AG Anadolu Group Holding
Annual Report 2018

Anadolu Group

Contents

Anadolu Group

The star that links Anatolia to the world and the world to Anatolia

Anadolu Group in Brief

Undertaking strategic investments in beer, soft drinks, retail, and agriculture, Anadolu Group's operations embrace a broad range of sectors that also include automotive, stationery, quick-service restaurants, real estate, and energy.

A global player

"The star that links Anatolia to the world and the world to Anatolia"

1950

Founded
Established by Yazıcı and Özilhan families

19

Countries
Turkey, Germany, Azerbaijan, Belarus, Georgia, Netherlands, Iraq, Kazakhstan, Kyrgyzstan, Turkish Republic of Northern Cyprus, Macedonia, Moldova, Pakistan, Russia, Syria, Tajikistan, Turkmenistan, Ukraine, Jordan

9

Sectors
Beer, soft drink, retail, agriculture, automotive, stationery, quick-service restaurants, real estate, energy

~80,000

Employees

66

Production facilities

80+

Countries exported to

Originally established in 1950 by the Yazıcı and Özilhan families and advancing into the future with its vision of being “the star that links Anatolia to the world and the world to Anatolia”, Anadolu Group provides employment to around 80 thousand people in nearly 80 companies and 66 production facilities located in 19 countries. With assets worth TRL 56.0 billion in value in 2018, the group booked a total turnover of TRL 42.1 billion on its operations.

Anadolu Group nourishes rapid and healthy growth by creating added value for Turkey in line with its goals of globalizing internationally as a regional player, entering into partnerships with the world’s biggest companies in keeping with its commitment to a partnership culture, and developing branded consumer products. Undertaking strategic investments in the areas of beer, soft drinks, retail, and agriculture, Anadolu Group conducts its operations across a broad range of sectors embracing automotive, stationery, quick-service restaurants, real estate, and energy. Mindful too of its social responsibilities, it also contributes to the wellbeing of the community in the areas of education, health, and sports through Anadolu Foundation, Anadolu Medical Center, and Anadolu Efes Sports Club.

As of year-end 2018

TRL **42.1** billion

Turnover
Including the proforma consolidation of Migros

6

Companies
Quoted on Borsa İstanbul (BIST)

A global player with strong local presence

Partnership culture with global brands

Anadolu Group

Expertise in branded consumer products

Strong ownership ties coupled with high corporate governance standards

Milestones

Anadolu Group was set up in 1950 by the Yazıcı and Özilhan families.

Anadolu Group

1950

1960
Çelik Motor established.

1965
Anadolu Motor established.

1969
Anadolu Efes established.

1969
Adel Kalemcilik established.

1976
Anadolu Efes established.

2005
McDonald's licensing agreement was received.

2007
Stake acquired in Aslancık Electricity.

2008
AEH Insurance Agency established.

2008
AES Electricity Wholesale established.

2009
Anatolian Caucasia Energy established.

1979
Anadolu Foundation established.

1983
Licensing agreement entered into with ISUZU Motors.

1984
Efestur established.

1995
Coca-Cola production and distribution operations commenced in Kazakhstan.

2005
Anadolu Medical Center established.

2009
Anadolu Etap established.

2011
AND Gayrimenkul established.

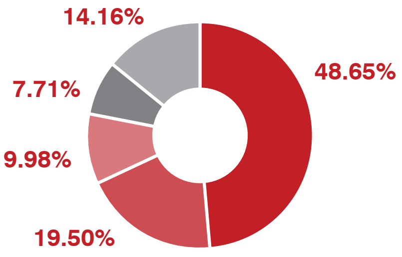
2015
Migros stake acquired.

2017
Anadolu Landini established.

2017
Anadolu Group holding companies merged under one roof.

2018

Capital and Shareholding Structure



- AG Sınai Yatırım ve Yönetim A.Ş.
- Other Yazıcı Family Individuals
- Özilhan Family
- Süleyman Kamil Yazıcı and Family
- Free Float

BIST code:	AGHOL.IS
End-2018 market cap:	USD 472 million

AG Anadolu Group Holding Shareholding Structure (31 December 2018)	Capital share (TRL 1,000)	Capital share (%)	Voting rights (TRL 1,000)	Voting rights (%)
AG Sınai Yatırım ve Yönetim A.Ş. (*)	118,474	48.65	118,474	48.65
Other Yazıcı Family Individuals (*)	47,505	19.50	47,505	19.50
Özilhan Family (*)	24,293	9.98	24,293	9.98
Süleyman Kamil Yazıcı and Family (*) (***)	18,782	7.71	18,782	7.71
Free Float (**)	34,480	14.16	34,480	14.16
Others	1	0.00	1	0.00
Total Capital	243,535	100.00	243,535	100.00

Class	# shares	% shareholding	Board candidate designation rights
A (bearer)	194,827,614	80.00	-
B (registered)	48,706,904	20.00	6
	243,534,518	**100.0**	

(*) As of 31 December 2018, 28.65% of AG Sınai Yatırım ve Yönetim A.Ş. shares amounting TRL 69,767. All of the shares of the Other Yazıcı Family Members, Özilhan Family, Süleyman Kamil Yazıcı and his Family and others are publicly floating and of these shares the portion of 10.32% shares amounting TRL 24,105 publicly floating. With the decision of the Board of Directors dated 7 March 2018 AG Sınai Yönetim A.Ş. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. merged on 29 March 2018.
(**) The shares only consist of the shares traded on the stock exchange which do not belong to family members.
(***) TRL 218 of TRL 18,988 belongs to Anadolu Ecopack Üretim ve Pazarlama A.Ş. Anadolu Ecopack Üretim ve Pazarlama A.Ş.'s 100% shares belong to Süleyman Kamil Yazıcı and his Family Members.

Following the merger in 2017, AG Anadolu Group Holding completed its first full year operations in 2018, during which it continued to contribute to the social wellbeing of and create value to its country and its business partners in all of the territories in which it is operating.

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 and consist of (1) the shares that belong to AG Sınai Yatırım ve Yönetim A.Ş., (2) the shares that belong to the Yazıcı families and the Özilhan family, and (3) the shares that make up the company's free float.

AG Sınai Yatırım ve Yönetim A.Ş. is a management company in which İzzet Türkan Özilhan Yönetim ve Danışmanlık A.Ş. and Kamil Yazıcı Yönetim ve Danışma A.Ş. each control 50% stakes. It was set up to manage the owners' interests in AGHOL and its subsidiaries. AG Sınai Yatırım ve Yönetim A.Ş. is indirectly managed by S. Kamil Yazıcı family and İzzet Özilhan family on the basis of equal representation and equal management principle.

Our Principal Business Lines

Beer
Anadolu Efes

Soft Drink
Coca Cola İçecek

Migros
Migros

Automotive
Anadolu Isuzu
Çelik Motor
Anadolu Motor
Anadolu Landini

Retail
Adel Kalemcilik
Anadolu Restoran
Efestur Turizm İşletmeleri

Others
Anadolu Etap
Energy (Aslancık Electricity, Anatolian Caucasia Energy, AES Electricity Wholesale)
Real Estate (AND Anadolu Gayrimenkul, AND Kartal Gayrimenkul, AND Ankara Gayrimenkul)
Insurance (AEH Insurance Agency)

Social Organizations
Anadolu Foundation
Anadolu Medical Center
Anadolu Efes Sports Club

International business partners

Anadolu Group continues to create value in all of the territories in which it has operations through its partnerships with leading global brands and its joint ventures with multinational companies.

Key Financial Indicators

2018 YEAR-END PROFORMA SUMMARY:

Total sales
TRL 42.1 billion, up 24%

EBITDA
TRL 4.8 billion, up 26%, EBITDA margin 11.3%

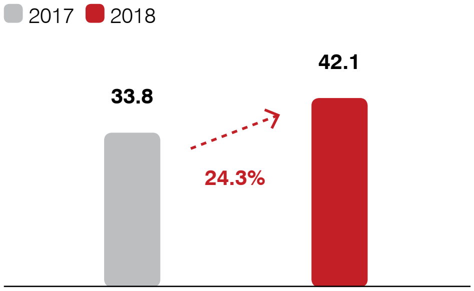
Net loss of the parent company
TRL 1.1 billion

Total assets
TRL 56.0 billion, up 22%

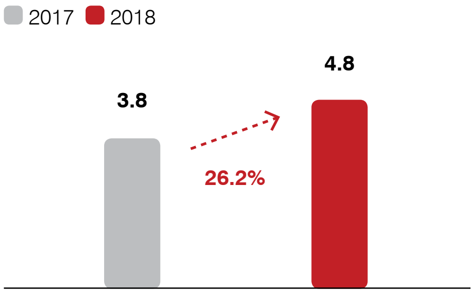
	Proforma Consolidated (*)		
(TRL million)	2017 (***)	2018	Change
Net Sales	33,837	42,070	24%
EBITDA	3,767	4,753	26%
Pre-tax Profit	502	-1,125	n.m.
Net Profit (**)	-84	-1,114	n.m.
Total Assets	45,875	55,987	22%
Total Shareholders' Equity	16,754	20,709	24%
Parent Company Equity	5,682	5,098	-10%
Net Debt	10,489	13,131	25%
Total Liabilities/Total Equity	1.74	1.70	-0.4
Short-Term Liabilities/Long--Term Liabilities	1.05	1.30	0.3
Net debt/EBITDA	3.0	2.8	-0.2
EBITDA Margin	11.1%	11.3%	0.2
PBT Margin	1.5%	-2.7%	-4.2
Net Profit Margin (Parent Company)	-0.2%	-2.6%	-2.4

(*) Proforma reflects the full consolidation of Migros
(**) Net profit of the parent company
(***) For comparison purposes, the Beer Group's 2017 figures also include ABI Russia and ABI Ukraine effect starting from April 1st.

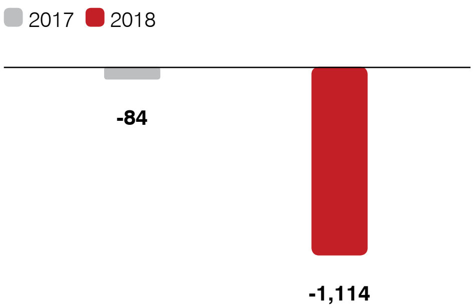
Proforma Net Sales (TRL billion) (*)



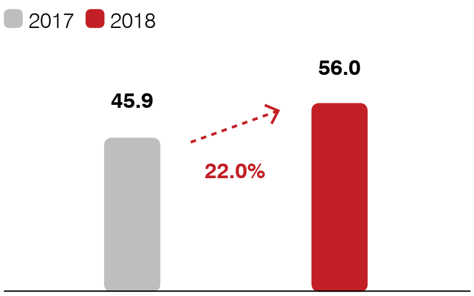
Proforma EBITDA (TRL billion) (*)



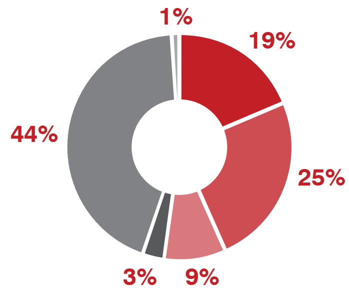
Proforma Net Profit (TRL million) (*)



Proforma Total Assets (TRL billion)



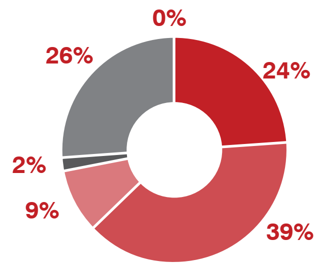
Net Sales Breakdown (**)



Based on 2018 proforma results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

EBITDA Breakdown (**)



Based on 2018 proforma results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

(*) Financial results including Migros as fully consolidated. For comparison purposes, the Beer Group's 2017 figures also include ABI Russia and ABI Ukraine effect starting from April 1st. In this context, Holding proforma consolidated results of 4Q17 and 2017 include the aforementioned effect.
(**) Sum of segmental percentages may exceed 100% due to eliminations.

Chairman's Message

We have great advantage in every area with the capabilities of our managers and employees, the entrepreneurial spirit in our genes and our innovative hardware and applications. To benefit from this advantage efficiently towards our future, we need to develop our organization, our human resources, our infrastructure and system investments further.

As Anadolu Group, we left behind a year in which we took significant steps in terms of our strategic plans.

Esteemed Stakeholders,

2018 has been a year of economic and political inconsistencies both in Turkey and around the World. The global agenda was filled with many negative issues such as world trade wars, rise of interests, the rapid increase in prices of oil and also in food prices in a global scale. Now, 2019 appears as a year which looks to be difficult to foresee. We all will need to be prudent, follow the evolvement of events in our surroundings carefully and take swift action whenever needed.

Despite all the economic inconsistencies, As Anadolu Group, we left behind a year in which we took significant steps in terms of our strategic plans. We were able to make an ascent through strong domestic demand in the fast-moving consumer goods markets that constitute a large part of our portfolio, while in our other operations we relied more on exports and continued to grow our turnover. While expanding our operations, we increased the number of our production facilities to 66. With strong mergers and new investments by our companies, we reached an employment number of approximately 80,000 people. After the merger of our founding companies last year, we are moving on with a much stronger corporate structure. We are creating added value with our products, services, activities and social projects in an operational geography, which is getting larger day by day.

The rapid transformation that our world experiences through new technologies, presents itself in every aspect of our lives. Our lifestyles and business models are changing radically. It is with this in mind that we are focusing our efforts towards the future. We try to observe this transformation correctly and strengthen our functions that will help us adapt to this change. We are engaging in business transformation projects for digital future and creating new platforms through which we can develop innovative business models. We are following developments all over the world closely and making investments on economic, social and environmental areas to ensure the sustainability of our world and of our own business.

We have great advantage in every area with the capabilities of our managers and employees, the entrepreneurial spirit in our genes and our innovative hardware and applications. To benefit from this advantage efficiently towards our future, we need to develop our organization, our human resources, our infrastructure and system investments further.

In 2019, we will manage our businesses with a calculated, proactive and well-advised approach, analysing the ongoing changes accurately and taking steps that will provide us with the flexibility we will need in our positions. Without making any concession from our innovative and pioneering character, we will concentrate on our jobs and continue to create value for our stakeholders and our ecosystem.

On behalf of Anadolu Group, I would like to express my gratitude to all our stakeholders, who believed in us, confided in us and contributed to us.

Tuncay Özilhan
Chairman

CEO's Assessment

We are all working with the aim of becoming a global player that steadily extends its vision with new markets and sectors and carries its existence and respectability into the future.

Esteemed stakeholders,

In line with our vision of being "The star that links Anatolia to the world and the world to Anatolia", Anadolu Group conducts its operations across a broad geographical region that embraces 19 countries with nearly 80 companies, 66 production facilities and approximately 80,000 employees. Despite all the inconsistencies in macroeconomics, 2018 has been a year in which we maintained our successful growth, made strong alliances and new investments for our companies and took significant steps in our projects towards future.

The world's agenda last year was marked first with a trade war between the US and China and then with a crisis over the US's embargo against Iran. These developments had a severe impact on global trade and economic growth expectations. The markets in which we conduct our operations, especially those in the Middle East, suffered not only from political instability and macroeconomic volatility but also from security issues. On the other hand, in 2018 we witnessed a more favorable economic environment in Central Asia. Many governments adopted a variety of development strategies aimed at strengthening global connections, diversifying their own economies and improving the welfare of their citizens.

In Turkey, the most important agenda of the year, was the country's changeover to a presidential system of government. Growth rates of 7.2% and 5.3% were registered in the first and second quarters respectively but a substantial surge in exchange rates in August led to problems that caused third-quarter growth to shrivel to just 1.6%. Rapid rises in both interest rates and inflation triggered negative developments in the business world and financial markets.

The New Economic Program, announced in September, laid out a new roadmap for Turkish economy that focused on economic balance, discipline and change. The adverse impact of all this volatility was mitigated to a degree by an inflation-combat campaign to which our Group also gave support. In 2019, we expect that the agenda will focus on measures aimed at achieving fiscal discipline and resolving structural problems in order to reduce the fragility of the national economy and restore its stability.

Anadolu Group’s consolidated proforma EBITDA was up by 26% in 2018 and reached TRL 4.8 billion.

Honored shareholders,

It was in such a context that Anadolu Group closed year 2018 with consolidated proforma sales worth TRL 42.1 billion, 24% higher than those registered in 2017. The three main contributors to this increase in sales were a 22% year-on growth in our Migros operations (which contributed 44% of our total turnover) and year-on rises of 30% and 27% in our beer and soft drink operations respectively.

Consolidated proforma EBITDA was up by 26% in 2018 and reached TRL 4.8 billion. This growth was driven in part by Migros, whose own EBITDA was 40% higher than that of the previous year and in part by greater operational profitability in the soft drinks segment. Our EBITDA margin last year was 11.3%.

On the balance sheet side, total proforma consolidated assets increased by 22% and reached TRL 56 billion in value.

Maintaining its pioneer role in the market, Anadolu Efes continues to bring its consumers the best as it added new international brands to its portfolio. In Russia and Ukraine, it became a stronger player in the market through its alliance with ABInBev. Coca-Cola İçecek(CCI) continued its strong performance and qualified growth in both Turkey and its international operations. Having completed the integration of Kipa in Turkey in a very short term, acquiring Uyum markets in İstanbul and Makro markets in Antalya, maintaining its foreign operations in Kazakhstan and Macedonia, Migros continues to grow with its stores spread in 81 cities, competitive prices which supports family budget, attractive campaigns, fresh product portfolio and service quality.

Despite the shrinking in Turkish automotive industry in 2018, we registered significant progress in our operations in that business line. Anadolu Isuzu exhibited with its new brand AOS, the first right hand drive bus AOS Visigo Hyper and the first electric truck of Turkey NPR10 EV. It concentrated on projects towards defense industry and also put into sales Novo Okul, the first school bus of Turkey and Isuzu Novociti Life, which is exported to many different countries. With two significant launches through the year, KIA Turkey presented performance model Stinger and the 1.6L diesel automatic version of Sportage, its most preferred model. Garenta distinguished itself in the sector with such next-generation solutions as MOOV by Garenta and Praticar by Garenta. With the number of its members, just about to reach 300,000, ikinciyeni.com brings more than 100 cars together with their new owners every day. Anadolu Motor launched Antrac 510 Tiller Machine, which was produced in its Şekerpınar facility by using local motor and local transmission. Anadolu Landini opened its Şekerpınar facility, which is the only production plant of the Globe series in the world.

