönetim A.Ş.. Class A shares are all bearer type shares; belonging to AG Sınai Yatırım ve Yönetim A.Ş. and also Yazıcılar Families, Özilhan Families and publicly traded shares are included in Class A.

AG Sınai Yatırım ve Yönetim A.Ş. (Management Company) which is an associate of İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. and Kamil Yazıcı Yönetim ve Danışma A.Ş. by 50% share each is a management company established to manage AGHOL and the subsidiaries of AGHOL. AG Sınai Yatırım ve Yönetim A.Ş. is indirectly managed by S. Kamil Yazıcı Family and İzzet Özilhan Family through equal shareholding and equal representation principle.

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

NOTE 22 - EQUITY (cont'd)

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

Class	Number of shares	Percentage of capital (%)	Number of members on Board
A (Bearer)	194.827.614	80,00	-
B (Registered)	48.706.904	20,00	6
	243.534.518	**100,00**	

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

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

Quoted companies are subject to dividend requirements regulated by the CMB's Dividend Communique No II-19.1 which was effective as of February 1, 2014. Based on the CMB Decree 1/6, dated January 9, 2009, companies that take their consolidated financial statements as basis for their distributable profit, shall consider the profits of their subsidiaries, joint ventures and associates to the extent that such profits do not exceed the amount recorded in the statutory financial statements of these companies and without considering whether a profit distribution resolution is taken at their annual general meetings. Such profits as reported in the financial statement as per Communiqué shall be subject to distributable dividend computations.

Companies distribute dividend within the framework of profit distribution policies determined by the general assemblies and in accordance with the related legislation by the decision of the general assembly. Companies pay dividends specified in their articles of incorporation or profit distribution policies.

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

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

NOTE 22 – EQUITY (cont'd)

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

The amount of other resources which may be subject to dividend distribution in the company's legal records for 2019 is TRL 1.970.978.

	December 31, 2019	December 31, 2018
Restricted reserves allocated from net profit	**615.970**	909.511
- Legal reserves	**89.844**	89.844
- Gain on sales of real estate and associates (*)	**526.126**	819.667

(*) The Group's gain from sale of real estate and associates amounting TRL 526.126 is followed in a special fund in legal records in order to benefit from gain from sale of an associate and real estate exemption. In order to benefit from this exemption, this amount has to be stay in this special fund for 5 years.

Retained Earnings

As of December 31, 2019 and 2018 the summary of equity reserves, extraordinary reserves, other profit reserves and retained earnings are as follows:

	December 31, 2019	December 31, 2018
Equity reserves	**2.422**	2.422
Extraordinary reserves	**1.918.608**	1.600.425
Other profit reserves	**5.119**	5.119
Prior years' profits or (losses)	**(155.642)**	859.880
	1.770.507	2.467.846

Non-Controlling Interest

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

NOTE 23 - SALES AND COST OF SALES

	December 31, 2019	December 31, 2018
Domestic revenues	**27.509.353**	11.141.416
Foreign revenues	**17.731.070**	12.839.839
Total sales, net	**45.240.423**	23.981.255
Cost of Sales (-)		
Current year purchases and net change in inventory	**26.935.594**	13.055.784
Depreciation and amortization expenses of tangible and intangible assets and assets used in renting activities	**1.192.159**	1.088.813
Personnel expenses	**1.151.281**	795.086
Utilities and communication expenses	**582.057**	428.137
Other expenses	**1.618.921**	932.075
Total Cost of Sales	**31.480.012**	16.299.895
Gross Profit	**13.760.411**	7.681.360

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

NOTE 24 - OPERATING EXPENSES

	December 31, 2019	December 31, 2018
General administrative expenses		
Personnel expenses	**1.139.200**	817.155
Consultancy and services rendered expenses	**389.134**	420.746
Depreciation and amortization expenses of tangible and intangible assets and investment properties	**192.479**	107.697
Taxes and duties	**61.578**	63.044
Rent expenses	**50.136**	90.489
Utilities and communication expenses	**40.766**	40.867
Insurance expenses	**21.214**	19.371
Maintenance and repair expenses	**19.224**	13.734
Other expenses	**322.775**	230.248
	2.236.506	1.803.351

	December 31, 2019	December 31, 2018
Marketing expenses		
Personnel expenses	**2.394.969**	801.825
Transportation and distribution expenses	**1.689.790**	1.218.564
Advertisement and promotion expenses	**1.539.747**	1.282.965
Depreciation expenses on tangible and intangible assets	**1.098.132**	458.800
Rent expenses	**388.590**	46.842
Utilities and communication expenses	**315.890**	45.454
Repair and maintenance expenses	**109.549**	50.269
Other expenses	**842.853**	309.215
	8.379.520	4.213.934

NOTE 25 - EXPENSES BY NATURE

The amounts of depreciation and amortization expenses recorded in the consolidated statement of profit or loss accounts are as follows:

	December 31, 2019	December 31, 2018
Depreciation and amortization expenses		
Cost of sales	**1.192.159**	1.088.813
Marketing expenses	**1.098.132**	458.800
General administrative expenses	**192.479**	107.697
Other operating expenses	**5.486**	6.952
Research and development expenses	**1.576**	963
	2.489.832	1.663.225

Depreciation and amortization amounting TRL 4.721 is reflected in construction in progress and TRL (5.985) is reflected in inventories (As of December 31, 2018 respectively: TRL 3.301 and TRL (3.344)).