We also maintain our retailing operations with considerable success. Adel Kalemcilik offers locally manufactured products with affordable prices in domestic market while targeting expansion in strategic foreign markets. It became one of the most prominent players in the toy sector in a short term of three years. In its 32nd year in the Turkish market, McDonald’s won the “Circle of Excellence” award as it was ranked first among 119 countries for the annual increase in the number of customers.

CEO's Assessment

As Anadolu Group, our priorities for 2019 will be to preserve high performance in our business, remain as a leader of innovation and to create value in every area that we are involved in.

Aslancık and Paravani Hydroelectric Plants, the first investments of our Group in energy sector, are maintaining their successful operations for more than 4 years. In 2019, we plan to continue our renewable energy investments such as hydroelectric and wind power in Georgia.

Anadolu Etap has increased its number of farms to 8 with 5 million planted trees on 30 million square meters of area. With the amount of its cultivation reaching 300,000 tones, it kept its place as the largest fruit grower and fruit juice processer of Turkey. It strengthened its place in the international markets by exporting half of its fresh fruits and juices to countries like India, Russia and Saudi Arabia in addition to Europe, Japan and America.

As the first real-estate company in Turkey to sign the United Nations Global Compact Agreement, AND Real Estate, started the delivery of its AND Pastel project, which was awarded as the "Best Residence Project of Turkey" and gave the city another new life and attraction center after AND Kozyatağı.

We also continue to create value in many areas for our society through our social organizations. Anadolu Foundation has granted more than 28,000 scholarship and provided free medical services to more than 47,000 people. The foundation touches the lives of hundreds of thousands of people through the projects that it undertakes nationwide in areas of education and health. Anadolu Medical Center, which provides world-class service, has become the first clinical cancer center in Turkey and its nearby region, accredited by OECI (Organization of European Cancer Institutes). Anadolu Efes Sports Club launched its new logo and once again won the Turkey Cup and Presidency Cup, while our Youth Team became the champion of the first Basketball Youth League.

Valued shareholders,

We are all working with the aim of becoming a global player that steadily extends its vision with new markets and sectors and carries its existence and respectability into the future. As Anadolu Group, our priorities for 2019 will be to preserve high performance in our business, remain as a leader of innovation and to create value in every area that we are involved in.

While we leave another year behind in our success story, I would like to thank all our employees for their dedicated efforts and all our stakeholders for their support and their trust.

Hurşit Zorlu
Chief Executive Officer

Board of Directors

Tuncay Özilhan
Chairman

Kamilhan Süleyman Yazıcı
Vice Chairman

Salih Metin Ecevit
Member

Dr. Mehmet Cem Kozlu
Member

Dr. Yılmaz Argüden
Member

Ali Galip Yorgancıoğlu
Independent Member

Talip Altuğ Aksoy
Member

Mustafa Ali Yazıcı
Member

Ahmet Boyacıoğlu
Member

Uğur Bayar
Independent Member

Fatma Aslı Başgöz
Independent Member

Dr. Mehmet Ercan Kumcu
Independent Member

Board of Directors

Tuncay Özilhan
Chairman

Tuncay Özilhan was born in Kayseri. He studied in Saint-Joseph High School, then graduated from the Faculty of Economics of İstanbul University. He received his MBA degree from Long Island University in the United States. He has undertaken responsibilities such as General Director of Erciyas Brewery, Coordinator of the Beer Group and General Coordinator of Anadolu Group. Tuncay Özilhan acted as the CEO of Anadolu Group from 1984 to February 2017. He is the Chairman of Anadolu Group since May 2007. He has also been serving as Chairman of Anadolu Foundation as well as various Group companies. Özilhan served as the Chairman of TÜSİAD (Turkish Industrialist's and Businessmen's Association) from 2001 to 2003 and he is currently Chairman of its High Advisory Council. His other responsibilities include; Member of The Board and Chairman of the Turkish – Russian Business Council at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of Anadolu Efes Sports Club. Tuncay Özilhan holds Ministerial Medal by the Ministry Foreign Affairs of the Republic of Estonia and "The Order of the Rising Sun, Gold and Silver Star", constituting one of the most important orders awarded by Japanese government.

Kamilhan Süleyman Yazıcı
Vice Chairman

Kamilhan Yazıcı holds a bachelor's degree in business administration from Emory University in USA, an MBA degree from AIBEC (American Institute of Business and Economics) in Russia and has completed the GMP program at Harvard Business School. Starting his career in Anadolu Group Finance Department in 2000, Yazıcı later worked in Anadolu Efes Russia Marketing Department between 2003-2005 and was appointed New Product Development Manager in 2005. Continuing his career in Russia as Logistic Systems Manager during 2006-2008, Yazıcı was appointed as Supply Chain Director in 2008 and as Development Director in 2010. Yazıcı assumed the role of Anadolu Efes Moldova Managing Director between 2011-2014 and was later appointed as Market Development Director in Anadolu Efes Headquarters, a position held until April 2017. Yazıcı currently serves as Board Member and Vice-Chairman in Anadolu Group companies.

Salih Metin Ecevit
Board Member

Metin Ecevit graduated from Faculty of Political Sciences in 1967. He also received a master's degree from Syracuse University in Economics in 1976. From 1967 to 1980, he worked as a Government Auditor and served as Deputy General Manager of General Directorate of Revenues at the Ministry of Finance. Ecevit joined Anadolu Group in 1980 and worked in various roles, serving as General Manager, Board Member and Chairman in automotive companies of Anadolu Group. He retired in 2006, while he was serving as Automotive Group President, owing to the retirement age limit regulations of the Group. He served as Board Member and Chairman of the Association of Imported Car Distributors in Turkey from 1992 to 2004. He is a board member of Anadolu Group companies.

Talip Altuğ Aksoy
Board Member

Talip Altuğ Aksoy received his bachelor's degree in economics from Oglethorpe University in USA. He began his career as Finance Assistant Specialist at Anadolu Group in 1995 and was appointed as a Finance Specialist in 1996. Aksoy worked as Human Resources and Treasury Specialist from 1998 to 2000. He served as Director of Sales and Marketing at Efes Invest from 2000 to 2003 and was appointed as the Director of Trade and Export at Efes Beer Group in January 2003. Continuing his career at the Group as the Director of Purchasing and Logistics from 2006, Aksoy was appointed Director of Supply Chain of Efes Beer Group in June 2008. In November 2011, he was appointed as Efes Turkey Managing Director and served in this position until January 2017. Aksoy still continues to serve as a Board Member in various Anadolu Group companies.

Mustafa Ali Yazıcı
Board Member

Mustafa Ali Yazıcı graduated from Galatasaray High School in Istanbul and received his bachelor's degree in finance from Georgetown University in Washington D.C. After working at Morgan Stanley's London office as a financial analyst, he served as managing director of a firm specializing in e-commerce from 2005 to 2010. He served as managing director of Cloudturk, a firm that he co-founded, which specializes in cloud computing and fintech industries from 2011-2017. Since 2017, he has been serving as a board member of Anadolu Group and its subsidiary companies.

Ahmet Boyacıoğlu
Board Member

Ahmet Boyacıoğlu holds a bachelor's degree in Business Administration from the Middle East Technical University. Boyacıoğlu began his professional career with the Efes Beverage Group (Anadolu Efes) in 1973. He served in various positions from 1973 to 2005 including Bursa Region Sales Manager, Ege Biracılık ve Malt San. A.Ş. Sales Manager, Güney Biracılık ve Malt San. A.Ş. General Manager, Ege Biracılık ve Malt San. A.Ş. General Manager, Eastern Europe President, International Beer Operations Group President and Strategy and Business Development Director. Boyacıoğlu was appointed as the President of the Efes Beer Group in May 2005 and retired on 1 February 2007. Currently, he is a board member of Anadolu Group companies.

Dr. Cem M. Kozlu
Board Member

Cem Kozlu holds a B.A. and an honorary doctorate from Denison University, an MBA from Stanford University, and a Ph.D degree in Administrative Sciences from Boğaziçi University. In his earlier professional life, Cem Kozlu served as Marketing Specialist at National Cash Register Company in US, Managing Director of Komili Company for 12 years, Marketing Manager of Procter & Gamble in Switzerland. He served as CEO and Chairman of Turkish Airlines between 1988-1991 and as President of Association of European Airlines in 1990. Kozlu continued his career in public services as Member of the Parliament between 1991-1995 and as Chairman of the Board of Turkish Airlines between 1997-2003. He has been holding various positions in The Coca-Cola Company since 1996. He still serves as a Board Member of Coca-Cola İçecek A.Ş., Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Hava Yolları, Arçelik, Şişecam, DO & CO Aktiengesellschaft (Vienna). He is at the advisory board of Koç University Maritime Forum and at the Board of Trustees of Anadolu Medical Center, İstanbul Modern Arts Foundation and as Chairman of the Global Relations Forum.

Dr. Yılmaz Argüden
Board Member

Dr. Argüden is the Chairman of ARGE Consulting, a globally recognized Turkish management consulting firm known for value creating strategies, governance, and sustainability. He is also the Chairman of Rothschild investment bank in Türkiye. His career spans the private sector, public sector, multinational institutions, NGOs, and academia. Dr. Argüden served on the boards of more than 60 national and international corporations. He is an adjunct Professor of Business Strategy, an author of numerous books and a columnist focusing on business and strategy issues. He is a renowned governance expert and has been selected as a member of the Private Sector Advisors of the IFC's Global Corporate Governance Group; he is also the Vice-Chairman of the Governance Committee of the Business at OECD and the Chairman of Trustees of the Argüden Governance Academy. As the elected Global Chair of the National Networks, he has served on the Board of the UN Global Compact, the world's largest sustainability platform. He is an Eisenhower Fellow, a recipient of numerous leadership, distinguished citizenship and career awards, and was selected by the World Economic Forum as a "Global Leader for Tomorrow" for his commitment to improving the state of the world.

Ali Galip Yorgancıoğlu
Independent Board Member

A. Galip Yorgancıoğlu graduated from Galatasaray High School and then he studied at the Faculty of Business Administration at Boğaziçi University. He started his professional life at Phillip Morris as Marketing Manager of Marlboro Cigarettes. Later on, he worked as South East European Marketing Director at Diageo, Turkey and Eurasia Marketing Director at Coca-Cola, and then as Turkey General Manager at Burger King. In April 2004, he started to work as CEO of Mey İçki, which was founded after Tekel Alcoholic Beverages section has been privatized in December 2003. He continued to work as CEO of Mey İçki / Diageo Turkey until he retired on 30 September 2017. Yorgancıoğlu complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.

Board of Directors

Uğur Bayar
Independent Board Member

Uğur Bayar received his Bachelor of Science degree in Applied Mathematics and Statistics from the State University of New York in 1997. Bayar began his career at Citibank Turkey in 1987, taking various positions at the treasury of the bank until 1992, when he moved to public service. Between 1992 and 1997, he served as Vice President of Public Partnership Administration of the Prime Ministry of Turkey and between 1997 and 2002 as President of Privatization Administration of the Prime Ministry of Turkey. During this period, he served as Chairman of the board of Erdemir and Petrol Ofisi and a board member of Turkish Airlines and Türk Telekom. Bayar joined Credit Suisse in 2004 and worked as Turkey's Chief Executive Officer and Head of Investment Banking until 2017. In addition, Bayar serves as Chairman of WWF Turkey (World Wildlife Foundation) while he serves as board member at Tekfen Teknoloji Yatırım ve Tic. A.Ş and at SAMUMED Biotechnology Company, based in San Diego. Bayar complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.

Fatma Aslı Başgöz
Independent Board Member

Aslı Başgöz graduated from the Department of Economics and Politics from Indiana University and received her law degree from the Law Department of Michigan University. Being a member of Bar of New York, she was the first member of Global Executive Committee of White&Case LLP between 2007-2011 in its 100-year history. Başgöz works intensively in mergers and acquisitions. She has a vast experience of 35 years in merger, acquisitions and JV projects of many domestic and international companies from several sectors such as; banking and finance, energy and infrastructure, production, health and retail. She also has experience in project finance, international public offerings and international finance transactions. Başgöz is also a Board member of the International Investors Association (YASED), advisory board member of Financial Literacy and Inclusion Association (FODER). She is a member of the Turkish Industry and Business Association (TÜSİAD) and founding member of Global Relations Forum.

Dr. Mehmet Ercan Kumcu
Independent Board Member

Mehmet Ercan Kumcu graduated from Boğaziçi University Department of Economics and received his doctorate degree from Boston College, Department of Economics. He was a university lecturer in Boston College, Eastern Michigan University and State University of New York giving lectures about macroeconomics, theory of money, international economics and finance. Prior to his career at the Central Bank of Turkey, he worked as a guest researcher, general secretary and finally as Vice President between 1988-1993. Serving still at the Board of Directors of Tekfen Holding, Dr. Kumcu worked both as the Vice Chairman and later as the Chairman of Tekfenbank (Eurobank Tekfen) between 1995-2008. Dr. Kumcu gives lectures Kadir Has University and he has published many articles. He is the author of the books "İstikrar Arayışları" (In Pursuit of Stability) "Krizleri Nasıl Çıkardık?" (How Did We Create Crises) (with Mahfi Eğilmez), "Ekonomi Politikası: Teori ve Türkiye Uygulaması" (Economic Policy: Theory and Practice in Turkey) (with Mahfi Eğilmez), "Kadın Matematikçiler" (Female Mathematicians) and "Krizler, Para ve İktisatçılar" (Crises, Money and Economists).

Organization Chart

Hurşit Zorlu
Anadolu Group CEO

Onur Çevikel
Anadolu Group Chief Financial Officer

Can Çaka
Beer Group President and Anadolu Efes CEO

Menteş Albayrak
Anadolu Group Head of Audit

Burak Başarır
Soft Drinks Group President and Coca-Cola İçecek CEO

Mustafa Yelligedik
Anadolu Group Legal Affairs President

Ö. Özgür Tort
Migros CEO

Osman Alptürer
Anadolu Group Human Resources President

Bora Koçak
Automotive Group President

Kaan Ünver
Corporate Affairs and Communication Coordinator

Serdar Bölükbaşı
Retail Group President

Serkant Paker
Chief Information Officer

Tuğban İzzet Aksoy
Energy Sector Coordinator

Demir Şarman
Anadolu Etap General Manager

Ali Baki Usta
AND Gayrimenkul General Manager

Senior Management

Hurşit Zorlu
CEO

Onur Çevikel
Chief Financial Officer

Menteş Albayrak
Audit President

Serkant Paker
Chief Information Officer

Can Çaka
Beer Group President and Anadolu Efes CEO

Burak Başarır
Soft Drinks Group President and CCI CEO

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Ö. Özgür Tort
Migros CEO

Bora Koçak
Automotive Group President

Serdar Bölükbaşı
Retail Group President

Senior Management

Hurşit Zorlu
CEO

Hurşit Zorlu holds a BSc degree in Economics from Istanbul University. Prior to joining Anadolu Group in 1984, he held various positions in Toz Metal and Turkish Airlines. Zorlu joined Anadolu Group as a Marketing Specialist at the Efes Beverage Group and held various positions including Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director. Zorlu held the position of Chief Financial Officer (CFO) for Efes Beverage Group between 2000-2008 and the position of CFO for Anadolu Group between 2008-2013. In January 2013, Zorlu was appointed as Deputy CEO and as of February 2017 he is appointed as CEO of Anadolu Group. Zorlu is also Board Member of various Anadolu Group companies, Board Member of the Turkish Investor Relations Association (TÜYİD). He served as the 8th Term Chairman of the Corporate Governance Association of Turkey (TKYD).

Onur Çevikel
Anadolu Group Chief Financial Officer

Onur Çevikel graduated from Istanbul University Business Administration (English) faculty in 1993. He started his career as a Finance Specialist at Ermenegildo Zegna Giyim Sanayi ve Ticaret A.Ş. He joined Anadolu Group in 1995 as a Finance Specialist at Efes Beer Group. Çevikel continued his career holding positions such as Finance Manager at Coca-Cola Kuban Bottlers, Finance Manager at Coca-Cola Rostov Bottlers, Finance Director at Efes Russia, Operations Director at Efes Russia. Following the announcement of the strategic alliance with SABMiller Plc. in 2011, he was appointed as Integration Director leading the integration team coordinating the integration activities in Russia. He served as Anadolu Efes Chief Financial Officer between January 2013 - December 2018. In January 2019, he was appointed as the Chief Financial Officer of Anadolu Group.

Menteş Albayrak
Audit President

After finishing Kadıköy Anatolian High School in 1991, Menteş Albayrak graduated from Economics department at Istanbul University in 1995. In 2007, he received his post graduate degree, Executive (MBA) from Sabancı University. He started to work in Anadolu Endüstri Holding in 1995. He served in various Anadolu Group companies and assumed finance and audit roles between 1995-2018. Starting from 2018, he has been working as Audit President of AG Anadolu Holding A.Ş. While serving profession's roles; Albayrak acted as Board Member and Vice President of Turkey Institute of Internal Auditors (TİDE) between 2010-2016. He also assumed the Chairman of the Board role at Turkey Internal Audit Institute (TİDE) between 2016-2018. Additionally he was a member of Public Affairs Committee of European Confederation of Internal Auditors (ECIIA) between 2014-2016.

Mustafa Yelligedik
Legal Affairs President

Mustafa Yelligedik finished Darrüşşafaka High School in 1990. He graduated from Ankara University Faculty of Law. He completed Sports Law Program at Kadir Has University Faculty of Law in 1994 and General Management Program as Bled School of Management in Slovenia in 2008. He started his career at Anadolu Group in 1997 as a Lawyer at Efes Beverage Group. In the Legal Affairs Department he took the positions of Lawyer, Legal Affairs Manager, Legal Affairs Assistant Coordinator and Legal Affairs Coordinator, respectively. Yelligedik has been the Legal Affairs President since 1 February 2018.

Osman Alptürer
Human Resources President

Osman Alptürer completed Moda High School in 1984. He graduated from Marmara University Economics Department in 1989 and obtained Postgraduate Diploma in Economics from University of Surrey, UK in 1992. He began his career in our Group as an operation specialist at Efestur Turizm İşletmeleri A.Ş. between 1993-1994. He continued his career in our Group, at Anadolu Endüstri Holding, Honda Türkiye and Efes Beverage Group respectively. Alptürer currently holds Anadolu Group Human Resources President position.