The amounts of personnel expenses recorded in the consolidated statement of profit or loss accounts are as follows:

	December 31, 2019	December 31, 2018
Personnel expenses		
General administrative expenses	**1.139.200**	817.155
Marketing expenses	**2.394.969**	801.825
Cost of sales	**1.025.675**	795.086
Research and development expenses	**1.898**	1.212
	4.561.742	2.415.278

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

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

26.1 Other Operating Income

	December 31, 2019	December 31, 2018
Foreign exchange gains arising from trading activities	**396.805**	301.611
Interest income on term sales	**121.109**	-
Interest income from operating activities	**54.742**	-
Income from scrap and other materials	**35.146**	51.556
Rent income	**34.242**	24.119
Rediscount gain from trading activities	**16.678**	17.527
Other	**432.674**	300.597
	1.091.396	695.410

26.2 Other Operating Expenses

	December 31, 2019	December 31, 2018
Interest expense on term purchases	**524.994**	-
Foreign exchange losses arising from trading activities	**391.335**	389.764
Administrative fines	**71.327**	-
Provision for expected credit loss (Note 8)	**47.876**	36.222
Rediscount loss from trading activities	**10.074**	12.963
Depreciation and amortization expense on tangible and intangible assets	**5.486**	6.952
Donations	**4.688**	44.868
Other	**251.110**	145.538
	1.306.890	636.307

NOTE 27 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

27.1 Income from Investing Activities

	December 31, 2019	December 31, 2018
Re-measurement earnings of previously held shares in the acquired business	**1.185.846**	-
Gain on sale of property, plant and equipment	**576.719**	118.323
Transfer of currency translation differences recognized in other comprehensive expenses in the prior period to the profit of loss statement	**467.516**	169.937
Gain on put option revaluation	**14.384**	-
Rent income	**217**	3.899
Dividend income	**34**	15
Other	**53.614**	-
	2.298.330	292.174

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

NOTE 27 - INCOME/EXPENSES FROM INVESTING ACTIVITIES (cont'd)

27.2 Expenses from Investing Activities

	December 31, 2019	December 31, 2018
Loss on sale of tangible & intangible assets	**292.133**	36.042
Provision for impairment on intangible assets (Note 15.1)	**64.407**	103.894
Provision for impairment on tangible assets (Note 13)	**36.864**	27.597
Provision for impairment on goodwill (Note 15.2)	**3.369**	-
Losses from leasehold improvements of closed stores	**2.652**	-
Cost of relocating property, plant and equipment	**1.867**	15.706
Other	**4.517**	862
	405.809	184.101

NOTE 28 - FINANCIAL INCOME

	December 31, 2019	December 31, 2018
Foreign exchange gain	**1.128.391**	3.188.014
Interest income	**320.305**	349.713
Derivative transactions income	**13.948**	46.792
Interest income from subleases	**2.319**	**-**
	1.464.963	3.584.519

NOTE 29 - FINANCIAL EXPENSES

	December 31, 2019	December 31, 2018
Interest expense	**1.827.824**	1.243.994
Foreign exchange loss	**1.483.103**	4.380.608
Interest expense from leases	**371.734**	**-**
Loss on derivative transactions	**354.173**	17.090
Other expense	**143.355**	70.681
	4.180.189	5.712.373

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

NOTE 30 - TAX ASSETS AND LIABILITIES

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

The corporate tax rate for the fiscal year is 22% in Turkey (2018: 22%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 22% (2018: 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Amendment of Certain Taxes and Laws and Other Acts", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2019 are calculated with 22% tax rate for the temporary differences which will be realized in 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

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

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

30.1 Current Income Tax Assets and Tax Provision

	December 31, 2019	December 31, 2018
Current income tax assets	**254.546**	189.152
Income tax payable (-)	**(31.172)**	(18.036)
Net tax (liability) / asset	**223.374**	171.116

30.2 Deferred Tax Assets and Liabilities

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

	December 31, 2019	December 31, 2018
Deferred tax asset	**1.087.895**	956.514
Deferred tax liability (-)	**(3.187.488)**	(2.748.763)
Total deferred tax asset/(liability), net	**(2.099.593)**	(1.792.249)

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

NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

30.2 Deferred Tax Assets and Liabilities (cont'd)

Movement of net deferred tax liabilities as of the year ended on December 31, 2019 is as follows:

	Balance December 31 ,2018	Recorded to profit or loss	Balance December 31, 2019
Property, plant and equipment, intangibles, investment property, assets used in renting activities	**(3.194.048)**	**(593.003)**	**(3.787.051)**
Tax losses carried forward	**1.003.542**	**123.284**	**1.126.826**
Employee termination benefit and other employee benefits	**84.998**	**51.291**	**136.289**
Inventories	**75.042**	**9.731**	**84.773**
Investment incentive	**65.913**	**50.472**	**116.385**
Receivables and payables	**163.164**	**31.510**	**194.674**
Derivative financial instruments	**941**	**(28.990)**	**(28.049)**
Other	**8.199**	**48.361**	**56.560**
Net deferred tax liability	**(1.792.249)**	**(307.344)**	**(2.099.593)**
Added through business combination	**-**	**120.805**	**-**
Currency translation difference	**-**	**250.146**	**-**
Recognised in other comprehensive income	**-**	**(116.631)**	**-**
	(1.792.249)	**(53.024)**	**(2.099.593)**

The movement of net deferred tax liabilities as of the year ended on December 31, 2018 is as follows:

	Balance December 31 ,2017	Recorded to profit or loss	Balance December 31, 2018
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(2.180.213)	(1.013.835)	(3.194.048)
Tax losses carried forward	646.038	357.504	1.003.542
Employee termination benefit and other employee benefits	36.566	48.432	84.998
Inventories	73.861	1.181	75.042
Investment incentive	51.827	14.086	65.913
Receivables and payables	28.873	134.291	163.164
Derivative financial instruments	(28.448)	29.389	941
Other	7.573	626	8.199
Net deferred tax liability	(1.363.923)	(428.326)	(1.792.249)
Added through business combination	-	460.051	-
Currency translation difference	-	253.313	-
Recognised in other comprehensive income	-	(299.700)	-
	(1.363.923)	(14.662)	(1.792.249)

Carried forward tax losses of JSC AB Inbev Efes, PJSC AB Inbev Efes Ukraine and Coca-Cola Beverages Pakistan Limited can be carried forward indefinitely according to local tax regulations.