Kaan Ünver
Corporate Affairs and Communication Coordinator

Following his undergraduate degree at Hacettepe University Department of Business Administration, Kaan Ünver completed his MBA at New York, College of Insurance, Department of Actuary. Ünver began his career as investment and finance expert at Undersecretariat of Turkish Treasury. He continued his career as Debt Management Department Head of Undersecretariat of the Treasury. Before joining our Group, Ünver was Corporate Affairs Manager at Philip Morris/Sabancı between 2004-2009, Corporate Affairs Division Head at Turkcell between 2009-2011 and Metro Group Country Representative between April 2011 and September 2017. He works as Anadolu Group Corporate Affairs and Communication Coordinator since October 2017. Ünver holds various positions as board member and working group chairman at Turkish Industry & Business Association, Foreign Economic Relations Board, International Investors Association and Food Retailers Association.

Serkant Paker
Chief Information Officer

Having graduated from Istanbul Technical University, Department of Electronics and Telecommunication Engineering in 1995, Paker began his career at Hürriyet Gazetecilik as Technical Supervisor. Between 1998 and 2014, he served respectively, as IS&T Analyst, Business Systems Group Project Leader, Business Systems Group Infrastructure & Technology Manager and Business Solutions Group Manager at CCI. Having served as Information Technologies Director at Anadolu Efes since March 2014, Paker has been appointed as Chief Information Officer at Anadolu Efes as of 1 October 2014. As of 1 July 2015, he is assigned as Anadolu Group Chief Information Officer (CIO) and Anadolu Efes Chief Information Officer (CIO).

Senior Management

Can Çaka
Beer Group President and Anadolu Efes CEO

Can Çaka received bachelor of science degree from the Electrical and Electronic Engineering Department of Middle East Technical University in 1994 and his postgraduate degree from the Administrative Sciences Department of the same university in 1998. He started his career as a Business Analyst and Systems Engineer in 1994 and has worked at various companies and was involved in various projects. He joined Anadolu Group in 1997 and worked as Finance Specialist until 2000, Finance and Administrative Affairs Manager at the Efes Ukraine between 2000-2001, Efes Beer Group Strategy and Business Development Manager between 2001-2005, Efes Beer Group Strategy and Business Development Director between 2005-2008 and Chief Financial Officer (CFO) of Anadolu Efes between 2008 -2012. Çaka worked as the Chief Financial Officer (CFO) of Anadolu Group between 2013-2018. He was appointed as the Beer Group President and Anadolu Efes CEO as of 1 January 2019.

Burak Başarır
Soft Drinks Group President and Coca-Cola İçecek CEO

Burak Başarır was appointed to the position of CEO as of 1 January 2014. He joined CCI in 1998 and assumed increasing managerial responsibilities in finance and commercial functions. He was named CFO in 2005 and has played an integral role during CCI's IPO process and effectively managed the financial integration of Efes Invest with CCI in 2006. He was recognized as Best CFO in Turkey by Thomson Reuters Extel in 2009. He led the largest operation of CCI in terms of volume and sales as the Turkey Region President between 2010-2013. Başarır holds a BA in business administration and a minor in computer sciences from American River College. He studied management at California State University of Sacramento between 1990-1992 and received a BSc degree in business administration from Middle East Technical University in 1995. Prior to joining CCI, Başarır worked for Arthur Anderson as a Senior Auditor. He has 20 years of work experience. He is a member of the Turkish Industry and Business Association (TÜSİAD) and the Turkey-U.S. Business Council (TAİK).

Ö. Özgür Tort
Migros CEO

Ö. Özgür Tort is an Industrial Engineer graduated from Istanbul Technical University and he holds an MS degree specializing in Engineering Management Missouri University of Science and Technology. Tort joined Migros Group in 1996 at Business Development Department. He leaded the services of Project Management, International Investments Coordination and Customer Relationship Management (CRM). He worked in Russia as Chief Operations Officer of Migros's subsidiary between 2002 and 2006. In 2006 moved back to Migros as Chief Human Resource Officer. Regarding his career of mastering all the dimensions of retail management, he became the Chief Executive Officer in Migros Group in 2008. Tort is a board member of the Consumer Goods Forum, which is the largest retailer and brand manufacture organization in the world.

Bora Koçak
Automotive Group President

Bora Koçak graduated from the Turkish Naval Academy, Department of Mechanical Engineering. In the following years after his graduation, Koçak received education in the Advanced Management Program at Harvard Business School. Serving as Chief Technician Officer in the technical management positions at the Naval Forces between the years 1989-1996, Koçak later started working in the automotive industry. Since 1996, he gained experience in Çelik Motor as Chief Trainer, After-Sales Services Chief, and After-Sales Services Manager. He became the KIA Product Manager and then KIA-Honda-Lada Product Manager between the years 1999-2005. As for the years between 2005-2008, he served as the General Manager of Citroen Baylas Otomotiv. He was the General Manager (Turkey) of Mazda Motor Europe from 2008 to 2010. Appointed as the General Manager of Çelik Motor in April 2010, Koçak continued his duty until July 2016. Since August 2016, Koçak holds the office of President for Anadolu Group, Automotive Group.

Serdar Bölükbaşı
Retail Group President

Serdar Bölükbaşı, who possesses an undergraduate diploma from the Faculty of Economic and Administrative Sciences at the Middle Eastern Technical University, has also completed the Ohio State University Manager Development Program. Bölükbaşı began his employment at the Efes Beer Group of Anadolu Endüstri Holding, as a Budget Financing Expert. In turn, he served as the Efes Beer Project Development Manager, Marketing Coordinator, and the Managing Director of Efes Pazarlama ve Dağıtım Ticaret A.Ş. In 1999, he was the General Director of Anadolu Efes, which had been founded. From 2005, in turn he was the Chief for Russia and the Commonwealth of Independent States and Chief of Overseas Beer Operations. Since 2010 he has been carrying on the role of the Retail Group President.

Tuğban İzzet Aksoy
Energy Sector Coordinator

Tuğban İzzet Aksoy, who is employed as Anadolu Group Energy Group Coordinator, a well-established organization within the Turkish business world, graduated from the Management and International Finance Department of the University of Oglethorpe in the USA, following his education at the Austrian High School. Aksoy began his professional career as an Assistant Expert in the Financial Affairs Directorate at Anadolu Endüstri Holding, in 1996. In December 1998 he was appointed as a Senior Broker at the Alternatifbank Treasury Department. Following 5 years in this role, Aksoy took on the role of Manager of Corporate Financing and Risk Management at the Treasury and Risk Management Department of Anadolu Endüstri Holding A.Ş., in June 2003. In April 2008, he became Assistant Coordinator at the Business Development Directorate, and since 2009 he has been working as the Anadolu Group Energy Sector Coordinator. Aksoy, who has participated in professional training and seminars in his field, is members of energy groups of the Turkish Industry and Business Association (TÜSİAD), the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and Foreign Economic Relations Board (DEİK). He has been the Honorary Consul of Georgia since 2016.

Demir Şarman
Anadolu Etap General Manager

Following a financial audit and consultancy career at Arthur Andersen Turkey, Demir Şarman joined Anadolu Group’s Beverage Division in 1997 as a Financial Controller. Between 1997-2009 Şarman held several positions at Anadolu Efes including CFO of Efes International and Group’s Strategy and Business Development Director. Şarman is the Chief Executive Officer of Anadolu Etap since its incorporation. Şarman graduated from Middle East Technical University, Department of Economics. He has an MBA degree from University of Chicago; and is also a Certified Public Accountant.

Ali Baki Usta
AND Gayrimenkul General Manager

Ali Baki Usta received his BA degree in Economics and Finance from Ankara University, the Faculty of Political Sciences in 1982. Usta started his career at the Ministry of Finance Tax Inspectors Board in 1983. He started working as Deputy Finance Coordinator in Anadolu Group in 1995 and later became Finance Coordinator. He was appointed as the General Manager of Anadolu Varlık Yönetim A.Ş. in 2006. He serves as the General Manager of AND Anadolu Gayrimenkul Yatırımları A.Ş. since 2011. Usta holds Sworn-in Public Accountants License, and he is a member of Ankara University Faculty of Political Sciences Alumni Association, Tax Inspectors Association, Turkish Accounting Specialists Association, Turkish Finance Managers Association and various associations. He is also an alternate member at the Board of Directors of the Association of Real Estate and Real Estate Investment Companies (GYODER) and a member of Urban Land Institute’s Turkey Advisory Board.

Operational Assessment

Beer

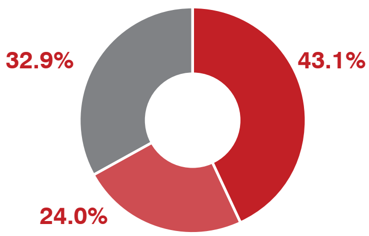
Anadolu Efes supplies nearly 60 different brands of beer to about 400 million consumers in the alcoholic beverages markets of six countries.

Operational Assessment
Beer

ANADOLU EFES

Anadolu Efes

Shareholding Structure



AG Anadolu Grubu Holding
AB InBev Harmony Ltd
Free Float

Founded	1969
BIST code:	AEFES.IS
2018-end market cap.	USD 2,310 million

2018 market shares & rankings		
Turkey	60%	1st
Russia	27%	2nd
Kazakhstan		1st
Georgia		1st
Moldova		1st

With twenty-one breweries, six malteries, one hop processing, and one preform manufacturing plant, Anadolu Efes conducts its alcoholic beverages market operations in six countries: Turkey, Russia, Kazakhstan, Georgia, Moldova, and Ukraine. The company supplies nearly 60 different brands of beer to about 400 million consumers.

Starting out initially with two breweries in Turkey, Anadolu Efes quickly established itself as the leader of the Turkish market. An important turning-point in Anadolu Efes's history occurred in the 1990s when the company decided to expand its operations abroad. Anadolu Efes's international operations are the responsibility of Efes Breweries International NV (EBI), a wholly-owned subsidiary based in Holland. Anadolu Efes also controls a majority stake in Coca-Cola İçecek A.Ş. (CCI), which is responsible for Coca-Cola operations in Turkey and some other countries.

As measured by sales volume, Anadolu Efes is Turkey's biggest, Europe's fifth biggest, and the world's fifteenth biggest beer producer. As of end-2018 the company had annual brewing and malting capacities of 49.0 million hectoliters and 354 thousand tons respectively.

Aware of its standing as one of biggest assets Turkey has created, Anadolu Efes gives maximum attention to its social responsibilities and has made a point of behaving as a good corporate citizen ever since the day it was founded. Anadolu Efes contributes to social sustainability by supporting local development through the creation of viable models in the areas of agriculture and tourism on the one hand and by supporting social and cultural wellbeing through its activities in such areas as theater, cinema, and sport on the other.

Turkey Beer Operations

Anadolu Efes's Turkish beer operations commenced in 1969 at two breweries, one in İstanbul and the other in İzmir. Today the company is Turkey's leading beer producer with three breweries in Ankara, İzmir, and Adana; two malteries in Afyon and Konya; and one hop processing plant in Bilecik. As the Turkish brewing industry's leader for almost half a century, Anadolu Efes is the maker of Efes Pilsen, the beer brand that comes first to consumers' minds in Turkey. Anadolu Efes's annual production capacity in Turkey is 7.95 million hectoliters of beer and 125 thousand tons of malt.

As measured by sales volume, Anadolu Efes is Turkey's biggest, Europe's fifth biggest, and the world's fifteenth biggest beer producer.

Following the deterioration in consumer confidence, the Turkish beermaking industry continued to feel the effects both of sluggish demand and of higher prices brought on by tax increases in 2018.

Anadolu Efes's domestic market sales were down by 2.6% as measured by volume in 2018 and amounted to 5.3 million hectoliters. With the inclusion of export sales, the total sales volume was 5.7 million hectoliters. Anadolu Efes's Turkish beer sales account for an 18% share of its total sales.

International Beer Operations

Anadolu Efes's Russian operations, which began with the onset of production at the Moscow-Efes Brewery in 1999, make the biggest contribution to the company's international operations. That performance was augmented by the acquisition of the Krasny Vostok beer group (at the time Russia's 7th biggest beermaker) in 2006 and by a strategic collaboration with SABMiller that it entered into in 2012. As a result of the acquisition of SABMiller by Anheuser-Busch Inbev (AB InBEV) in 2017, the latter company now controls a 24% stake in Anadolu Efes. In the first quarter of 2018, Anadolu Efes's Russian operations and AB InBev's Russian and Ukrainian operations were all brought together under the single control of AB InBev Efes BV. Carrying out its international operations in Russia with eleven breweries (Kaluga, Kazan, Novosibirsk, Ufa, Ulyanovsk, Vladivostok, Klin, Volzhskiy, Omsk, Saransk, Ivanovo) and four malteries, Anadolu Efes is the second biggest player in the Russian beer market today. The company's annual production capacity in Russia is 29.8 million hectoliters of beer and 229 thousand tons of malt.

Having been brought under the control of AB InBev, the company's Ukrainian operations have an annual beer production capacity of 6.4 million hectoliters at three breweries (Chernihiv, Kharkiv, Mykolaiv).

The second biggest market in Anadolu Efes's international beer operations after Russia is Kazakhstan, which is also one of the most important for the company. Anadolu Efes first entered the Kazakhstani market when it acquired a newly-privatized brewery in Karaganda in 1996. The company expanded its operations in the country with the opening of a new brewery in Almaty in 2003. Today Anadolu Efes remains the country's market leader with both breweries still in operation. Anadolu Efes's annual production capacity in Kazakhstan is 2.4 million hectoliters of beer. Anadolu Efes has also been conducting beer operations in Moldova ever since entering the country in 2003 with its acquisition of a brewery in the city of Chisinau. Today the company is the undisputed leader of the Moldovan market with an annual production capacity of 1.3 million hectoliters.

Anadolu Efes entered the Georgian market in 2008 when it acquired Lomisi, the country's leading local brewery at the time. Continuing its operations at its brewery in Natakhtari, Anadolu Efes is the market leader in the country with an annual production capacity of 1.0 million hectoliters.

On a proforma basis, EBI's total sales in 2018 were up by 2.0% and amounted to 26.1 million hectoliters. Single-digit year-on growth in the Russian market is thought to be attributable to the holding of the World Cup games in the country as well as to favorable weather conditions in summer. Sales volumes benefitted not only from marketing efficiencies resulting from the integration of Anadolu Efes's Russian operations but also from sector-wide improvements as well. In its other national markets, the company maintained its strong position in the face of serious competition thanks to a brand portfolio supported by effective marketing and sales & distribution techniques. Ukraine outperformed expectations while market share was gained in Kazakhstan. Moldova's and Georgia's markets on the other hand were adversely affected by poor weather during the summer months.

Operational Assessment

Soft Drinks

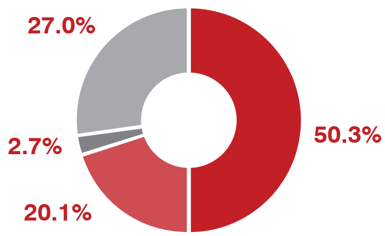
With 26 bottling plants and an annual bottling capacity of 1.3 billion unit cases, CCI is the sixth biggest bottler in the Coca-Cola system as measured by total sales volume.

Operational Assessment
Soft Drinks

CCI

Coca-Cola İçecek (CCI)

Shareholding Structure



Founded	1969
BIST code:	CCOLA.IS
2018-end market cap.	USD 1,493 million

2018 sparkling beverages market shares & rankings

Turkey	65%	1st
Pakistan	42%	2nd
Iraq	43%	2nd
Jordan	24%	2nd
Kazakhstan	51%	1st
Kyrgyzstan	69%	1st
Azerbaijan	74%	1st

Source: Nielsen for Turkey and Kazakhstan, Canadean for Pakistan, Iraq and Jordan; Ipsos for Azerbaijan, Turkmenistan and Kyrgyzstan
* Nielsen (As of November 2018)
** Canadean (As of November 2018)
*** Ipsos (As of October 2018)

Anadolu Efes controls a 50.3% stake in Coca-Cola İçecek (CCI), which is primarily responsible for carrying out domestic and international soft drinks operations. The company engages in the production, sale, and distribution of sparkling and still (non-sparkling) beverages bearing The Coca-Cola Company (TCCC) brand in ten countries: Turkey, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria, Pakistan, and Tajikistan. With 26 bottling plants and an annual bottling capacity of 1,552 million unit cases, CCI is the sixth biggest bottler in the Coca-Cola system as measured by total sales volume.

Besides supplying 400 million consumers with sparkling beverages, CCI also offers a broad portfolio of still beverages consisting of fruit juices, water, energy and sports drinks, iced teas, and teas. The company employs nearly 8,500 people in the conduct of its operations.

Continuing to carry out its investments in its operational territories, CCI's total investment outlays weighed in at TRL 858 million last year. With the opening of its sixth bottling plant in Faisalabad in Pakistan, the company's total consolidated capacity rose to 1,552 million unit cases.

CCI's consolidated sales volume in 2018 were up by 6.3% year-on and amounted to 1,315 million unit cases. An analysis of sales by product category shows year-on rises of 6.8% in sparkling beverages, 11.6% in still beverages, and 6.0% in all water categories. Half of the company's total sales volume in 2018 were the result of its Turkish operations while all of its international operations combined contributed the other half.

With the opening of its sixth bottling plant in Faisalabad in Pakistan, the company's total consolidated capacity rose to 1,552 million unit cases.

Turkey Soft Drinks Operations

Total sales in the company's Turkish soft drinks operations were up by 4.8% as measured by volume in 2018, the biggest twelve-month increase registered since 2012. Sales volumes in all categories other than teas registered gains in 2018, with sparkling beverages taking the lead with a 5.7% rate of growth as compared with just 1.7% in 2017. The growth trend in the small-pack sparkling beverage portfolio continued, going from 22% of total sales in 2017 to 23% in 2018. The 11% rise in the number of packaging units sold was higher than the increase in volume. Factors that supported 2018's growth in volume were increased investments in refrigerated cabinets, new additions to the product line such as sugar-free "Coca-Cola Şekersiz" and vitamin-enhanced "Fanta C", and improved portfolio availability. Sales in the still beverages category grew by 5.8%, partly owing to increased investment and portfolio availability in the iced teas segment. In the water category, double-digit growth in small-pack sales nourished an overall 7.6% increase in total volume.