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

NOTE 30 - TAX ASSETS AND LIABILITIES (cont'd)

30.3 Tax Expense

	December 31, 2019	December 31, 2018
Current period tax expense (-)	**(455.738)**	(272.509)
Deferred tax (expense)/income	**(53.024)**	(14.662)
	(508.762)	(287.171)

	December 31, 2019	December 31, 2018
Profit/(loss) before tax from continuing operations	**1.725.659**	(816.308)
Gain (loss) from investments accounted through equity method	**375.738**	515.224
Taxable income	**2.101.397**	(301.084)
Tax ratio used by the parent company 22% (2018: 22%)	**(462.307)**	66.238
Tax ratio of the companies using different ratio	**42.584**	(5.272)
Non-taxable income (-)	**97.327**	15.928
Carry forward tax losses that are not subject to deferred tax	**(1.197)**	(9.818)
Non-deductible expenses	**(342.587)**	(28.456)
Deferred tax effect of translation difference on non-monetary items	**(12.413)**	(37.846)
Effect of business combination	**352.766**	-
Impact of tax base increase regarding law no 7143	**-**	(126.901)
Effect of deferred tax asset on non-recognized income	**-**	(12.459)
Cancellation of tax losses	**(198.569)**	(69.578)
Other	**15.634**	(79.007)
	(508.762)	(287.171)

NOTE 31 - EARNINGS PER SHARE

	December 31, 2019	December 31, 2018
Net (loss) profit - equity holders of the parent	**543.769**	(1.168.151)
Weighted average number of shares	**243.534.518**	243.534.518
- Earnings (Loss) per share from continuing operations (full TRL)	**2,23**	(4,80)
- Earnings (Loss) per share (full TRL)	**2,23**	(4,80)

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

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS

32.1 Trade and Other Receivables from Related Parties

	December 31, 2019	December 31, 2018
Anadolu Etap (1)	**9.722**	4.515
Syrian Soft Drink L.L.C. (1)	**6.092**	4.778
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (3)	**2.109**	1.371
Anadolu Landini (1)	**583**	52.243
LLC Faber-Castell Anadolu (Russia) (1)	**237**	1.917
Migros Group Companies (2) (*)	**-**	207.907
Other	**217**	1.198
	18.960	273.929

(*) Migros Group Companies consist of Migros, Kipa Ticaret A.Ş. which merged with Migros as of August 31, 2018, Sanal Merkez Ticaret A.Ş., Ramstore Kazakhstan LLC, Ramstore Macedonıa DOO and Ramstore Bulgarıa E.A.D..

As of December 31, 2019 there is no amount in long term portion of trade receivables from related parties (December 31, 2018: None).

As of December 31, 2019 other short term receivables from related parties amounts to TRL 5.594 (December 31, 2018: 20.595).

As of December 31, 2019 other long term receivables from related parties amounts to TRL 5.766 (December 31, 2018: None).

32.2 Trade Payables to Related Parties

	December 31, 2019	December 31, 2018
Anadolu Etap (1)	**1.398**	-
Anadolu Eğitim ve Sosyal Yardım Vakfı (3)	**309**	87
Anadolu Efes Spor Kulübü (3)	**10**	-
Anadolu Landini (1)	**-**	6.142
Migros Group Companies (2)	**-**	651
Other	**541**	467
	2.258	7.347

As of December 31, 2019 there is no long term trade payables due to related parties (December 31, 2018: None).

(1) A joint venture
(2) Includes the amounts for the period when Migros was defined as a joint venture until April 30, 2019.
(3) Other

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

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.3 Related Party Transactions

Terms and conditions of transactions with related parties

Outstanding balances at the end of the period are unsecured, interest free and will be settled in cash. There has been no guarantees given or received for any related party receivables or payables. For the year ended December 31, 2019, the Group has not provided for any expected credit loss, relating to amounts due from related parties (December 31, 2018: None). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related parties operate.

Significant transactions with related parties during the year ended as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Sales of goods and services, net		
Migros Group Companies (2)	**225.542**	624.434
Anadolu Etap (1)	**7.925**	6.732
Anadolu Efes Spor Kulübü (3)	**4.849**	3.595
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt.İşl. (3)	**3.030**	1.863
Anadolu Landini (1)	**935**	10.383
Other	**1.342**	4.087
	243.623	651.094

	December 31, 2019	December 31, 2018
Purchases of goods, property, plant & equipment and other charges		
Anadolu Efes Spor Kulübü (3)	**110.881**	63.741
Anadolu Etap (1)	**13.344**	-
Anadolu Eğitim ve Sosyal Yardım Vakfı (3)	**4.106**	42.973
Migros Group Companies (2)	**1.677**	7.572
Other	**2.557**	2.354
	132.565	116.640

	December 31, 2019	December 31, 2018
Various sales included in other income (includes dividends received)		
Anadolu Landini (1)	**12.626**	11.298
LLC Faber-Castell Anadolu (Russia) (1)	**200**	293
Migros Group Companies (2)	**98**	454
Other	**1.836**	213
	14.760	12.258

(1) A joint venture
(2) Includes the amounts for the period when Migros was defined as a joint venture until April 30, 2019.
(3) Other

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

NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

32.3 Related Party Transactions (cont'd)

Compensation of Key Management Personnel of the Group

Group has defined the key management personnel as follows; the managers directly reporting to the general manager and board of directors, and the board of directors and general managers in the rest of the subsidiaries. Benefits provided to senior managers include benefits such as wages, seniority, notice and leave.

The details of benefits provided to the key management personnel for the year ended on December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Short term benefits provided to key management personnel	**90.502**	95.451
Post-employment benefits	**4.108**	5.719
Total gain	**94.610**	101.170
Social Security employer share	**1.841**	2.256

Other

The Company and its subsidiaries other than Migros and McDonald's donate 1% - 5% of their profit before corporate tax and such fiscal obligations to Anadolu Eğitim ve Sosyal Yardım Vakfı as stated in the entities' foundation agreements as long as these donations are exempt from tax. As of December 31, 2019, donations amount to TRL 4.106 (December 31, 2018: TRL 42.973).

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

General

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

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

Credit Risk

Financial instruments have a counterparty risk as they may not fulfill requirements of the agreement.

The Group manages credit risk by constantly evaluating the credibility of the related parties and by determining counterparty credit limits and due dates on a customer basis. Group also receives collaterals from customers as needed. Instruments that increase the credit reliability as guarantees received to determine the maximum amount of credit risk as of reporting date, are not taken into account.

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.

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

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

As of December 31, 2019 and 2018 details of maximum credit risk exposure and aging of assets overdue but not impaired are stated below:

December 31, 2019	**Receivables**						
	Trade Receivables		**Other Receivables**				
	Due from related parties	**Due from third parties**	**Due from related parties**	**Due from third parties**	**Deposits in banks**	**Derivative Instruments**	**Other**
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	**18.960**	**3.298.663**	**11.360**	**259.965**	**8.157.086**	**48.700**	**1.081.307**
- Maximum credit risk secured by guarantees	-	1.403.734	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	18.960	3.071.305	11.360	244.070	8.157.086	48.700	1.081.307
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	-	220.392	-	15.895	-	-	-
- Under guarantee	-	87.353	-	-	-	-	-
D. Net carrying amount of financial assets impaired	-	6.966	-	-	-	-	-
- Past due (gross carrying value)	-	241.713	-	-	-	-	-
- Impaired (-)	-	(234.747)	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	6.966	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- Impaired (-)	-	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-	-

December 31, 2018	Receivables						
	Trade Receivables		Other Receivables				
	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits in banks	Derivative Instruments	Other
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	273.929	2.757.513	20.595	175.708	5.082.836	186.177	228.315
- Maximum credit risk secured by guarantees	66.023	1.600.356	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	269.207	2.521.657	20.595	164.526	5.082.836	186.177	228.315
B. Carrying amount of financial assets whose term ha: been renegotiated, otherwise past due or impaired	-	-	-	-	-	-	-
C. Net carrying amount of financial assets past due bu not impaired	4.722	233.448	-	11.182	-	-	-
- Under guarantee	-	81.695	-	-	-	-	-
D. Net carrying amount of financial assets impaired	-	2.408	-	-	-	-	-
- Past due (gross carrying value)	-	134.309	-	-	-	-	-
- Impaired (-)	-	(131.901)	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	2.408	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- Impaired (-)	-	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-	-

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

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

December 31, 2019	**Trade Receivables**	**Other Receivables**	**Deposits**
Past due between 1-30 days	**162.156**	**-**	**-**
Past due between 1-3 months	**25.531**	**-**	**-**
Past due between 3-12 months	**12.701**	**-**	**-**
Past due for more than 1 year	**20.004**	**-**	**-**

December 31, 2018	Trade Receivables	Other Receivables	Deposits
Past due between 1-30 days	160.446	-	-
Past due between 1-3 months	46.416	-	-
Past due between 3-12 months	13.478	-	-
Past due for more than 1 year	13.108	-	-

Foreign currency risk

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

		Exchange buying rate at December 31, 2018	**Average exchange buying rate in the period**	**Exchange buying rate at December 31, 2019**
USD/TRL	Turkey	5,2609	5,6712	5,9402
EUR/TRL	Turkey	6,0280	6,3481	6,6506

Foreign currency risk arises from the EUR and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases or borrowings by the Group in currencies other than the Group's functional currency. The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities. Anadolu Efes, a subsidiary of the Group, as mentioned in Note 5, reserves a certain portion of its bank deposits for future purchases of raw materials, operating expenses and interest payments. Anadolu Efes'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. Çelik Motor, a subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). The Group also conducts foreign exchange forward transactions and cross currency swap transactions in order to avoid foreign exchange risk as denoted in Note 34.

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

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign currency risk (cont'd)