International Soft Drinks Operations

As measured by volume, international sales volume increased by 7.8% in 2018, mainly due to contribution of Pakistan and Kazakhstan markets and reached 664 million unit cases. Sales in Pakistan increased by 7.3% while total sales in all Middle Eastern operations were up by 2.0%. Nourished by strong performances in Kazakhstan and Azerbaijan, sales in our Central Asian operations rose 12.7% last year.

Operational Assessment

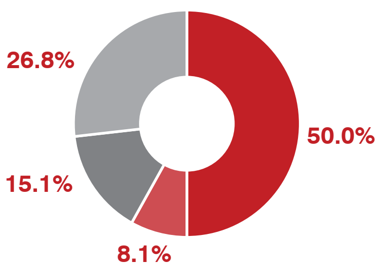
Migros

Migros further increased its home-market presence in 2018 by opening new stores. As of year-end, Migros was serving customers in all 81 of Turkey's provinces.

Operational Assessment
Migros

Migros

Shareholding Structure



- MH Perakendecilik
- Moonlight Capital
- Kenan Investments
- Free Float

Founded	1954
BIST code:	MIGRS.IS
2018-end market cap.	USD 511 million

Migros conducts its food retailing operations in its home market through its Migros, Macrocenter, 5M, Migros Virtual Market, and Migros Wholesale formats and also under the Ramstore brand through its subsidiaries based in Kazakhstan and Macedonia. As the pioneer of modern retailing in Turkey, Migros sells not only food and household necessities but also cosmetics, stationery, glassware and cooking utensils, electronics, books, textiles and similar products in spacious stores that are designed to appeal to customers and to meet their needs.

Migros continues to grow…

Migros further increased its home-market presence in 2018 by opening new stores. As of year-end, Migros was serving customers in all 81 of Turkey's provinces. Migros strives to appeal to customers in every part of the country through the importance that it gives to quality and to superior customer service standards as well as with its competitive prices. In 2018 the company opened a total of 238 new stores, five of them abroad. As of 31 December 2018, Migros was serving customers at 2,103 stores consisting of 1,157 supermarkets, 776 Migros Jets, 56 hypermarkets, 51 Macrocenters, and 19 wholesale outlets in Turkey and 43 Ramstores and 1 Macrocenter abroad.

Having acquired a majority stake in Kipa Ticaret A.Ş. in 2017, Migros and Kipa operations merged in 2018. After the merger was completed, all Kipa stores were converted to Migros format. Efforts to improve the efficiency of these stores' operations are currently in progress. A number of Uyum and Makromarket stores whose leases were taken over were also added to Migros's portfolio last year. In the

Migros appeals to customers with a rich selection of competitively-priced products while distinguishing itself from other retailers through effective marketing strategies that include themed campaigns.

ensuing process, these stores were also quickly converted to an appropriate Migros format as well.

Thanks to newly-opened stores and to strong performance by existing ones, Migros's market share in Turkey increased year-on in 2018. According to figures published by Nielsen, Migros controlled a 16.7% share of organized retail sales in the fast-moving consumer goods market and a 7.1% share of the overall FMCG market.

Migros's sustainable business model contributes to families' budgets…

Migros appeals to customers with a rich selection of competitively-priced products while distinguishing itself from other retailers through effective marketing strategies that include themed campaigns.

Migros private-label products consist of basic household necessities which conform to the high standards that are expected of Migros but which are also the best-priced goods in their category that are available on the market.

In fresh produce, Migros enjoys a strong competitive advantage in terms of quality and freshness thanks to the support of its logistical network. Migros's commitment to good agricultural practices ensures that its fruits and vegetables conform to high standards of wholesomeness while all the fresh meat that the company sells is processed in its own plant.

The company appeals to customers with a rich selection of competitively-priced private-label products while also distinguishing itself from other retailers through effective marketing strategies that include themed campaigns. Initiated as a result of surveys conducted in every region of Turkey to identify local specialties and crops, the "Anadolu Lezzetleri" project's portfolio consisted of 54 products available in 143 stores as of end-2018.

With 12 million active members in 2018, Migros's Money Club system remains Turkey's biggest loyalty program. The program's promotional offerings and campaigns are shaped according to Migros customers' actual needs and expectations.

In regular service for twenty years, Migros Virtual Market pioneered online food shopping in Turkey and is still the country's biggest and most accessible food retailing website. The number of Migros stores supplying goods for Migros Virtual Market's operations was increased by 22% last year, bringing the total number to 139. The provinces of Isparta, Manisa, and Hatay were added to the Migros Virtual Market service network in 2018.

A mobile app was developed for Macrocenter, a Migros format that is distinguished by its superior service standards and specially-formulated product portfolio. The service footprint of Macrooonline website was expanded beyond just İstanbul to include parts of Ankara, İzmir, Antalya, and Muğla. The website is currently serving customers through twenty stores in five provinces. Aware that technology and online shopping are going to bring about radical changes in retailing dynamics in the not-to-distant future, the company continues to give increasing importance to technology and virtual markets.

Operational Assessment

Automotives

Anadolu Group’s automotives division collaborates with world-leading names Isuzu, Kia, Lombardini, Honda, Honda Marine, and Landini.

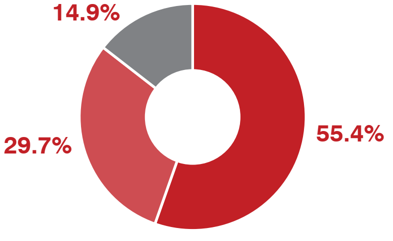
Operational Assessment

Automotives

ANADOLU ISUZU

Anadolu Isuzu

Shareholding Structure



- AG Anadolu Grubu Holding
- Isuzu&Itochu
- Other

Founded	1980
BIST code:	ASUZU.IS
2018-end market cap.	USD 98 million

Founded in 1965, Anadolu Isuzu manufactures trucks, vans, midibuses, buses, and pickups for the commercial vehicle segment. With its solid product line, R&D competencies, high added-value domestic and international after-sales service structure, and extensive dealership and technical services organization, Anadolu Isuzu is one of the Turkish automotives industry's leading players.

Manufacturing and marketing a broad range of commercial vehicles, Anadolu Isuzu conducts its operations at its plant located on 300 thousand m² of grounds in Çayırova's Şekerpınar district east of İstanbul. The plant has a single-shift production capacity of 19 thousand vehicles a year.

Focusing on new business territory, line, and segment opportunities, effective and proactive marketing in 2018 enabled Anadolu Isuzu to strengthen its domestic market position and to successfully grow its market share despite the contraction in demand that was experienced last year. As of end-2018, the company controlled a 22.2% share of Turkey's midibus market as well as significant shares of the country's pickup (10.4%), truck (9.9%), small lorry (6.9%), and bus (3.6%) markets.

Anadolu Isuzu's shares are listed on Borsa İstanbul. While continuing to engage in strategic efforts aimed at strengthening its own shareholder value, the company broke its all-time export record in 2018. As a result of effective international marketing and sales activities through its Isuzu Demo Tour and by taking part in numerous international fairs, Anadolu Isuzu exported a total of 923 vehicles in 2018. These sales generated revenues worth EUR 93 million, the best export performance registered by the company in 24 years.

In 2018 Anadolu Isuzu launched Anadolu Otomotiv Sanayi (AOS). Developed for the Russian, British, North American, and Latin American markets, this new automotives brand takes its inspiration from Anadolu Group's mission of being a star that links Turkey to the world.

Total export sales of EUR 57 million in 2018 was the company's best export performance in 24 years.

Serving customers in Turkey through 29 sales and 101 services outlets, Anadolu Isuzu also works with international distributors based in more than 30 other countries.

Anadolu Isuzu's product, service, and R&D efforts once again earned it the admiration of its stakeholders in 2018 as well as awards and front-row positions in independent rankings. Anadolu Isuzu is the Turkish automotives industry's patent champion with 276 patents granted to its R&D center, more than to any other automotives company in the country.

At the 2018 round of A'Design Award and Competition, one of the world's most respected design contests, Anadolu Isuzu won three awards for vehicles designed by Turkish engineers: a platinum award for its Visigo medium-sized coach and gold awards for its Citiport and Novociti Life buses.

Giving great importance to R&D and originating exemplary projects rooted in university-industry collaboration, Anadolu Isuzu continues its activities in the area of electric vehicles. The company has also entered into a strategic partnership with the Czech Tatra Group and launched Anadolu Savunma, a company that will be active in the defense industry.

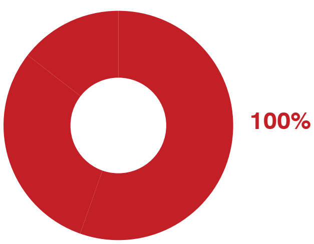
Anadolu Isuzu's truck plant and pickup production lines have continuously held Isuzu Manufacturing Management (IMM) certifications since 2008 and 2015 respectively. The company's quality certification also covers the operations of its coach plant, making it the only one located outside Asia to have been awarded such IMM certification.

Giving great importance to human resources and regarding its investments in people as a constant priority, Anadolu Isuzu is focused on providing a humane workplace environment and on further improving employee satisfaction.

Operational Assessment
Automotives

Çelik Motor

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1960

Çelik Motor serves customers with its KIA, GarentaPRO, GarentaDAY, MOOV by Garenta, Praticar by Garenta, and ikinciyeni.com brands.

South Korea-headquartered Kia’s distributor in Turkey since 2001, Çelik Motor is the hub of a network of 42 authorized sales outlets that sell Kia-made Picanto, Rio, Ceed, Cerato, Niro, Stonic, Sportage, Stinger, and Sorento automobiles and the Kia Bongo cabover pickup truck. In addition to sales, the network also provides spare-part and after-sales services.

In 2018 Çelik Motor sold a total of 9,641 Kia-badged vehicles, a performance that earned the company a 1.55% share of Turkey’s combined automobile and light commercial vehicle market. The company sold 7,694 cars and 1,947 light commercial vehicles last year.

For the last four years in a row, Kia has ranked in first place as “Highest Ranked Mass Market Brand in Initial Quality” in the J.D. Power U.S. Initial Quality Study (IQS). Six Kia-made models ranked high among the leading contenders in 2018, with the Sorento and Rio placing first and the Sportage and Cerato in the top three in their respective segments. According to results published by the Insurance Institute for Highway Safety, an independent, nonprofit scientific and educational organization dedicated to reducing losses from motor vehicle crashes, Kia ranked among the world’s top three makes in terms of overall vehicle safety in its IIHS Safety Awards program.

Kia has begun making electric-powered vehicles and is currently producing two: the Niro and the Soul. The company’s first venture into this market was with the Kia Soul, which was introduced in 2014. The company has also achieved considerable

Opened for service in 2018, MOOV by Garenta registered more than 60 thousand rentals in just four months' time and brought new dynamism to the vehicle-rental sector with an average of one new booking every minute.

success with the Kia Niro, an EV model that can drive 485 kms on a single charge.

Adopting an innovative and entrepreneurial vision in 2005, Çelik Motor began expanding into new consumer business lines. Çelik Motor Filo, the company's fleet leasing brand, has since become one of the most important players in that market. Garenta, which entered Turkey's corporate rent-a-car market in 2014, was the country's first domestically-owned national brand in that business line. With more than a decade of vehicle-leasing experience under its belt, Çelik Motor brought all of its leasing operations together under the Garenta name in 2016.

Already serving customers under its GarantaPRO (long-term) and GarantaDAY (short-term) vehicle rental brands, in 2018 Çelik Motor introduced them to a next-generation transportation alternative with its MOOV by Garenta brand, whose slogan is "drive as much as you need".

MOOV by Garenta gives drivers the freedom and convenience of renting a vehicle only when they need one and paying only for the time that they actually drive it. The leasing period begins when they take possession of the car and ends when they park it in a place that is accessible to traffic. Introduced in September 2018 in recognition of drivers' evolving needs, MOOV by Garenta registered more than 60 thousand rentals in just four months' time and brought new life to the vehicle-rental sector with an average of one new booking every minute.

Çelik Motor's investments in vehicle leasing services also makes life easier for vehicle owners as well. Whether it's for just one vehicle or a whole fleet of them, Praticar by Garenta, which the company launched in 2018 with the slogan "Looks after your vehicle for you", provides a full range of regular maintenance, repair, vehicle inspection, washing and detailing, delivery and pickup, tire-replacement, and similar services. Praticar by Garenta offers drivers a host of one-click online time-saving solutions that can also be tracked by means of a mobile app.

Taking its experience in the sector into the digital domain as well, in 2013 Çelik Motor launched ikinciyeni.com, an online website for buying and selling secondhand cars. This website makes it possible for owners to sell their appraised vehicles at auction or by the "list & sell" method and for would-be buyers to purchase them by submitting bids or by the "buy-it-now" method. All of the website's processes take place seamlessly on a single digital platform. Providing a seven-day guaranteed-return period, ikinciyeni.com's digitalized processes make it the first website of its kind in Turkey. Besides serving as a trusted trading platform for both buyers and sellers, ikinciyeni.com's Carwizz search engine allows users to get an idea of vehicles' market value. Available for use at no charge, Carwizz makes it easy to determine what the price of a vehicle that they want to buy or sell ought to be.

In 2018 ikinciyeni.com mediated the sale of more than 20 thousand vehicles while the number of its registered users topped 300 thousand. As an online platform that has brought about a digital transformation in the used-car sector, ikinciyeni.com also serves buyers and sellers through branches located in İstanbul, İzmir, Ankara, Kocaeli, and Bursa.

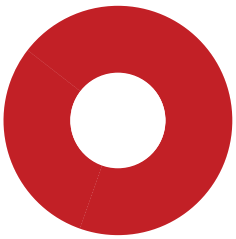
Operational Assessment

Automotives

ANADOLU MOTOR

Anadolu Motor

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1965

One of its sector's leading firms with more than half a century of experience in engine manufacturing and marketing, Anadolu Motor started out manufacturing diesel engines under Lombardini license and it continues to make engines under its own brand, Antor.

Anadolu Motor also has an extensive lineup of manufactured and imported tiller machines, water-pumps, and both gasoline- and diesel-powered generators that it offers under Antrac brand. The company is additionally the distributor of Honda power products, Honda Marine outboard motors, and Lombardini diesel engines in Turkey.

In addition to products such as Antrac 510 tiller machine manufactured by the company using its own domestic diesel engine and transmission in 2018 and Antrac Smart automatic-transmission tiller machine manufactured in Turkey, Anadolu Motor also continued to strengthen its product portfolio by building new business partnerships to offer Antrac and Ibea branded olive harvesters, Antrac brush cutters, Bahco pruning shears and Anpa insulation solutions.

Aiming to make life easier for customers by providing them with advanced-technology solutions, Anadolu Motor provides customer care services through an extensive network of dealers and authorized services located all over the country.

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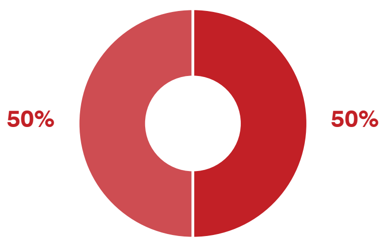
Operational Assessment
Automotives

ANADOLU LANDINI

Anadolu Landini

Shareholding Structure



- Anadolu Motor A.Ş.
- Argo Tractors S.p.A.

Founded	2017

Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. was founded in 2017 as a joint venture between Anadolu Motor and Argo Tractors. Anadolu Landini owns exclusive manufacturing rights over the four different models of Landini's Globe series of 50-80 HP tractors which were launched Konya Agricultural Fair in March 2018. All models of Globe series were started to be manufactured in April 2018 at Şekerpınar plant of Anadolu Landini and went on sale in October.

Having begun distributing Landini tractors in Turkey in 2012, Anadolu Motor became a producer of them in 2017 under a 50-50 partnership agreement with Argo Tractors, an Italy-based company with 134 years of experience in making farm tractors.

Under the manufacturing agreement between the two companies, Anadolu Landini began exclusively producing four different models of Landini's Globe series of 50-80 HP tractors at the Şekerpınar plant in Turkey in March 2018. Besides selling Globe series in its home market, Anadolu Landini will also be generating export revenues by selling them abroad. In 2019 Anadolu Landini will begin working on a project to undertake domestic production of Landini's Rex, Powerfarm, and 5H series of tractors, which are noted for their modern design and use of advanced and innovative technology. The company also intends to expand the scope of its collaboration with Argo in the longer term for the manufacturing of transmissions and cabins.

Anadolu Landini sells the four different models of Landini's Globe series of 50-80 HP tractors that it manufacturers exclusively at the Şekerpınar plant in Turkey in its home market and abroad.

In line with its strategy of being the company closest to its customers, Anadolu Landini also reaches out to farmers through fairs and festivals taking place all over Turkey. It likewise gets together with farmers by means of the outdoor activities, mini-demos, roadshows, and fleet customer events in the country's main agricultural regions.

As is true elsewhere in the world, Landini's commitment to fuel economy, reliability, and superior performance has appealed to Turkey's farmers ever since the brand first entered the country. In keeping with its "Recommended by a friend" slogan, Anadolu Landini continues to be the tractor manufacturer closest to farmers and the one that friends recommend to one another.

Operational Assessment

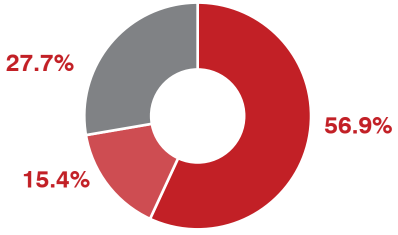
Retail

The retail division of Anadolu Group consists of companies with operations in the writing instrument & stationery supplies, quick-service restaurant, and tourism sectors.

Operational Assessment
Retail

Adel Kalemcilik

Shareholding Structure



- AG Anadolu Grubu Holding
- Faber-Castell AG
- Free Float

Founded	1969
BIST code:	ADEL.IS
2018-end market cap.	USD 49.2 million

One of the best-recognized names in stationery supplies and a beloved national tradition, Adel Kalemcilik's journey in Turkey began with the opening of its factory in Kartal outside İstanbul in 1969. The well-known superior quality of Adel-manufactured writing implements and stationery supplies has made them an important and indispensable part of the education of many successive generations. Since its inception, Adel Kalemcilik has been working in tandem with Faber-Castell, the world's oldest maker of pens, pencils, and other office supplies. Since the strengthening of that partnership in 1995, the company has been continuing to undertake value-adding investments in Turkey without letup ever since.