December 31, 2019	**TRL Equivalent (Functional currency)**	**Thousand USD**	**Thousand EUR**	**Other TRL**
1. Trade receivables	340.357	35.517	16.662	18.569
2a. Monetary financial assets (cash and cash equivalents included)	3.107.045	329.102	143.841	195.481
2b. Non - monetary financial assets	160.168	24.429	2.264	-
3. Other	41.647	712	3.983	10.931
4. Current assets (1+2+3)	**3.649.217**	**389.760**	**166.750**	**224.981**
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	1.269	195	16	-
8. Non - current assets (5+6+7)	**1.269**	**195**	**16**	**-**
9. Total assets (4+8)	**3.650.486**	**389.955**	**166.766**	**224.981**
10. Trade payables	1.093.085	101.059	51.217	152.156
11. Short - term borrowings and current portion of long - term borrowings	2.980.402	164.375	301.322	8
12a. Monetary other liabilities	14.926	1.110	1.253	-
12b. Non - monetary other liabilities	20.690	2.672	719	33
13. Current liabilities (10+11+12)	**4.109.103**	**269.216**	**354.511**	**152.197**
14. Trade payables	9.973	-	1.499	4
15. Long - term borrowings	11.308.871	1.090.242	726.637	42
16a. Monetary other liabilities	209.202	35.218	-	-
16b. Non - monetary other liabilities	5.197	1	781	-
17. Non - current liabilities (14+15+16)	**11.533.243**	**1.125.461**	**728.917**	**46**
18. Total liabilities (13+17)	**15.642.346**	**1.394.677**	**1.083.428**	**152.243**
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	**6.772.109**	**790.460**	**312.245**	**-**
19a. Total hedged assets	6.772.109	790.460	312.245	-
19b. Total hedged liabilities	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	**(5.219.751)**	**(214.262)**	**(604.417)**	**72.738**
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(12.169.057)**	**(1.027.385)**	**(921.425)**	**61.840**
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-

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

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

December 31, 2018	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1. Trade receivables	157.674	13.633	5.825	40.116
2a. Monetary financial assets (cash and cash equivalents included)	1.933.158	311.073	34.710	85.871
2b. Non - monetary financial assets	10.362	-	1.719	-
3. Other	27.750	1.187	3.547	6.694
4. Current assets (1+2+3)	2.128.944	325.893	45.801	132.681
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	4.564	201	580	10
8. Non - current assets (5+6+7)	4.564	201	580	10
9. Total assets (4+8)	2.133.508	326.094	46.381	132.691
10. Trade payables	905.327	105.085	34.098	136.216
11. Short - term borrowings and current portion of long - term borrowings	3.669.836	116.730	506.922	-
12a. Monetary other liabilities	5.565	199	750	-
12b. Non - monetary other liabilities	16.655	2.454	373	1.499
13. Current liabilities (10+11+12)	4.597.383	224.468	542.143	137.715
14. Trade payables	5.338	-	885	3
15. Long - term borrowings	7.978.335	1.239.021	242.198	-
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	198.023	37.641	-	-
17. Non - current liabilities (14+15+16)	8.181.696	1.276.662	243.083	3
18. Total liabilities (13+17)	12.779.079	1.501.130	785.226	137.718
19. Off balance sheet derivative items' net asset / (liability) position (19a-19b)	6.089.083	761.079	345.906	-
19a. Total hedged assets	6.195.353	781.279	345.906	-
19b. Total hedged liabilities	106.270	20.200	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	(4.556.488)	(413.957)	(392.939)	(5.027)
21. Monetary items net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(10.473.569)	(1.136.329)	(744.318)	(10.232)
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-

Information related to export and import as of December 31, 2019 and 2018 are as follows:

	2019	2018
Total Export Amount	**1.439.601**	1.145.926
Total Import Amount	**5.379.972**	4.500.623

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

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

	Foreign currency position sensitivity analysis	
	December 31, 2019 (*)	
	Income / (loss)	**Income / (loss)**
	Increase of the foreign currency	**Decrease of the foreign currency**
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(596.825)	596.825
2- USD denominated hedging instruments(-)	469.549	(469.549)
3- Net effect in USD (1+2)	**(127.276)**	**127.276**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(609.635)	609.635
5- Euro denominated hedging instruments(-)	207.662	(207.662)
6- Net effect in Euro (4+5)	**(401.973)**	**401.973**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	7.274	(7.274)
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	7.274	(7.274)
TOTAL (3+6+9)	**(521.975)**	**521.975**

	Foreign currency position sensitivity analysis	
	December 31, 2018 (*)	
	Income / (loss)	Income / (loss)
	Increase of the foreign currency	Decrease of the foreign currency
Change in the USD against TRL by 10% +/-:		
1- USD denominated net asset / liability	(618.681)	618.681
2- USD denominated hedging instruments(-)	400.396	(400.396)
3- Net effect in USD (1+2)	(218.285)	218.285
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset / liability	(445.374)	445.374
5- Euro denominated hedging instruments(-)	208.512	(208.512)
6- Net effect in Euro (4+5)	(236.862)	236.862
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset / liability	(502)	502
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(502)	502
TOTAL (3+6+9)	(455.649)	455.649

(*) Monetary assets and liabilities eliminated during the consolidation are not included.

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

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Foreign Currency Risk (cont'd)

Foreign Currency Hedge of Net Investments in Foreign Operations

Anadolu Efes, the subsidiary of the Group, designated denominated bond issued amounting to USD 500 Million as of January 1, 2018 and EURO 100 Million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries). Anadolu Efes paid loan amounting to EURO 50 Million in December 2019, as a result of that, Anadolu Efes has EURO 50 Million as hedging instrument in EURO currency as of December 31, 2019.

As of April 1, 2018, CCİ, the subsidiary of the Group, designated USD 281 Million out of USD denominated bond issued amounting to USD 500 Million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, CCI Holland and Waha B.V.

The Company designated loans amounting to EURO 87 Million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments of Anadolu Efes in breweries).

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL 632.700 (TRL 474.705- including deferred tax effect) is recognized as "Gains (Losses) on Hedge" under Equity and to "Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations" under Other Comprehensive Income (December, 31 2018: TRL 1.520.855 (TRL 1.192.092 - including deferred tax effect)).

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 agreement. Total outstanding amount of IRS agreements is USD 43 Million as of December 31, 2019 (December 31, 2018: USD 43 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.