Adel Kalemcilik carries out its manufacturing operations at a new 30 thousand m^2 plant in Çayırova to which it relocated in 2015.

As the owner of Europe's newest stationary and office supplies factory, Adel is the biggest manufacturer (as measured by production volume and product range) in Turkey and its surrounding region in every category other than paper. Exporting what it makes to nearly sixty countries, Adel supplies about 13% of Europe's wood-encased pencils.

As the owner of Turkey's most modern manufacturing plant, Adel makes blacklead pencils, coloring and copying pencils, ballpoint pens, mechanical pencils and leads, fineliners, highlighters, markers, oil pastels, crayons, watercolors, erasers, finger paints, modelling compounds, gouaches, and more at its plant in Çayırova.

Backed by half a century of operational experience in Turkey, Adel Kalemcilik today markets and sells nearly 4,500 Faber-Castell, Graf von Faber-Castell, Adel, Adeland, Atlas, Max, and Panfix branded products either manufactured in or imported into the country. The importance given to product safety and quality is summed up in Adel's promise "We will never sell anything that we wouldn't let our own kids use".

Exporting to nearly sixty countries, Adel supplies about 13% of Europe's wood-encased pencils.

An important turning-point in Adel Kalemcilik's international operations took place in 2011 with the formation of LLC Faber-Castell Anadolu, a Russia-based joint venture in which Faber-Castell and Anadolu Group each controls a 50% stake. This company draws on the centuries-long experience of one partner and the Russian-market familiarity of the other. In July 2015 the company put its extensive retailing-sector experience and dealership network to work in a brand-new business line with the creation of its own "Adeland" brand based on more than two years of painstaking market research and effort. The company continues to strengthen its position in the sector with the addition of new brands to its portfolio. As of 2018, Adel Kalemcilik owned the stationery and toy-category licensing rights to all of the most popular animated cartoon series broadcast by TRT, the Turkish Radio and Television Corporation.

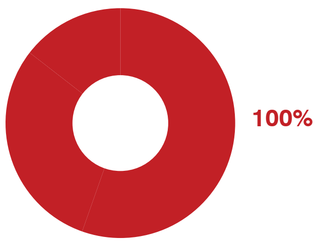
In the conduct of all of its operations since the day it was founded, Adel Kalemcilik has also been striving to support sustainable projects whose aim is to be beneficial to its stakeholders and to society at large. As one of the biggest supporters of education and educational creativity, the company engages in numerous sponsorship and social responsibility projects that are in keeping with its core value of "goodness".

Operational Assessment

Retail

Anadolu Restoran İşletmeleri (McDonald's)

Shareholding Structure



AG Anadolu Grubu Holding

Founded	1986

Having opened its first restaurant in Turkey in 1986, McDonald's has been a member of Anadolu Group since 2005. The McDonald's chain in Turkey today employs around 6 thousand people and serves over 100 million people through about 255 restaurants located in 42 provinces.

The world's leading quick service restaurant (QSR), McDonald's is a member of an intensely-competitive sector characterized by a host of restaurant, food stand, and other brands that offer internationally-standardized meals as well as local specialties, McDonald's remains a brand whose excellent supply chain processes, adherence to strict food safety and hygiene policies, imaginative and innovative approaches, and dynamic corporate culture which is both customer-focused and keeps pace with the needs of the times continue to make it a preferred choice among consumers.

Ever since it became operational in the country, McDonald's has always worked with Turkey's most respected and reputable food suppliers. Today 95% of the products and services that its restaurants offer are locally sourced. Indeed by requiring its local suppliers to conform to its own high standards, some of them are now exporting goods to McDonald's chains in other countries.

Having completed its 32nd year of operations in the Turkish market, McDonald’s continued to grow rapidly in 2018 registering 18% and 6% rates of growth respectively in total sales and customer numbers.

McDonald’s is also the biggest benefactor of McDonald’s Çocuk Vakfı, a foundation that was set up in 1999 in order to create, develop, and support projects that are directly beneficial to children’s health and happiness. Today about 350 thousand children have benefited from 49 projects that this foundation has undertaken in 29 hospitals and other locations in 24 of Turkey’s provinces.

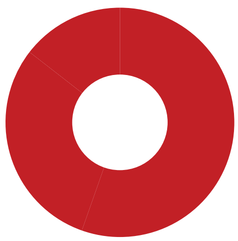
Having completed its 32nd year of operations in the Turkish market, McDonald’s continued to grow rapidly in 2018 registering 18% and 6% rates of growth respectively in total sales and customer numbers.

Inspiring Turkey’s QSR industry with new marketing approaches and creativity that focuses on understanding what consumers want, McDonald’s was the recipient of eighteen awards in 2018, a year in which the company also received the “Circle of Excellence” accolade for having placed first among its worldwide peers in 119 countries in terms of customer number growth.

Operational Assessment
Retail

Efestur

Shareholding Structure



■ AG Anadolu Grubu Holding

Founded	1984

A member of IATA since 1984 as well as of the Association of Turkish Travel Agencies, Efestur Turizm İşletmeleri is a Group A travel agency that provides B2B and B2C travel and organizational services.

Efestur is a provider of services such as domestic and international airline reservations, hotel reservations, vehicle leasing, train reservations, visas, transfers, and corporate events.

Efestur manages an extensive portfolio of clients ranging from small- and medium-sized businesses to multinational companies. Working within client-specified budget constraints, the company plays an active role in all aspects of travel and event-organization processes from start to finish.

Coming up with quick, practical and appropriate solutions whose aim is to ensure customer satisfaction at all times, Efestur's thirty-five years of experience and effective supply-management competencies enable it to devise and execute flawless projects for every occasion.

With many years of knowledge and experience as a leader of the business lines in which it is active, Efestur will continue to support customers in all of their travel and corporate event requirements in keeping with Anadolu Group's underlying philosophy.

Efestur comes up with quick, practical and appropriate solutions whose aim is to ensure customer satisfaction at all times.

Operational Assessment

Other Companies

Anadolu Etap is a company that leads the way in the development of agriculture and agri-industry in Turkey.

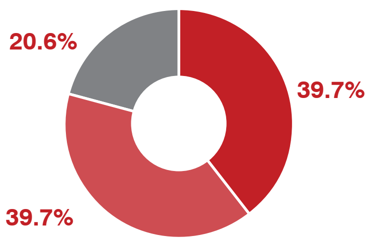
Anadolu Group has been involved in the energy sector since 2005.

AND Real Estate's vision is to develop real estate projects that conform to the highest international standards.

Operational Assessment
Other Companies - Agriculture

Anadolu Etap

Shareholding Structure



- Anadolu Efes Biracılık ve Malt Sanayi A.Ş.
- Burlingtown LLP (Cutrale)
- Özgörkey Holding

Founded	2010

Anadolu Etap is a joint venture of Anadolu Group, Özgörkey Holding, and the Brazil-based Cutrale Group. It was set up in 2010 with the mission of providing superior-quality fruit and fruit juices. Today the company is Turkey's biggest fruit grower and fruit juice producer with eight farms occupying 30 thousand decares of land and five million fruit trees as well as three fruit juice processing plants and one fresh fruit packaging plant whose combined processing capacity is 300,000 tons a year. Inspired by its vision of leading the growth and development of agriculture and agriculture-based industries in Turkey, the company has so far invested USD 350 million in these sectors.

With eight farms occupying 30 thousand decares of land and five million fruit trees as well as three fruit juice processing plants and one fresh fruit packaging house whose combined fruit-processing capacity is 300,000 tons a year, Anadolu Etap is Turkey's biggest fruit grower and fruit juice producer.

As an industry leader, Anadolu Etap employs rational, innovative agricultural practices and advanced technology at every stage of its production processes in order to ensure that its farming and production operations are high-quality, safe, and sustainable. On its farms, Anadolu Etap engages in R&D-driven precision agriculture that is specific to the 150 varieties of the nine different types of fruit. Anadolu Etap also conducts its operations at three fruit juice plants in Mersin, Denizli, and Isparta and at a fresh fruit packaging house in Gönen.

Anadolu Etap is Turkey's biggest fruit grower and fruit juice producer.

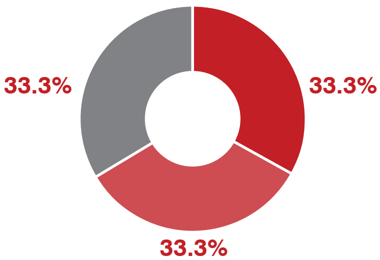
Anadolu Etap's fruit is procured not only from its own farms but also from more than three thousand villages. The company exports 50% of its fruit juice and fresh fruit output to customers across a broad region spanning the United States, Europe, Central Asia, and the Far East. With its Doal, Taptazem, and Meyveden Şeker brands, Anadolu Etap is an industry-leading producer of an extensive portfolio of products ranging from fruit juice concentrates and purees to hundreds of varieties of fresh fruit.

Having invested a total of USD 350 million in this sector, Anadolu Etap provides employment to more than 3 thousand people at its farms and factories. It conducts all of its farming operations in accordance with the principles of sustainable agriculture, of which it is a pioneering advocate in Turkey having published its sector's first Sustainability Principles in 2014. In 2017 Anadolu Etap also became the first agricultural producer in Turkey to publish a Sustainability Report. With its mission of "Healthy fruits for healthy generations, Anadolu Etap fruits pass through 600 different analysis and hold both domestic and international good agricultural practices (GAP) certifications.

Operational Assessment
Other Companies - Energy

Aslancık Electricity Generation & Trading Company

Shareholding Structure

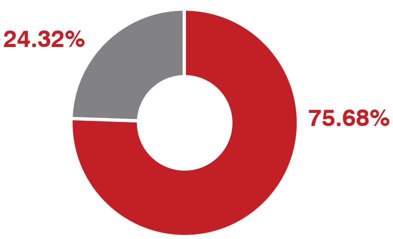


- AG Anadolu Grubu Holding
- Doğuş Group
- Doğan Group

Founded 1999

Anatolian Caucasia Energy Investments

Shareholding Structure

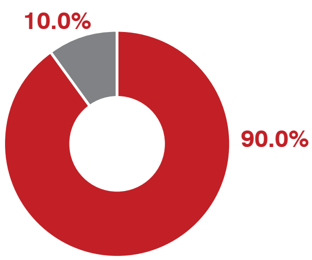


- AG Anadolu Grubu Holding
- Paravani Energy

Founded 2007

Georgia Urban Energy

Shareholding Structure

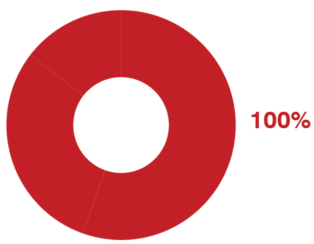


- Anadolu Kafkasya Enerji Yatırımları
- EBRD

Founded 1999

AES Electricity Wholesale & Trading Company

Shareholding Structure



- AG Anadolu Grubu Holding

Founded 2008

Anadolu Group's first energy-sector investments, Aslancık and Paravani hydroelectric power plants, sustainably continue generating electricity both in Turkey and Georgia.

Having been involved in the sector since 2005, Anadolu Group strives to maintain a portfolio of operations in energy sector that respect people and the environment, create added value, and are sustainable.

That being so, the group continues its efforts to create and manage a competitive and balanced energy sector portfolio and to number among the most reliable corporate groups that are proactively and dynamically engaged in energy markets.

Anadolu Group's energy-industry operations are conducted in Turkey by the Aslancık Electricity Generation & Trading Company (Aslancık HPP) and the AES Electricity Wholesale & Trading Company. In Georgia they are being conducted by Anatolian Caucasia Energy Investments Inc, which operates the Paravani HPP, and by Kheledula Energy LLC, which is carrying out the Kheledula HPP project that is now on track for commissioning in 2022.

Anadolu Group Energy Division's first investment was the 120 MW installed-capacity Aslancık Dam & Hydroelectric Power Plant, a joint venture undertaken together with the Doğan Group and the Doğuş Group. After an initial construction period of four years, the plant became operational in March 2014. Located on Harşıt Çayı, a river in the province of Giresun, the Aslancık HPP generated 307 GWh of electricity in 2018, all of which it sold under Turkey's Renewable Energy Source Support Mechanism (YEKDEM).

Construction work on the group's Paravani Regulator and Hydroelectric Power Plant investment in Georgia began in 2010 and this 90 MW installed-capacity plant became operational in September 2014. This is the first cross-border investment involving the tapping of a neighboring country's natural resources to meet its own energy requirements undertaken in the history of the Turkish Republic. Located on the Paravani river in Georgia about 25 kilometers from the border with Turkey, the 90 MW installed-capacity Paravani HPP generated 404 GWh of electricity in 2018. The electricity generated by the plant is sold to Georgia for nine months of the year and to Turkey for the remaining three.

New energy-industry investment opportunities in Georgia are currently being explored. One that is already materializing is the construction of a hydroelectric power plant on the Kheledula river in Georgia's Lentekhi district. A memorandum of understanding concerning this USD 83 million, 51 MW installed-capacity project was signed with the Georgian government in May 2015. A preliminary field assessment of the project's technical and environmental issues was completed in a year and a half. Construction work is scheduled to take three years. Upon completion and commissioning in 2022, the plant will generate about 209-237 thousand MWh of electricity a year, enough to supply the energy needs of about 30 thousand households. As is the case with the Paravani HPP project, the electricity generated by the Kheledula HPP plant will also be sold to meet energy requirements both in Georgia and in Turkey. Research and development work related to renewable energy projects in Georgia is also continuing.

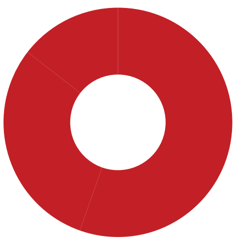
AES Electricity Wholesale & Trading Company is responsible for selling the electricity generated by Anadolu Group-owned power plants in Turkey. The company was awarded its wholesaling license by the Energy Market Regulatory Authority in 2009. In addition, the company also provides Anadolu Group companies with support on energy-consumption issues.

Operational Assessment
Other Companies - Real Estate

AND GAYRİMENKUL

AND Gayrimenkul

Shareholding Structure



AG Anadolu Grubu Holding

Founded	2011

AND Gayrimenkul is active in the areas of real estate development, investment, and management. The company's operations are informed by its vision of leading both institutionalization and adherence to international standards in Turkey's real estate industry.

AND Real Estate engages in real estate project development activities in line with the fundamental strategies of innovative business models, distinguished products and services, and sustainable brand and balanced portfolio management that it has identified. Basing its business model on conformance to international standards, AND Real Estate is the only real estate developer in Turkey to have committed itself to the United Nations Global Compact. The company published its first sustainability report in 2018.

Remaining conscious of its responsibilities even after a project's construction work has finished, the company undertakes the management of completed and new projects that it carries out under its property-management brand "GRID". The second-hand sales and rental operations in the company's AND Pastel project are carried out under the "GRİN" brand.

During 2018 AND Real Estate continued to lease properties in its AND Kozyatağı building. Situated in the Kozyatağı/Ataşehir area, one of the most accessible business districts on the Anatolian side of İstanbul, this Class-A office building has 35,000 m^2 of leasable space, about 80% of which was occupied last year.

AND Real Estate is continuing to work on its AND Pastel project in the Kartal district of İstanbul. One of the biggest undertakings of its kind in the area, the project calls for the creation of 1,243 dwelling units in different configurations ranging from 1+1 to 1+4 in seven towers. Deliveries of units in five of the seven towers began on 31 December 2018 and more than 250 of them have been turned over to their owners so far. As of end-2018, about 65% of the project's units had been sold.

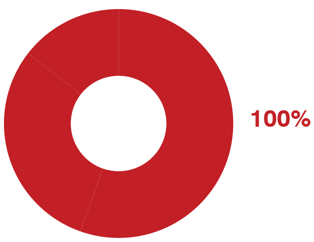
In 2017 work began on the development of a project to create commercial spaces in 9,779 m^2 of properties that AND Real Estate owns in Ankara and the company also entered into an agreement with Anagün İnşaat, a construction company, to share the proceeds from the project. Under this agreement signed in 2017, AND Ankara will receive half of the proceeds from the sale of the units that Anagün builds on the properties that AND Real Estate owns. This project's development and design works continued in 2018.

Other Companies - Insurance

AEH Sigorta Acenteliği A.Ş.

AEH Insurance Agency

Shareholding Structure



AG Anadolu Grubu Holding

Founded	2008

AEH Insurance Agency acts as an agent for many insurance companies. Among the corporate agencies working with Anadolu and Allianz insurance firms in Turkey, AEH has consistently ranked among the top three from the standpoint of both portfolio and technical profitability for many years.

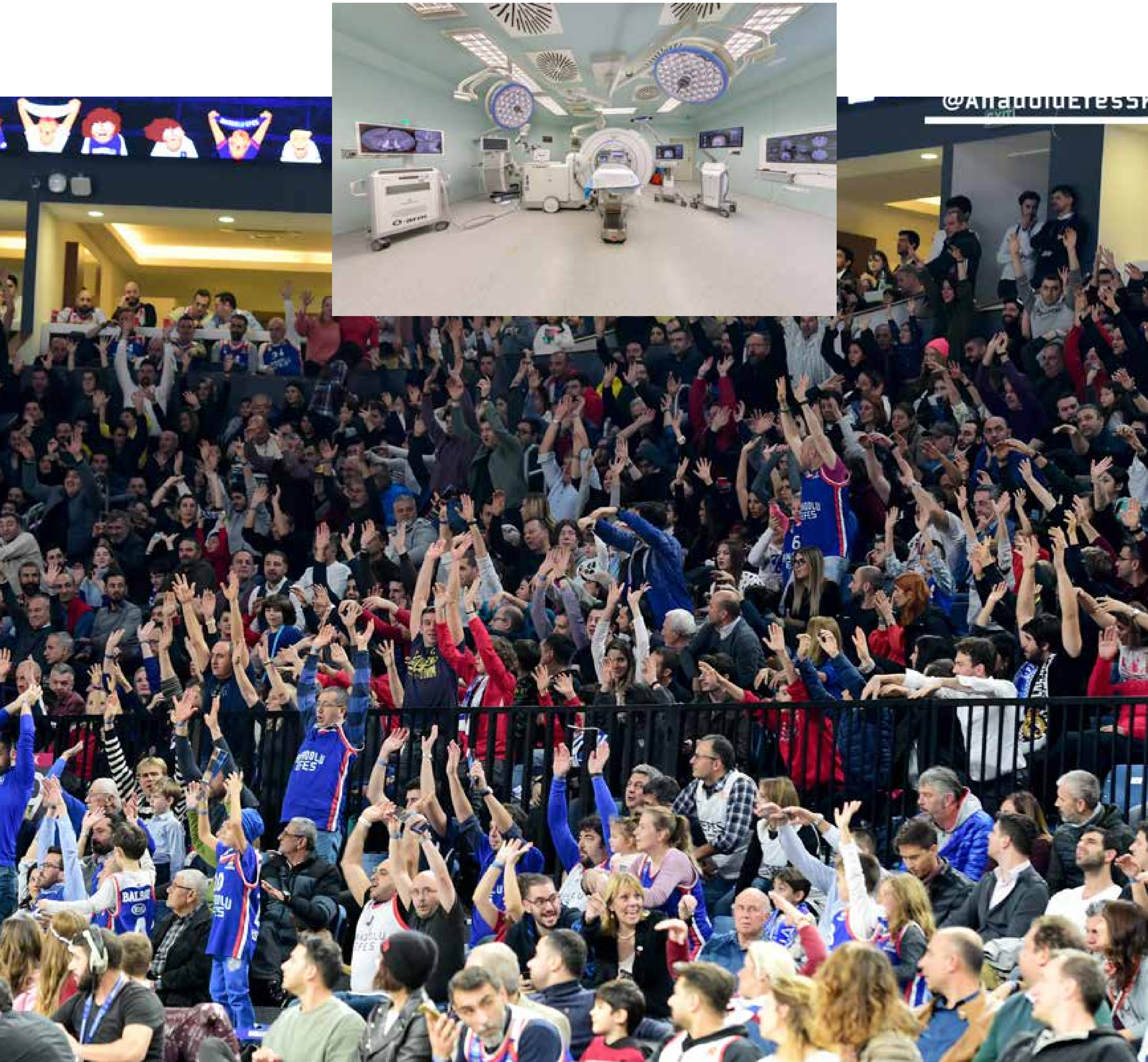
AEH has agency relationships with Anadolu Sigorta, Allianz Sigorta, Ak Sigorta, Ergo Sigorta, AXA Sigorta, Anadolu Hayat Emeklilik, Generali Sigorta, Gulf Sigorta, Eureko Sigorta, Dubai Sigorta, and Fiba Emeklilik companies.

In 2019 the company also plans to pursue growth in its personal insurance portfolio as well.

Anadolu Group and

Social Responsibility

In keeping with its social responsibility sensitivities, Anadolu Group makes meaningful contributions to society through Anadolu Foundation, Anadolu Medical Center, and Anadolu Efes Sports Club.



Anadolu Group and Social Responsibility

The Anadolu Foundation has given out more than 28 thousand educational scholarships and financed the construction of more than fifty schools, dormitories, gymnasiums, and other social facilities.

ANADOLU VAKFI

Anadolu Foundation

Established in 1979 by the Yazıcı and Özilhan families, the founders of Anadolu Group in order to give something of what they had gained back to their country, the Anadolu Foundation undertakes substantive investments in health and education.

The Anadolu Foundation's goal is to be a socially beneficial and charitable platform that believes in the principle of investing in people, takes a shared-wisdom approach, makes a strong social impact, manages its resources as befits a social entrepreneur, and constantly supports society with ever more enduring solutions. The foundation has granted more than 28 thousand educational scholarships to date and has also built schools, dormitories, hospitals, gymnasiums, and socially-beneficial facilities.

Since 2013, the Anadolu Foundation has been providing social entrepreneurship-based project management cycle training to more than 60 thousand teachers in 45 provinces. Supporting the development of many practicable educational projects and continuing to regularly conduct training programs and seminars, the foundation remains committed to contributing to the futures of young people and their teachers and thus to that of the country as well.

An ongoing mentoring program which the Anadolu Foundation developed and through which Anadolu Group professionals support young people in their efforts to improve themselves and to deal with life issues and changing conditions in the world around them completed its sixth round in 2018. Gaining a new dimension last year with the inclusion of professionals and managers from outside Anadolu Group as well, the foundation's mentoring program has earned a distinguished reputation in Turkey thanks to the experience that it makes available and to its methodical approach.

In the area of health, Anadolu Foundation extends a helping hand to tens of thousands of people who are in need of medical care through Anadolu Medical Center, which is affiliated with Johns Hopkins Medicine. Under its "Social Responsibility In Health" project, the foundation provided a total of 576,839 instances of free healthcare (including 141,606 examinations and 10,134 surgical interventions) to 46,504 people between 2005 and the end of 2018.

All of the funding needed to pay for such charitable medical assistance and services comes from donations made by members of Anadolu Group. These companies donate between 1% and 5% of their earnings to the foundation every year. The foundation uses these resources to finance new undertakings and to support the raising of healthier and better-educated new generations of young people.

ANADOLU

In Affiliation with
JOHNS HOPKINS MEDICINE

Anadolu Medical Center

Established in 2005 as part of Anadolu Foundation, Anadolu Medical Center provides world-class medical and health services whose aim is to improve the quality of people’s lives. Occupying an area of 188,000 square meters and an indoor area of 5,000 square meters with a capacity of 201 beds, Anadolu Medical Center distinguishes itself by providing first class health care servies with the vision of being a reference center and “The center of health”

As a reference center especially in the field of oncology, Anadolu Medical Center is well equipped with state of the art technology offering health service in all branches. The center distinguishes itself in particular with its Urooncology Center, Bone Marrow Transplant Center, Breast Center, Peritoneal Cancer Center, but also with its cardiovascular surgery and neurosurgery departments.

Since 2005, Anadolu Medical Center offers world class health care and the most advanced technology not only for Turkish patients but also for patients coming from abroad. Collarboration with Johns Hopkins Medicine, which has repeatedly been cited as being the best hospital in the world, in fields of traning and quality supports Anadolu Medical Center’s vision.

About 200 thousand examinations and 8 thousand surgical interventions were carried out at Anadolu Medical Center in 2018. These services were provided to patients both from Turkey and from abroad. To date, Anadolu Medical Center has provided medical and health services to people from 65 other countries, the majority of them from Romania, Bulgaria, Russia, Azerbaijan, Georgia, CIS countries, and Middle Eastern and North African countries. In the area of hematological oncology, the total number of bone-marrow transplants performed at the hospital surpassed 1,900 as of end-2018.

Anadolu Medical Center also provides medical and health care services at its Ataşehir Outpatient Clinic, which opened its doors in 2008, and occupies 3,700 m^2 of grounds.

Located in the Gebze Organized Industrial Zone (GOSB) not far from Çayırova is the GOSB Outpatient Clinic. Supported by Anadolu Medical Center, this center began providing medical services on 15 January 2018. Located within the zone, the GOSB Outpatient Clinic occupies 900 m^2 of space and provides emergency, internal, ENT, and general-surgery care and treatment services under its agreement with the Turkish Social Security Corporation.

Anadolu Group and Social Responsibility

Taking a people-focused approach, Anadolu Medical Center provides healthcare and treatment services in a wide range of branches that include oncology, gynecology, bone marrow transplantation, surgical intervention, diagnosis, and medical imaging. The center continues to undertake significant investments aimed at enhancing treatment quality and adding value to patient care. In 2018 the radiotherapy department's patient-care resources were expanded with the addition of state-of-the-art Cyberknife M6, Varian Edge, Radixact, and Discovery RT tomography units. Anadolu Medical Center undertook a total of USD 12 million worth of renewal investments last year in a program that included not just the radiotherapy department but also the completion of planned investments in the brain and neurological surgery department.

The Anadolu Medical Center is accredited by Joint Commission International and has been awarded both a bronze-level and a gold-level Planetree Person-Centered Care Designation. It also holds Turkish Health Ministry Quality-Standard, European Society for Medical Oncology, ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, and Turkish Health Ministry "Baby-Friendly Hospital" certifications. Anadolu Medical Center is the first and only hospital in Turkey and its surrounding region to receive bronze-level and gold-level Planetree Person-Centered Care designations.

Anadolu Medical Center is also proud to be the first and only hospital in Turkey and its region to be accredited by the Organization of European Cancer Institutes (OECI) which has also verified that the center's cancer diagnosis and treatment services conform to international standards.

Another important fact that differs Anadolu Medical Center from other hopitals is that there are 9 tumor boards within its Oncology Center. In addition to the general tumor board there are specialized tumor boards like breast cancer tumor board, urooncology board, head and neck cancer tumor board and thoracic tumor board, where each patient diagnosed with cancer is discussed by a multidisciplinary team of specialists, in order to determine the best possible cancer treatment and care plan for the patient.

Anadolu Efes Sports Club

An enduring presence in Turkey's basketball scene, Anadolu Efes Sports Club is one of Anadolu Foundation's social organizations Founded in 1976 under the chairmanship of Tuncay Özilhan, with the goal of contributing to the development of Turkish youth and basketball, Anadolu Efes Sports Club today continues to contribute to the nation's social and cultural development.

More than just a successful team however, Anadolu Efes is a sports club that promotes basketball among the public at large by offering fans enjoyment, excitement and entertainment. The club's institutionalized and sustainable management, its marketing acumen, its public relations, and its corporate social responsibility projects continue to make it a benchmark for other clubs in Europe.

Anadolu Efes has been cited three times by Euroleague Basketball in its "Euroleague Devotion" series of awards for having the best marketing practices among European teams. As the leader in this area, Anadolu Efes continues to improve its performance year after year. Anadolu Efes also contributes to the growth and development of basketball economics through the marketing and communication packages that it specially designs for every partner. Anadolu Efes Sports Club's partners include leading names in such diverse sectors as retailing, food & drink, fashion, sportswear, health, transportation, and media.

Anadolu Efes has brought home more trophies than any other Turkish basketball team. As of 1 February 2019 its museum contained 1 Korac Cup, 13 Turkish Basketball League championships, 11 Turkish Cup championships, 11 President's Cup championships, and 2 General Directorate of Youth and Sports Cup championships.

Evidence of Anadolu Efes's successful efforts to nurture new generations of basketball players is also to be found in its museum, which houses 1 Youth League championship, 4 U20 Team championships, 20 Turkish U18 championships, 16 Turkish U16 championships, and 14 Turkish U14 championships.

Having encouraged thousands of young people in Turkey to take part in sports, the Anadolu Efes Sports Club also makes certain that the educational needs of the youngsters in its youth teams are also taken care of properly. Teams' training and travel schedules are organized according to school calendars with the aim of ensuring that their members are well-educated individuals first and good basketball players second.

Creating social value on a wide range of issues through the social responsibility projects that it undertakes, Anadolu Efes is especially proud to contribute, through its own projects, to the social development of those taking part in EuroLeague's "One Team" corporate social responsibility program, which combines education and sport on a single platform.

Every year the Anadolu Efes Sports Club also undertakes a variety of other social responsibility projects such as Pink Ball On The Court campaign carried out in partnership with the Anadolu Medical Center that draws public attention to the importance of early diagnosis in breast cancer and another Bring a Book campaign that encourages people to donate books to be given to needy students.

Sustainability
at Anadolu Group

In the course of its nearly seven decades of life, Anadolu Group has striven to impact society in ways that are both beneficial and enduring. All of the group's own investments and undertakings as well as its global partnerships have been informed by the same trusted-partner mindset that has shaped the group's growth and development since its inception.

Six Anadolu Group companies–Anadolu Efes, Coca-Cola İçecek, Migros, McDonald's, Anadolu Etap, and AND Gayrimenkul–published sustainability reports in 2018. The publicly-traded shares of three of these firms–Anadolu Efes, Coca-Cola İçecek and Migros–were included in the Borsa İstanbul Sustainability Index.

All of Anadolu Group's sustainability efforts are informed by and compatible with the 2015-2030 Sustainable Development Goals announced by the United Nations. Anadolu Group leads its business line peers by creating and carrying out in Turkey beneficial projects that conform to world standards. Furthermore because Anadolu Group expects its business partners and other stakeholders to behave with the same conscientiousness as it does when dealing with sustainability issues, the group increases their awareness of them. Anadolu Group endeavors to create a sustainable ecosystem among those it does business with by expanding the operational purview of its own business attitudes and ethical values.

Anadolu Efes, Coca-Cola İçecek, Migros, McDonald's, Anadolu Etap, and AND Gayrimenkul published sustainability reports in 2018 and Anadolu Efes, Coca-Cola İçecek and Migros were included in the Borsa İstanbul Sustainability Index.

Sustainability at Anadolu Group

Sustainability at Anadolu Efes

Anadolu Efes regards having a sustainable business model as one of its most important responsibilities towards future generations. In keeping with its "We promise the future" maxim, the company creates long-term values for the future based on the strength that it derives from the past. In the sustainability reports that it has been publishing regularly since 2010, Anadolu Efes assesses the social, environmental, ethical, and economic dimensions of its operations and transparently discloses this information to the public.

In 2018, having carried out materiality analysis of the Positive Impact Plan that was formulated in 2011, Anadolu Efes identified four primary focus areas based on stakeholder feedback, global trends, and sector priorities–Environment, Society, Employees, Value Chain–and committed itself to improving its positive impact performance every year. The company continues to engage in such efforts in line with the objectives of the second stage of its Positive Impact Plan covering the five-year period from 2016 to 2020. These efforts also contribute to the company's progress towards fulfillment of the United Nations' 2030 Sustainable Development Goals.

Anadolu Efes has given its environmental and social commitments an international dimension through its subscription to such collaborative efforts as the United Nations Global Compact in 2011 and to the CEO Water Mandate and to Women's Empowerment Principles in 2014. Anadolu Efes's sustainable-agriculture practices earned it the right to represent Turkey at the Rio+20 United Nations Conference on Sustainable Development that was held in Brazil in June 2012. In 2013 Anadolu Efes became the first Turkish company whose shares qualified for admission to the Dow Jones Sustainability Index. In 2017 the company qualified for inclusion in the FTSE4Good index series, a leading socially-responsible investment indicator developed by FTSE Russell, part of London Stock Exchange Group. With its 2017 report, Anadolu Efes began providing its stakeholders with a more comprehensive picture of its efforts to combat climate change by publishing its responses to the Carbon Disclosure Project Climate Change Program. Based on those responses, Anadolu Efes's Turkish operations received a "B minus" (management-level) score in the CDP program.

As a company whose key raw materials are derived from nature itself, Anadolu Efes regards environmental sustainability as being a crucial element of its own long-term success as well as of its responsibility towards future generations. Addressing environmental sustainability issues under the individual headings of "water risks and management", "climate change", and "energy, waste, and packaging management", Anadolu Efes continues to undertake investments aimed at steadily reducing the size of its environmental footprint by means of an efficiency-based approach throughout its entire value-creation chain. Specific performance targets for each of these headings are monitored by means of performance indicators that are based on reporting criteria published by the Global Reporting Initiative. As part of its collaboration with the Environmental Protection and Packaging Waste Recovery and Recycling Trust (ÇEVKO), Anadolu Efes has been publishing a ÇEVKO Environmental Benefit Report every year since 2010.

In its efforts to create a positive impact through social responsibility projects that are respectful of the communal values and culture of the localities where it conducts its operations, Anadolu Efes as a local company that has faith in young people and the future, supports local entrepreneurial ecosystems in the areas of sustainable tourism and agriculture, and believes that theater, cinema, sport, and music are essential to a community's sociocultural progress. Anadolu Efes has been actively involved in supporting sport for 43 years, agriculture for 37 years, theater for 27 years, and tourism for 12 years.

Sustainability at Coca-Cola İçecek

CCI's vision is to be the best company in the fast-moving consumer goods sector in every country in which it has operations. As a responsible corporate citizen, CCI recognizes that sustainability is an element of corporate processes. In order to create value for all of its stakeholders, CCI focuses its sustainability strategy on issues that are important to its stakeholders. In line with this, CCI has identified six basic sustainability focal points that it seeks to proactively manage.

- **Environmental footprint:** One of CCI's priorities is to reduce the environmental impact of the company by using fewer natural resources and by creating less waste. CCI believes that such an approach is essential not only for the conduct of its own business but also for the sustainability and wellbeing of the communities that it serves.

- **Social development:** CCI's basic objective is to be recognized by all of its stakeholders as the most responsible of corporate citizens. To achieve this, it carries out a variety of projects aimed at improving the wellbeing and quality of life of the communities in which it conducts its operations. Issues of priority concern to the company in the area of social development include economic impact, voluntarism, and empowering young people and women.

- **Human rights:** CCI makes human rights central to the conduct of all of its business processes. Valuing its relationships with its employees, the company creates open and participatory workplace environments in which universal human rights are respected and employee health and workplace safety are given priority. The CCI Workplace Rights Policy adheres to the same international human rights standards set forth in the United Nations Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact. In line with its principle of being participatory and inclusive, CCI has been a signatory to United Nations Women's Empowerment Principles since 2015.

- **Human capital:** Seeking to create value as it moves forward, CCI recognizes that its employees are the sources of that value and therefore it provides its employees with opportunities to advance themselves. Employee development is supported by means of training opportunities that are made available to employees at every level. The company strives to be "a great place to work" by providing a workplace environment that is productive, enjoyable, and safe.

- **Consumer health:** Because it provides consumers with a wide range of products, CCI always gives priority to product safety and quality in order to protect human health. The company supplies its consumers with products that are economically priced, available, liked, and innovative and also in the best way possible. CCI scrupulously conforms to standards aimed at safeguarding product safety and quality.

- **Customer value:** CCI seeks to be a business partner that its customers prefer to work with because of the unique solutions that it offers. Putting customers at the center of its supply chain so as to make it work to the benefit of both them and itself, CCI seeks to maximize quality in customer-related services and practices.

CCI's sustainability approach and performance have been recognized by both national and international organizations. The company was the first–and is still the only–company in Turkey to qualify for inclusion in the Global Compact 100 Index introduced by the United Nations Global Compact in 2013. CCI's shares have been included in the Borsa İstanbul Sustainability Index every year since 2015. CCI is also included in the Morgan Stanley Capital International MSCI ESG Leaders, the FTSE4Good, and the ECPI indexes.