Interest position table	**December 31, 2019**	December 31, 2018
Financial instruments with fixed interest rate		
Financial assets		
- Time deposits	**7.281.738**	4.271.660
Financial liabilities	**14.857.718**	11.527.925
Financial instruments with floating interest rate		
Financial liabilities	**5.730.930**	4.125.781

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

NOTE 33 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

Interest Rate Risk (cont'd)

At December 31, 2019, 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, 2020 which is the following reporting period, would be:

	Effect on profit before tax	
Interest Increase	**December 31, 2019**	December 31, 2018
1% increase	**(12.961)**	(10.221)

Liquidity Risk

Liquidity risk arises from the possibility that customers may not be able to settle within the normal terms of trade. To manage this risk, the Group periodically assesses the financial liability of customers. In addition, with the support of the reliable lenders' credit limits, cash inflows and outflows are balanced.

December 31, 2019

Maturities according to agreement	**Book Value**	**Total cash outflow according to agreement (=I+II+III+IV)**	**Less than 3 months (I)**	**3 to 12 months (II)**	**1 to 5 years (III)**	**More than 5 years (IV)**
Non-derivative financial liabilities	**36.610.966**	**40.810.291**	**13.639.696**	**6.258.659**	**19.455.050**	**1.456.886**
Bank borrowings	20.588.648	24.300.818	3.039.609	4.495.759	16.275.401	490.049
Trade payable and due to related parties	11.489.182	11.491.698	10.276.002	1.204.832	5.174	5.690
Put option liability	223.223	223.223	-	14.019	209.204	-
Employee benefit obligations	258.990	258.990	258.990	-	-	-
Lease liabilities	4.050.923	4.535.562	65.095	544.049	2.965.271	961.147

December 31, 2018

Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	20.184.400	22.817.049	6.647.731	5.410.160	7.570.476	3.188.682
Borrowings and financial leasing payables	15.653.706	18.287.235	3.059.924	4.679.496	7.366.253	3.181.562
Trade payable and due to related parties	4.205.400	4.204.520	3.472.949	718.248	6.203	7.120
Put option liability	210.436	210.436	-	12.416	198.020	-
Employee benefit obligations	114.858	114.858	114.858	-	-	-

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Regarding capital risk management the Group follows net financial debt/equity ratio. Net financial debt is calculated by subtracting cash and cash equivalents and short term financial investments from total financial debt.

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

NOTE 34 – FINANCIAL INSTRUMENTS

34.1 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.

Since cash and cash equivalents, trade receivables, other current assets, trade payables and other payables are of short term; their fair values are the same with their values in the balance sheet.

Investments are recorded with their carrying value due to the lack of determined market values and inefficiency of other methods on determining fair values.

Fair value of short-term and long term lease obligations approximate their carrying values in the balance sheet since they are in foreign currencies and revalued as of year-end.

The fair value of financial lease receivables are calculated by discounting their cash flows to the present value by using current market rates.

The fair value of held to maturity financial assets are calculated based on their market prices.

The fair value of other assets and liabilities are calculated by discounting their cash flows to the present value by using current market rates (current libor rates).

Fair Value Hedge Accounting

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)

Level 2: Other valuation techniques including direct or indirect observable inputs

Level 3: Valuation techniques not containing observable market inputs

	December 31, 2019	**Level 1**	**Level 2**	**Level 3**
Derivative financial assets	**48.700**	**-**	**48.700**	**-**
Derivative financial liabilities	**56.492**	**-**	**56.492**	**-**
Put option liability	**223.223**	**14.019**	**-**	**209.204**

	December 31, 2018	Level 1	Level 2	Level 3
Derivative financial assets	186.177	-	186.177	-
Derivative financial liabilities	44.393	-	44.393	-
Put option liability	210.436	12.416	-	198.020

34.2 Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are initially recognized at cost, and subsequently valued at fair value.

The Group documented the relationship between hedging instruments and hedged items at the beginning of the hedge transaction and also documented risk management objectives and the strategy for performing a variety of hedging transactions. Group, both at the beginning of the process of hedging transaction and on a regular basis of the hedging transaction, documented the assessment whether instruments used in hedging transactions are effective in high-level balancing changes in values of hedged items.

NOTE 34 – FINANCIAL INSTRUMENTS (cont'd)

34.2 Derivative Financial Instruments and Hedge Accounting (cont'd)

Although the Group's functional currency is Turkish Lira, due to a significant portion of lease receivables denominated in foreign currencies, the Group is exposed to currency risk. As lease receivables are represented in Turkish Lira, as a result, changes in exchange rates affect both the Group's net income and financial position.

In accordance with the Group's currency risk strategy, currency risk arising from future operating lease receivables has been hedged with foreign currency loans.

Çelik Motor, a subsidiary of the Group, has started to apply fair value hedge accounting since January 1, 2012. Çelik Motor, a subsidiary of the Group, hedges its foreign exchange risk on commitments to provide operational leasing services resulting from off balance sheet foreign currency denominated operating lease receivables (hedged item) with foreign currency denominated loans (hedging instrument). Fair value changes resulting from the exchange risk of the hedged item has been accounted in "derivative financial instruments" as an asset or liability on the balance sheet, current year fair value changes has been accounted for under foreign exchange gain/losses in "financial income/expense" accounts in the statement of income fair value changes originating from prior periods have been accounted under "revenue".

a) Cross currency swaps

As of December 31, 2019, CCİ, a subsidiary of the Group, has a cross currency swap contract with a total amount of USD 150 Million signed on January 16, 2018 and due on September 19, 2024, for the probability of exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TRL 321.030 (December 31, 2018: TRL 219.315).