Sustainability at Anadolu Group

Sustainability at Migros

Owing to its responsibilities as one of Turkey's trailblazing retailers, Migros regards sustainability as a concept that must serve as a guide in the conduct of all of its activities and operations. Treating sustainability and productivity as two issues that nourish each other, the company is conscious of its responsibilities towards people, nature, and future generations. Migros sets growth and productivity targets that are sustainable and it strives to ensure that such targets create value for all of its stakeholders and serve as engines of social progress.

Migros issues reports of its sustainability efforts and performance. These reports, which conform to Global Reporting Initiative standards, are published on its corporate website.

• **Community health and development:** Migros supports healthy living and balanced nutrition at its stores and on its digital and mobile platforms by means of its expertise in dealing with fresh foods, its quality standards, and projects that it carries out. Through its "Wellbeing Journey" program, Migros encourages balanced nutrition among its customers by making personalized food recommendations through a mobile-platform-based interactive system; through its Growing Up Healthy with Migros" program, Migros teaches children about the importance of balanced nutrition, physical activity, recycling, and smart shopping during tours of its store premises; through its "Family Clubs" program, Migros works with local county-level public education centers to provide free-of-charge occupational and personal development courses at specially-designated areas in its stores.

• **Environmental sustainability:** Migros assumes responsibility for minimizing the environmental impact of its activities and it conducts its operations with this attitude in mind. In line with this, the company undertakes projects such as developing more eco-friendly cooling systems for its stores' refrigerated cabinets, optimizing water use, improving energy efficiency, supporting recycling, and automating its logistical network. Seeking to minimize the food loss caused by wastage and disposal, Migros improves its operational processes through its "Respecting Food" project under which food that is still nutritionally wholesome is donated to food banks and other charitable outlets on a daily basis. Under its "Fresh Leftover For Our Four-Legged Friends" project, food products that are still edible but have to be disposed of because of their approaching sell-by date are used to feed wildlife, stray animals, and animals kept in shelters.

• **Responsible procurement:** Migros expects all of its suppliers, business partners, and third-party concerns to comply with its own product safety and quality standards as well as with its own ethical guidelines. Suppliers' product safety practices are audited in accordance with British Retail Consortium (BRC) Global Market standards as recognized by the Global Food Safety Initiative while environmental management, occupational health and safety, ethical behavior, and social compliance issues are audited within the framework of GC-SEDEX criteria.

• **Product safety and quality:** At every stage from initial production to final appearance in stores, the company carries out all essential checks and inspections in order to ensure that all products conform to Migros quality standards. Migros also seeks to stock its shelves with an ever-increasing variety of foods that support healthier and better lifestyles and of foods whose production complies with Good Agricultural Practices (GAP), procedures, and practices.

• **Responsible human resources management:** Migros provides its employees with a safe and decent workplace environment while striving also to provide them with equal training and career-progression opportunities in line with its "continuous development" principle. Migros similarly conducts programs to increase the number of women in management positions and to protect and improve employee health.

Every year Migros reports the efforts that it makes to combat climate change and make more efficient use of water to the Carbon Disclosure Project. Owing to its successful efforts in addressing sustainability issues, Migros was included in the Borsa İstanbul Sustainability Index for the fifth year in a row in 2018: it is the first and still the only retailer in Turkey to have so qualified. The company was also included in the FTSE4Good Emerging Markets Index for the third time last year.

Sustainability at McDonald's

As an active participant in Turkey's quick-service restaurant sector for 33 years, McDonald's approach to sustainability plays as important a role in its being a preferred brand as do its tasty, superior-quality offerings.

Employee and customer health as well as food safety are as basic elements of McDonald's sustainability strategy as is economic performance. Ensuring the wholesomeness and safety of the company's food operations depends on the existence of a well-managed supply chain.

Rather than just checking the quality of the finished product however, it also means monitoring everything that takes place before products reach the tray, using energy and water sources efficiently, and managing environmental impact by handling waste properly.

McDonald's Turkey authored a first in its sector in 2011 when it published a sustainability report setting out its economic, environmental, and social performance.

According to its 2017 sustainability report, which was prepared in accordance with Global Reporting Initiative standards, McDonald's Turkey placed first among the 119 countries in which McDonald's has operations as measured by the year-on increase in customer numbers.

- **Environmental sustainability:** Per-restaurant consumption of electricity and water has been lowered while total energy consumption has been reduced through the use of equipment that is both more energy-frugal and order-specific. A significant proportion of used cooking oil is being recovered and more than half of all packaging waste is being recycled.

- **Economic sustainability:** In 2018, McDonald's Turkey's total turnover was TRL 990 million while there were 255 restaurants and 70 franchisers in its chain. Last year McDonald's Turkey provided employment to 15 thousand people and worked actively with over 100 suppliers. Procuring 95% of the inputs for its products domestically, McDonald's Turkey did TRL 380 million worth of business with its suppliers in 2018.

- **Social performance:** Each of the nearly 600 products that are consumed at McDonald's restaurants is checked for compliance with food safety, cleanliness, and hygiene standards at every stage of production. Under its "Kitchen All-Access" program, the first of its kind in the fast-food industry and a reflection of the food-safety transparency that is the most distinguishing feature of the McDonald's system, anyone who wishes to do so may visit the kitchen of any McDonald's restaurant in Turkey. McDonald's Turkey also provides assistance to 350 thousand children through the TRL 2.5 million that it donates to the McDonald's Children's Foundation every year.

- **Employment:** The rate of turnover among McDonald's Turkey personnel is low because employees tend to work for the company for longer periods of time. Besides having a positive impact on its productivity and costs, this also increases customer satisfaction and is one of the reasons why the company is seen as being a good employer.

Sustainability at Anadolu Group

Sustainability at Anadolu Etap

Turkey's biggest fruit-grower and fruit juice producer, Anadolu Etap is a leader in agriculture and agri-industry in Turkey. Anadolu Etap seeks to safeguard life today and tomorrow in such a way as to contribute to the development of the places where it conducts its operations and to meet the needs of future generations without deploying natural resources. With this purpose, it is the first agriculture company to publish Sustainable Agricultural Principles in 2014 and integrated them into its business plans. In 2018 Anadolu Etap prepared and published its first sustainability report as well, which is in compliance with internationally-recognized Global Reporting Initiative standards. Regarding social, economic, and environmental sustainability as the most important aspect of all of its operations, Anadolu Etap develops and carries out long-term plans and projects that focus on women, children, and sustainable farming, all of which it views as being fundamental elements of its sustainability strategy.

Through AgroAkademi, which was set up in 2012, Anadolu Etap employs specialist engineers and academicians to provide "Fruit Growing & Sustainable Farming" training to farmers, most of whom are women. Since the company believes that farming is a critically important way to encourage women to participate in the formal workforce, 70% of the people employed in Anadolu Etap's crop-picking operations are women. Anadolu Etap has provided sustainable-farming training to 750 farmers.

Regarding its seasonal migrant farmworkers as its guests, Anadolu Etap provides them and their families with decent and comfortable living accommodations. It is also the first agri-industry company to open schools at its farms to ensure that the education of migrant farmworkers' children is not disrupted. Under the MİÇO (Guest-Workers' Children) Project that it launched in 2015, Anadolu Etap works in coordination with provincial educational authorities to ensure that children whose parents are employed at the company's Balıkesir and Çanakkale farms are provided with transportation so that they can attend school during the school year. At schools that are opened on these farms outside the school year, teachers appointed by public education authorities provide instruction in art, handicrafts, music, physical education, mathematics, and Turkish. Working with the Anadolu Efes Sports Club, Anadolu Etap has enriched this project with the addition of "MİÇO On The Court", a training program that seeks to contribute to youngsters' personal and social development through basketball. During the last three years, the MİÇO and MİÇO On The Court programs have reached out to a total of 655 children.

Anadolu Etap is also leading the way in the introduction and adoption of "Agriculture 4.0" practices in Turkey. Making use of intelligent and innovative agricultural technologies at every stage of its production operations, Anadolu Etap conducts its business processes in accordance with farming practices that are responsively grown, controlled, and traceable. Anadolu Etap's fruit must successfully pass 600 different analyses and checks. The company also adheres to policies which are consistent with its declared environmental principles and which are intended to protect soil, water, and biodiversity resources, to optimize energy use, and to manage waste at all of its farms.

To ensure that only as much water as the soil actually needs is being provided to crops, Anadolu Etap uses drip irrigation systems on its farms in order to achieve the most efficient use of water by means of moisture-detectors buried at different depths. The company takes advantage of Nature's helping hand to protect its fruit trees from the effects of wind by planting thousands of Cupressus leylandii and Paulownia tomentosa trees at its Balıkesir and Çanakkale farms, where it likewise helps conserve local natural heritages by protecting venerable Quercus trojana and Platanus orientalis trees.

International Global GAP and Turkish İTU certifications attest to Anadolu Etap's efforts on behalf of nutrition-sensitive, controlled farming practices. The company continues to grow wholesome fruit for healthier future generations and to conduct its operations in accordance with the principles of sustainability.

Sustainability at AND Gayrimenkul

AND GAYRİMENKUL

Having committed itself to the United Nations Global Compact (UNGC) on 17 April 2017, thereby becoming the first and only real estate development and investment company in Turkey to do so, AND Gayrimenkul also published its first sustainability report in July 2018. By subscribing to UNGC, the company formally declared that it would sustainably support the United Nations' human rights, labor, environment, and anti-corruption principles by abiding by practices that give importance to people and to ethical behavior in the conduct of its business processes. Setting itself apart from all other members of its industry through this commitment, AND Gayrimenkul continues to serve as an exemplary brand for real estate sector in Turkey. Environment and people-focused projects and practices which the company undertakes and which are consistent with core UNGC principles are highlighted below.

Compliance with UNGC human rights and labor principles

- **Happy Worker Platform:** A system of rewards and unexpected surprises is employed during the construction stages of projects to increase workers' awareness of occupational health and safety issues and to help them get greater enjoyment from the performance of their jobs.
- **Child-friendly projects:** The results of research focusing on children's needs and wishes were used during the design stages of AND Gayrimenkul's AND Pastel residential project. This involved creating a "Child Council" whose decisions about project areas intended for children were taken into account in the company's project-related implementation decisions.
- **"Living Without Obstacles":** Working together with the World Disability Union and with the World Disability Foundation, a charity based in Turkey, existing and ongoing construction projects were designed/reorganized to make them more disablement-friendly.

Compliance with UNGC environment principles

- **LEED certification:** AND Gayrimenkul develops all of its projects to be compatible with LEED green-building certification standards. AND Kozyatağı for example is a building that has been awarded LEED platinum certification while the AND Pastel project, which was designed to comply with LEED gold standards, is on track to receive its certification in 2019.
- **Resource efficiency:** As required to qualify for LEED green-building certification, projects are designed so as to maximize the efficiency of their heating, cooling, and energy systems and to conserve resources in such ways as capturing rainwater for reuse etc.
- **Tree transplanting:** Before construction work begins at a project site, mature trees are safely removed and then replanted elsewhere in appropriate nearby locations.

Compliance with UNGC anti-corruption principles

- **Contract management:** Every company that it does business with is expected to comply with the same economic, environmental, and social sustainability principles that AND Gayrimenkul does. To ensure this, contracts that the company enters into with business partners, suppliers, and other stakeholders contain supplementary clauses governing ethical business conduct and the protection of social and environmental wellbeing.

Human Resources at Anadolu Group

Anadolu Group seeks to be an organization that goes beyond fulfilling the requirements of just being a preferred employer in today's world. Anadolu Group believes that success can only be achieved through a joint and united effort which advances along the same path to wards the same goal and which is guided by the "Collective Mind" approach that is inherent in the group's DNA. Therefore, team spirit and teamwork are higly valued in Anadolu Group.

As an employer of approximately 80 thousand employees-in 19 countries and 9 different sectors, Anadolu Group embraces diversity in its human resources policies and practices in the light of its strong values and deep-rooted corporate culture and is being empowered by this synergy. The "AG Equality Of Opportunity" policy provides guidance for all group companies and must be referred to whenever they deal with such matters. Whenever recruiting, hiring, or interacting with personnel, there is to be absolutely no discrimination whatsoever based on such considerations as age, gender, race, religion, language, ethnicity, sexual orientation, creed, (marital, social, or economic) status, disability, political opinion, trade union membership or participation in trade union activities, pregnancy, or military service obligations.

In order to guide its employees in setting career goals that are achievable and compatible with their individual goals, Anadolu Group provides an innovative working environment in which they are able to make technology an integral part of their professional live by the use of any kind of technological facilities available. The group is aware that the digitalization of its human resources processes is of enormous strategic importance to its ability to adapt more easily to the rapid changes taking place in today's world. The "AG People First" digital human resources platform which has been created as an important first step in this direction makes it possible to keep employee profiles up to date and let employees keep track of available job vacancies anywhere in the group. The same system is used to manage Anadolu Group companies' external hiring processes. The AG People First system received a "Silver" award in the "Innovation in Turkey" category in the 2018 round of SAP Quality Awards.

The Bi-Fikir ("An Idea") digital innovation program that enables group employees in Turkey and abroad to share their ideas with one another completed its fourth year in 2018. Bi-Fikir is an important initiative for Group employees as a platform in which they canmake their dreams turn into reality in Anadolu Group, which values creativity and innovation for creating new business lines and to make new business ideas more applicable. Between 2015 and 2018, a total of 20 thousand innovation ideas were submitted through the system, of which 5,100 were implemented generating

Conducting its operations in nineteen countries with about 80 thousand employees, Anadolu Group regards diversity as an essential element of its strong values and deep-rooted corporate culture.

TRL 575 million worth of benefit. Employee-submitted ideas continue to be used to inform the group's innovation efforts. Bi-Fikir KAP, a project-support acceleration program introduced in 2018, supports the innovative ideas of university students seeking to turn their dreams into reality.

Through AG Academy, an e-learning platform set up for employees, the employees of Anadolu Group companies based in Turkey have had access to digital training alternatives since 2015.

Under the "Plan Your Career At Anadolu Group" program, activities are organized at universities during which the group and the career opportunities that it offers are presented. These events, which make it possible for the group to interact with its potential employees, are promoted on social media platforms through announcements that are targeted at all university students, thereby ensuring widespread participation no matter where the events may take place. As a result of this program's campus-oriented activities, thirty-five university students have taken part in the group's "Chief Young Officer" internship program and five of them have been hired full-time.

Emphasis is placed on the equal participation of every employee in the workforce. According to a survey conducted by Capital magazine, Anadolu Group companies are ranked among Turkish firms employing the most women in management-level positions for the last six years. Female employees are provided with flexible work schedule opportunities to allow them to balance their personal and working lives before and after giving birth. The employees of all Anadolu Group companies are provided with private health insurance coverage that also includes their family members. In talent acquisition and management processes, the evaluations are made with attention to position-related experience, knowledge,competency criterias and organizational needs.

Anadolu Group's management approach is rooted in the colectitive mind of four successive generations: 6% of the group's employees are below the age of 20; 40% are in the 21-30 age group; 37% are in the 31-40 age group; 15% are in the 41-50 age group; and 2% are in the 51-60 age group. Of the company's senior managers, 1% are in the 21-30 age group, 35% are in the 31-40 age group, 50% are in the 41-50 age group, 12% are in the 51-60 age group, and 1% are in the over-60 age group. Thirty-eight nationalities are represented among Anadolu Group's employees. Newly-graduated university students are recruited and are becoming a part of the group every year.

With operations in 19 countries and with 35 companies based outside Turkey, Anadolu Group provides its employees with opportunities to work in different nations and cultures. "Ability to establish cooperative relationships" is one of the criteria on which Anadolu Group employees' performance evaluations have been based for nearly a decade. It is thanks to its "global skills" that the group is able to effectively manage cultural differences. Believing in the importance of ensuring the continuity of its in-house culture of working globally, the group therefore conducts its operations with an eye on ensuring that all employees individually regard themselves and behave as value ambassadors for the Group. Adherence to the principles of diversity and equality of opportunity at every level and the maintenance of a demographic structure that successfully embraces different generations are two outstanding qualities that will enable Anadolu Group to advance confidently into the future.

Corporate Governance Principles Compliance Report 2018

AG Anadolu Grubu Holding

Declaration of Compliance with Corporate Governance Principles 2018

AG Anadolu Grubu Holding A.Ş. ("the Company") has espoused it as a key management principle to comply with the Corporate Governance Principles ("the Principles") published by the Capital Markets Board of Turkey ("CMB"). All of our Company's activities are carried out in conformity with the said Principles, as well as all applicable regulations and directives.

A crucial step has been taken in terms of consummating our corporate governance practices as a result of the merger realized at the level of holding companies at Anadolu Group by year-end 2017. Within the frame of simplification and transparency with respect to control and organization, increased clarity with respect to joint control and representation of shareholder families and improved sustainability with respect to governance and structures, the Group carried on its operations with a stronger corporate structure in 2018.

The activities carried out for many years at our Company to increase the level of corporate governance compliance were first subjected to corporate governance rating in 2010. In the light of the findings therefrom and our own evaluations, the infrastructure and harmonization work necessary to achieve alignment with additional considerations have been our constant agenda items, making up as an important component of our management systems. Assigned a corporate governance rating of 8.04 on 8 November 2010 as a result of the assessment by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA), our Company consistently increased its score in the years that followed in view of the importance we attach to corporate governance principles, our willingness to maintain it as a continuous and dynamic process, and the improvements carried out since the assignment of our previous rating score. Hence, our corporate governance rating was most recently updated as 9.53 (on a scale of 10) as of 9 July 2018.

The breakdown of our corporate governance rating on the basis of subsections is presented below:

	Weight	Rating
Shareholders	25%	92.48
Public Disclosure and Transparency	25%	97.53
Stakeholders	15%	99.48
Board of Directors	35%	93.87
Total		**95.28**

The present Corporate Governance Report provides information about the Company's practices in relation to each heading incorporated in the Corporate Governance Principles; explanations and grounds for unimplemented principles, if any; conflicts of interest resulting from failure to achieve full compliance with these principles, if applicable, and whether there are any plans for future changes in the Company's administrative practices within the frame of these principles.