The Company has started use derivative financial instruments with a cross currency swap contract amounting to EURO 138,5 million due on June 1, 2020, May 12, 2021 and December 20, 2022 for the probability of arising exchange rate exposure in the long term. (December 31, 2018: EURO 25 Million).

b) Currency option contracts

As of December 31, 2019, Anadolu Efes, a subsidiary of the Group has 15 currency option contracts with a total nominal amount of TRL 273.249 designated as hedging instruments in cash flow hedges to foreign currency risk (December 31, 2018: None).

As of 31 December 2019, Anadolu Isuzu, a subsidiary of the Group, has 30 foreign currency options contracts with a nominal value of JPY 1.818.500.326, which are determined as cash flow hedging instruments for possible raw material purchases and operational expenses that are exposed to foreign exchange risk (December 31, 2018: None).

c) Interest rate swaps

Efes Breweries International N.V. has executed an interest rate swap agreement on June 8, 2015 in order to mitigate interest rate risk of loan amounting to TRL 255.429 (equivalent of USD 43 Million) with maturity of January 6, 2020 and variable interest rate (December 31, 2018: TRL 226.219).

Migros has executed an interest rate swap transaction amounting to TRL 325 Million in order to mitigate interest rate risk of loan amounting to TRL 596 Million with maturities of July-October 2020 and February-July-December 2021 (December 31, 2018: TRL 75 Million).

NOTE 34 – FINANCIAL INSTRUMENTS (cont'd)

34.2 Derivative Financial Instruments and Hedge Accounting (cont'd)

d) Commodity swap contracts

As of December 31, 2019, CCİ has 14 sugar swap transactions with a total nominal amount of TRL 4.545 for 2.169 tones. The total of these sugar swap contracts is 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 for the 2020 as of September 30, 2019 and October 3, 2019 (December 31, 2018: TRL 153.639, 14.234 tones, 4 aluminium swap).

As of December 31, 2019, Anadolu Efes, a subsidiary of the Company has 33 commodity swap and 12 commodity option contracts with a total nominal amount of TRL 34.856 (December 31, 2018: TRL 18.656) for 3.235 tonnes of aluminium. The total of these aluminium contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the highly probable purchases of production materials exposed to commodity price risk.

As of December 31, 2019, EBI N.V. has 24 commodity option contracts with a total nominal amount of TRL 9.969 for 942 tonnes of aluminium (December 31, 2018: None).

e) Currency forwards

As of December 31, 2019, CCBPL has FX forward transactions with a total nominal amount of TRL 27.443, for a forward purchase contract amounting to CNY 31,9 million for 5.016 tonnes. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of resin, exposed to foreign currency risk.

As of December 31, 2019, CCBPL has FX forward transactions, dated October 9, 2019 with a total nominal amount of TRL 108.028, for a forward purchase contract amounting USD 18 Million. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, because of the foreign exchange value of loan repayments exposed to foreign currency risk.

As of December 31, 2019, CCİ holds a derivate financial instrument of option contracts signed on November 29, 2019 for protection against cash flow risk, with a total nominal amount of USD 24 Million, due December 1, 2020. Total option value of this hedge transaction is TRL 2.557 and total nominal value is TRL 142.565 (December 31, 2018: currency forward with a nominal value TRL 100.492 and amounting to USD 2 Million and EUR 15 Million).

Migros, a subsidiary of the Group, does not have any derivative financial instruments in order to avoid currency risk. (December 31, 2018: EURO 40 Million).

As of December 31, 2019, Adel, a subsidiary of the Group, has a foreign exchange forward transaction amounting to USD 9.181.000 with a nominal value of TRL 54.537 (December 31, 2018: USD 20.200.000 with forward participation with a nominal value of TRL 106.270).

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

NOTE 34 - FINANCIAL INSTRUMENTS (cont'd)

34.2 Derivative Financial Instruments and Hedge Accounting (cont'd)

Currency forwards (cont'd)

Fair value of derivative financial instruments as of December 31, 2019 is as follows:

		December 31, 2019		December 31, 2018	
		Fair values		Fair values	
	Contract amount	**Assets**	**Liabilities**	Assets	Liabilities
Derivatives held for hedging:					
Receivables from operating leases	**92.824**	**38.475**	**-**	139.167	-
Cross currency swaps	**746.327**	**-**	**14.958**	44.263	-
Interest rate swaps	**530.429**	**61**	**28.173**	2.747	-
Commodity swap transactions	**49.370**	**931**	**-**	-	13.485
Currency option	**371.977**	**442**	**9.656**	-	-
Currency forward transactions	**459.308**	**8.791**	**3.705**	-	27.552
Currency swap transactions	**-**	**-**	**-**	-	3.356
	2.250.235	**48.700**	**56.492**	186.177	44.393
Short term		**42.109**	**15.163**	102.996	41.037
Long term		**6.591**	**41.329**	83.181	3.356
		48.700	**56.492**	186.177	44.393

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES

The summary financial information of Anadolu Efes, the subsidiary of the Group, of which non-controlling interest is at considerable level, is presented below:

	December 31, 2019			
Subsidiary	**Non-controlling interest (%)**	**Profit/loss allocated to non-controlling interest**	**Accumulated non-controlling interest**	**Dividend paid to non-controlling interest**
Anadolu Efes	**56,95**	**581.747**	**7.386.647**	**171.324**

	December 31, 2018			
Subsidiary	Non-controlling interest (%)	Profit/loss allocated to non-controlling interest	Accumulated non-controlling interest	Dividend paid to non-controlling interest
Anadolu Efes	56,95	(6.654)	6.364.209	143.463

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

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES (cont'd)

Summary financial information for the related subsidiary is presented below:

Summary consolidated statement of financial position:	**Anadolu Efes**	Anadolu Efes
	December 31, 2019	December 31, 2018
Current assets	12.683.956	10.354.695
Non-current assets	33.272.519	29.080.495
Total assets	**45.956.475**	39.435.190
Short-term borrowings	2.166.024	2.355.115
Other current liabilities	7.403.591	5.550.743
Long-term borrowings	7.937.966	6.873.565
Other non-current liabilities	4.275.482	3.527.723
Total liabilities	**21.783.063**	18.307.146
Net assets	**24.173.412**	21.128.044
Attributable to:		
Non-controlling interests	11.203.005	9.952.962
Net assets of the equity holders of the parent	**12.970.407**	11.175.082

Summary consolidated statement of profit or loss:	**Anadolu Efes**	Anadolu Efes
	December 31, 2019	December 31, 2018
Revenue	23.313.811	18.689.686
Net income	1.295.937	98.886
Non-controlling interests	274.433	110.570
Equity holders of the parent	**1.021.504**	(11.684)

Summary cash flow:	**Anadolu Efes**	Anadolu Efes
	December 31, 2019	December 31, 2018
Cash flows from operating activities	4.157.114	2.818.246
Cash flows used in investing activities	(1.526.174)	(1.372.787)
Cash flows used in financing activities	(1.489.217)	(4.115.991)
Effect of currency translation differences	(101.957)	2.027.706
Net increase in cash and cash equivalents	**1.039.766**	(642.826)
Cash and cash equivalent at the beginning of the period	4.756.359	5.399.185
Total cash and cash equivalent at the end of the period	**5.796.125**	4.756.359

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

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES (cont'd)

The summary financial information of Migros, the subsidiary of the Group, of which non-controlling interest is at considerable level, is presented below:

	December 31, 2019			
Subsidiary	**Non-controlling interest (%)**	**Profit/loss allocated to non-controlling interest**	**Accumulated non-controlling interest**	**Dividend paid to non-controlling interest**
Migros	**50,00**	**(246.056)**	**160.602**	**-**

Summary financial information for the related subsidiary is presented below:

Summary consolidated statement of financial position:	**Migros**
	December 31, 2019
Current assets	5.276.923
Non-current assets	9.183.952
Total assets	**14.460.875**
Short-term borrowings	962.854
Other current liabilities	6.581.164
Long-term borrowings	3.440.185
Other non-current liabilities	3.153.804
Total liabilities	**14.138.007**
Net assets	**322.868**
Attributable to:	
Non-controlling interests	1.665
Net assets of the equity holders of the parent	**321.203**

Summary consolidated statement of profit or loss:	**Migros**
	December 31, 2019
Revenue	23.191.364
Net loss	(491.970)
Non-controlling interests	142
Equity holders of the parent	**(492.112)**

Summary cash flow:	**Migros**
	December 31, 2019
Cash flows from operating activities	2.164.935
Cash flows from investing activities	128.773
Cash flows used in financing activities	(1.720.562)
Effect of currency translation differences	4.647
Net increase in cash and cash equivalents	**577.793**
Cash and cash equivalent at the beginning of the period	1.750.516
Total cash and cash equivalent at the end of the period	**2.328.309**

NOTE 36 - EVENTS AFTER THE REPORTING PERIOD

1) As of January 27, 2020, Credit rating agency Saha Kurumsal Yönetim ve Kredi Rating Hizmetleri A.Ş. determined the Company's long-term (National) credit rating (TR) AAA, short-term (National) credit rating (TR) A1 + and the outlook as stable.

2) An Extraordinary General Assembly Meeting of the Company was held on February 21, 2020, and it was decided to authorize the Board of Directors of the Company for 15 months in terms of issuing debt instruments, conducting issuance transactions, determining the terms and conditions of the issue and determining all other issues related to issuance. In the special case announcement of the Company on February 25, 2020, the Company's Board of Directors decided to issue a debt instrument in Turkish Lira up to TRL 1.000.000, and to request an approval of the issuance documents to the Capital Markets Board within this scope and reported that the company management is authorized. An application was made to the Capital Markets Board on February 27, 2020 in this regard.

3) As mentioned in the special case announcement dated May 6, 2019, about Anadolu Restoran İşletmeleri Ltd. ("McDonald's", "Anadolu Restoran") subsidiary of the Company, an investment bank or an intermediary institution was authorized to search for strategic alternatives and to meet with third parties when necessary. In this context, as of the current situation, negotiations have been completed and a share transfer agreement has been signed on January 30, 2020 in order to sell the shares representing 100% of Anadolu Restaurant capital to Birlesik Holding Limited. The transfer of shares will be completed after obtaining the permissions from the public authorities and institutions, and is expected to be finalized in the first quarter of 2020.

   According to the share transfer agreement, the value of Anadolu Restaurant is determined as TRL 280.739. After the approval of the Competition Authority, the share will be transferred and will be shared with the public.

4) As presented in KAP declarations dated January 21, 2020, CCİ held preliminary discussions with The Coca-Cola Company (TCCC) to revisit the sales and distribution model of Dogadan brand, the non-ready to drink tea in CCI’s portfolio. Dogadan is produced within the TCCC system while sales and distribution procedures are performed by CCI in Turkey and Azerbaijan according to Sales and Distribution agreement which was signed in 2008. Based on board of directors’ decision held on January 21, 2020, Group’s management were authorized to finalize the negotiations. Financially, Group’s consolidated net sales revenue and consolidated EBITDA consist of 0,5% and 0,1% Doğadan’s contribution respectively.

5) Efes Breweries International N.V.’s loan agreement with USD 43 Million amount, whose maturity date was January 6, 2020, has been terminated together the interest rate swap signed on June 8, 2015 in order to mitigate interest rate risk.

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