Additionally, **Corporate Governance Compliance Report (URF)** and **Corporate Governance Information Form (KYBF)** prepared in accordance with CMB's decision dated 10 January 2019 numbered 2/49 can be reached at Public Disclosure Platform, Corporate Governance section of the Company summary page. (https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1131-ag-anadolu-grubu-holding-a-s)

Based on the operating year covering the period from 1 January 2018 through 31 December 2018, our Company complied with the Corporate Governance Principles, save for some non-compulsory principles, whereas there are no conflicts of interest arising from the non-implemented points summarized below:

- A donations and grants policy has not been established due to the fact that some individual donations in small amounts are made each year at the Company. Shareholders are provided information about the amount of these donations during the ordinary general assembly within the frame of a dedicated agenda item.
- Adopting the principle of having a 25% women ratio in the Board of Directors as a corporate governance principle, our Company has one women board member and will continue working on this topic in the following periods.
- Pursuant to Article 4.6.6 of the "Corporate Governance Principles", remunerations and all other benefits provided to the Board of Directors members and senior executives are publicly disclosed in the annual report. The said disclosure is not on the basis of individuals, but is differentiated on the basis of the entire Board of Directors and senior management.

Uğur Bayar
Corporate Governance Committee Chairman

Kamilhan Süleyman Yazıcı
Corporate Governance Committee Member

Recep Yılmaz Argüden
Corporate Governance Committee Member

İrem Çalışkan Dursun
Corporate Governance Committee Member

Corporate Governance Principles Compliance Report 2018

AG Anadolu Grubu Holding Corporate Governance Report 2018

SHAREHOLDERS

1. Shareholder Relations Unit

At the Company, there is the Investor Relations Unit reporting to Onur Çevikel, the Chief Financial Officer. The unit is staffed by the following individuals who hold CMB Advanced Level and CMB Corporate Governance Rating licenses.

İrem Çalışkan Dursun - Corporate Governance and Investor Relations Coordinator

Tel: +90 216 5788559
Fax: +90 216 5737464
E-mail: irem.caliskan@anadolugroup.com

Burak Berki - Investor Relations Manager

Tel: +90 216 5788647
Fax: +90 216 573 58 02
E-mail: burak.berki@anadolugroup.com

As per the requirements of Corporate Governance Principles, İrem Çalışkan Dursun is also assigned as a member of the Corporate Governance Committee.

Investor Relations Unit is responsible primarily for ensuring the communication between the Board of Directors and shareholders, and exercise of shareholders' rights. In this context, Investor Relations Unit is assigned with making the material event disclosures on topics prescribed pursuant to the Capital Market legislation, preparing periodic information sheets about operations in order to keep the investors informed, providing the Company website's content, creating the annual report, fulfilling shareholders' written/verbal information requests and so on.

During 2018, the Investor Relations Unit held 82 face-to-face meetings and ten teleconferences about the Company's operating results, performance and other events during the reporting period. Furthermore, information requests received from investors and analysts via e-mail directly, information forms on the website or phone were responded to within the shortest time possible.

An annual report on the activities of the Investor Relations Unit is prepared and presented to the Corporate Governance Committee within the first two months of the subsequent year. The report summarizing the investor relations activities during 2018 were submitted in the Corporate Governance Committee's first meeting held on 1 February 2018. In that meeting, detailed information was provided about the action plans for investor relations, which were quickly enforced in the aftermath of the AG Anadolu Group Holding reorganization, along with information about our increased activities and the plans for the period ahead.

When necessary, the Corporate Governance Committee provides information to the Board of Directors about the content of the investor relations report during the Board meetings. In addition, feedback is sought from the Board of Directors at relevant times about our corporate governance rating report, our weaknesses and improvement areas regarding corporate governance.

2 Exercise of Shareholders' Right to Information

In line with the Company's Disclosure Policy, special emphasis is placed on conveying all necessary information in a timely and complete manner to all shareholders so as to ensure due exercise of their shareholding rights. Information requests from shareholders are considered within this framework and information is disclosed within the scope of the content made public previously.

During the reporting period, contact was established with domestic and international institutional and individual investors, shareholders and analysts about the Company's operating results, performance and other developments in 2018, and all matters prescribed as per the Capital Market Legislation have been disclosed to the public by way of material event disclosures and press releases.

The up-to-date versions of material event disclosures and the Company presentation summarizing the latest developments concerning the Company are posted on the corporate website, thereby enabling investors to exercise their right to obtain information electronically in the easiest fashion. On the other hand, questions of individual investors who contact us through the contact form available on the Company website are responded to as soon as possible in line with the publicly disclosed information.

The Company's Articles of Association contains no provisions that complicate the conduct of a special audit, and the Company administration avoids any transactions that might complicate the same. The Company acts in accordance with the relevant provisions of the Turkish Commercial Code (TCC) with respect to the exercise of the right to request a special audit. During 2018, the shareholders did not request the appointment of a special auditor.

3 General Assembly Meetings

Ordinary General Assembly - 24 April 2018

The Ordinary General Assembly of AG Anadolu Grubu Holding Anonim Şirketi for 2017 calendar year was convened at 24 April 2018 at 11:00 hours at the address Esenkent Mahallesi, Deniz Feneri Sokak, No: 4, Ümraniye 34776 İstanbul, under the supervision of Sabire ELBÜKEN, T.R. Ministry of Customs and Trade representative assigned by İstanbul Provincial Directorate of Customs and Trade letter dated 20 April 2018 no. 3379621.

The invitation for the meeting including the agenda as set forth in the TCC and the Company's Articles of Association was made within due time by being promulgated in the Turkish Trade Registry Gazette issue 9548 dated 30 March 2018, Merkezi Kayıt Kuruluşu A.Ş.'s Electronic General Assembly portal and at our company's website at www.anadolugrubu.com.tr, and was also sent by registered mail to the registered shareholders, notifying the meeting date and agenda.

The Board of Directors decision dated 28 March 2018, whereby the meeting date and agenda were set, was posted on the Public Disclosure Platform (in Turkish: KAP) in the form of a material event disclosure and on the Company website at www.anadolugrubu.com.tr, and the General Assembly Information Document prepared pursuant to the Corporate Governance Principles was made available on KAP and the Company website on the same date. Furthermore, the Company's Annual Report was made available for shareholders' information on KAP, the Company website and at the Company's head office as at 12 March 2018, on which date year-end 2017 financial reports were published.

Total number of shares and voting rights representing the Company's shareholding structure as at the date of the promulgation date of the General Assembly has been published on the Company's website.

While the meeting agenda was being prepared, no topics were communicated in writing to the Company's Investor Relations Department by shareholders, which they sought to be included in the agenda. Similarly, shareholders, CMB and/or other public entities and institutions with which the Company is associated did not have any requests regarding the incorporation of an item in the meeting agenda.

The proxy statement that is necessary for participation in the General Assembly in proxy is posted on our website in order to facilitate shareholders' attendance. Minutes of the General Assembly meetings for the past five years are also published on our website.

The meeting chair has made the preparations and obtained the information necessary for conducting the General Assembly pursuant to the Turkish Commercial Code, the law and applicable legislation in advance.

At the General Assembly, shareholders present in the meeting did not exercise their right to ask questions about the agenda, nor did they submit any motions.

Board of Directors members concerned with specific topics in the agenda, other related individuals, officials responsible for drawing up financial statements and auditors were present in the General Assembly meeting; apart from these individuals, other stakeholders or media members did not attend the meeting.

After the General Assembly ended, meeting minutes were published the same day in the form of a material event disclosure on KAP and also on our website.

Corporate Governance Principles Compliance Report 2018

Key topics that were decided upon in our General Assembly held on 24 April 2018 are presented below:

- Board of Directors Annual Report and Independent Audit reports along with the Financial Statements of 2017 have been discussed and approved.
- Profit Distribution Policy which has been updated with the Board of Directors' resolution dated 23 February 2018 has been approved.
- Decision was taken to distribute TRL 25,000,000 as dividends for January- December 2017 period, corresponding to 10.27% of the paid-in-capital as TRL 0.1026548 gross (net TRL 0.0872566) profit share for (1) share with a nominal value of TRL 1 to be paid in cash starting from 4 June 2018.
- Decision was taken to elect TUNCAY ÖZİLHAN, KAMİLHAN SÜLEYMAN YAZICI, SALİH METİN ECEVİT, TALİP ALTUĞ AKSOY, MUSTAFA ALİ YAZICI, RECEP YILMAZ ARGÜDEN, MEHMET CEM KOZLU, AHMET BOYACIOĞLU, UĞUR BAYAR (independent member), FATMA ASLI BAŞGÖZ (independent member), ALİ GALİP YORGANCIOĞLU (independent member) and MEHMET ERCAN KUMCU (independent member) as members of the Board of Directors for a term of one year replacing the members whose terms have expired.
- DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. has been approved for the independent audit of 2018 financial statements and reports.
- Information was presented to the General Assembly on donations made by the Company in 2017, guarantees, liens and mortgages provided in favor of third parties and earnings or benefits obtained by the Company.
- Information was presented to the General Assembly on the Information Policy which was updated based on the Board of Directors resolution dated 27 March 2018 and published at our web site (www.anadolugrubu.com.tr).

4. Voting Rights and Minority Rights

There are no implementations complicating the exercise of voting right at the Company; necessary mechanisms are in place that will grant each shareholder, including those abroad, the chance to cast their votes in the easiest and the most convenient fashion within the frame of the TCC's provisions governing electronic general assembly.

There are two share groups, namely Groups A and B, at AG Anadolu Grubu Holding. Save for the privilege granted to Group B to nominate six of the Board of Directors members composed of 12 members, these shares are entitled to same rights.

The Company takes utmost care with respect to exercise of minority shares. In line with the provision of Article 4.3.3 of the Corporate Governance Principles, independent members serving on the Company's Board of Directors are capable of performing their duties without prejudice, hence they contribute to impartial management of the Company and ensure protection of minority rights. While minority rights can be granted to those holding less than one twentieth of the capital by way of the Articles of Association pursuant to the Corporate Governance Principles, the Company's Articles of Association do not contain any provisions broadening the scope of minority rights beyond the limits set forth by the law.

5. Dividend Right

No shareholders are granted any privileges with respect to participating in the Company's profit. Profit distribution has taken place within the legally prescribed period of time.

Our Dividend Distribution Policy, which was updated with the decision of the Board of Directors dated 23.02.2018 and approved at the General Assembly Meeting dated 24.04.2018, is given below.

"DIVIDEND DISTRIBUTION POLICY

In accordance with the Turkish Commercial Code, Capital Markets Board regulations, tax regulations and other related regulations together with provisions regarding dividend distribution in our Company's Articles of Association;

(i) During the first (5) years following the Merger registered on 27 December 2017; at least, the higher of the below will be paid in cash;

a) 25% of the distributable income based on unconsolidated financial statements of our Company, *b) 50% of the distributable income of our Company for the related period, except for special conditions caused by investment and other funding requirements necessary for the long term growth of the Company as well as extraordinary developments in economic conditions.*

(ii) During years, following the 5th year of the Merger registered on 27 December 2017; at least, the higher of the below will be paid in cash;

a) 20% of the distributable income based on unconsolidated financial statements of our Company,

b) 50% of the distributable income of our Company for the related period, except for special conditions caused by investment and other funding requirements necessary for the long-term growth of the Company as well as extraordinary developments in economic conditions.

Nonetheless; in case of the disallowance of cash dividend payments, the prohibition of cash dividend payments, the obligations of the company to pay less or more than the approved amount or to issue shares to take place of cash payment or the evaluation of the distributable dividends as "withdrawal of cash" partially or completely due to tax regulations, by Capital Markets Board or another official institution, administrative or legal regulation for whatever reason; the abovementioned regulations will be in place and according to these circumstances company does not pay dividends in cash or does not pay cash dividends in the amounts specified above. "

Our dividend distribution policy is available at our company's website as well as in the corporate governance report section of the annual report.

6. Share Transfer

There are two share groups, namely Groups A and B, at AG Anadolu Grubu Holding. Save for the privilege granted to Group B to nominate six of the Board of Directors members composed of 12 members, these shares are entitled to same rights. Group A shares are bearer shares, and Group B shares are registered shares.

Information on the two share groups as of 31 December 2018 is presented in the table below:

Share Groups (31.12.2018)	Share in Capital (TRL thousand)	Share Ratio (%)	Voting Rights at the Board of Directors
A (Bearer)	194,828	80.00	-
B (Registered)	48,707	20.00	6
Total	**243,535**	**100.00**	**-**

PUBLIC DISCLOSURE AND TRANSPARENCY

1. Corporate Website and Its Content

The Company's website is at the address www.anadolugrubu.com.tr, and is prepared both in Turkish and English languages so that it can be easily used by international investors as well. Our website currently features all of the information mentioned under Section 2, Article 2.1.1 of the Corporate Governance Principles, including the documents posted on www.yazicilarholding.com which is currently redirected to www.anadolugrubu.com.tr website.

Since our Company joined among the 1st Group of companies with respect to compliance with the Corporate Governance Principles established by the CMB as at 2018, disclosures of material events and financial statements excluding the notes thereto, which are required to be publicly disclosed pursuant to the capital market legislation, have been simultaneously disclosed on the KAP in Turkish and in English during 2018, and they have been posted on the Company's website as well.

2. Annual Reports

The Company's annual reports are prepared in sufficient detail to provide complete and accurate information about the Company's operations to the public, and so as to contain the information mentioned under Section 2, Article 2.2.2 of Corporate Governance Principles, in addition to considerations specified under other sections of Corporate Governance Principles and in the legislation.

Corporate Governance Principles Compliance Report 2018

STAKEHOLDERS

1. Keeping Stakeholders Informed

As stated under Section II, Article 8, a Disclosure Policy was established to keep stakeholders informed. Anadolu Group Human Resources Policy is followed with respect to keeping employees informed. Our Company does not have any material commercial ties with other stakeholder groups such as creditors, customers, suppliers, unions, etc. and hence, the Company did not create a disclosure mechanism targeting these stakeholder groups.

The necessary mechanisms are established for the stakeholders to communicate the Company's practices which are contrary to the legislation or are unethical to the Audit Committee, which is responsible for monitoring whether a system regarding compliance to the Company's code of business conduct and ethical rules is established by the management, and whether this system runs properly. The Audit Committee also oversees that the management monitors the Company's compliance to code of business conduct and code of ethics, makes fraud risk assessments and gives fraud, code of business conduct and code of ethics trainings to employees. Additionally, there is an Ethics Committee to which Anadolu Group employees have access.

The Company implements the provisions of applicable legislation in the utilization of mechanisms such as compensation provided to stakeholders. Pursuant to Article 3.1.2 of Corporate Governance Principles appended to the CMB's Corporate Governance Communiqué no. II-17.1, a Compensation Policy for employees was drawn up and posted on the company website upon being approved by the Board of Directors decision dated 30 September 2015.

"Anadolu Grubu Holding A.Ş. Compensation Policy

The Company implements the provisions of the Labor Law no. 4857 in relation to severance and notice pay. In the event that the Labor Law no 4857 is modified, the provisions of the applicable law that will enter into force will be applied.

Within this framework;

The provisions of the Labor Law no. 4857 and Article 14 of the superseded Labor Law no. 1475 with reference to Provisional Article 6 of the Labor Law no. 4857 are applied in entitlement to severance pay.

Aggregated new job search leave in relation to the notice pay can be applied if and only when the employee shall have made a written request to that effect on the date the notice time is given."

2. Stakeholder Participation in Management

Models supporting participation of stakeholders and primarily company employees in the Company management are developed in a manner not to hinder the activities of the Company. Relevant actions are summarized below:

Open to shareholders, General Assembly meetings provide an open platform for shareholders to convey their positive or negative opinions about the Company. Furthermore, the contact form on the Company website is also an effective communication mechanism for shareholders.

On the other hand, Employee Satisfaction and Engagement Survey designed to support employee participation in management is a medium for employees to express their desires and improvement demands about the organization for which they work, and is administered once every year. In addition, our employees can share their value adding suggestions with the management via the "Bi Fikir" system developed by the Anadolu Group HR Department.

Employee Loyalty Survey is another instrument for our employees to convey their requests and improvement demands about the organization for which they work, and is administered periodically.

In this respect, from the standpoint of our shareholders and employees, stakeholder feedback is sought in important decisions that have implications for stakeholders.

On another front, being an investment company that is mainly engaged in the administration of its subsidiaries, our Company did not design arrangements for participation of other stakeholder groups in management other than shareholders and employees.

3. Human Resources Policy

Our Company espouses the Anadolu Group Human Resources Policy developed under the Human Resources Department's leadership and with the contributions of all Anadolu Group companies.

Anadolu Group;

- Aims to create an HR potential possessing a global perspective and set of skills, without exercising discrimination on the basis of cultural differences;
- Targets to contribute added value to the entire organization by increasing employee motivation and building on their skills;
- Espouses a business culture that constantly pursues the better, working as a team on the basis of knowledge in a business environment built on open communication and mutual trust, and works to put the same into life;
- Does not discriminate on the basis of race, nationality, religion, sex and faith while maintaining any kind of relationship with its employees. The Group takes pride in the differences and cultural diversity of its employee body, and regards this diversity as a tool for development;
- Makes it a principle to offer its employees a safe and peaceful working environment and to take due care to protect their health;
- Deems it as its duty to respect and protect the rights employees have by virtue of laws and regulations;
- Attaches great importance to training at every stage and level to gear up the employees for the future, offers it transparently through the systems created, and "invests in human";

Takes care to provide equality of opportunity in various aspects including training, remuneration and career to employees who join the Anadolu Group family starting immediately from their hiring.

4. Ethical Rules and Social Responsibility

Our Company gives the utmost importance to ethical rules. These values are being implemented for many years within the corporate culture notion of Anadolu Group. Anadolu Group HR Department has made the report titled "Anadolu Group Working Principles" about this topic available for all employees; the document can also be reached at the Company website, under the Corporate Governance tab.

On the other hand, in a bid to consolidate compliance with the capital market legislation and corporate governance practices at Anadolu Group, which enjoys a high level of recognition and reliability in national and international capital markets, Anadolu Group Working Principles - Appendix that has been prepared for the Group companies was enforced based on the Company's Board of Directors decision dated 4 June 2009. The said document reminds the Group employees of their regulatory obligations with respect to insider trading and also raises a "Black-out Period" practice that bans the trading of related company stock for those who are included in the list of individuals with access to inside information at publicly-floated Group companies.

The Anadolu Group Working Principles - Appendix is posted on the corporate website, under the Corporate Governance tab.

Through the Anadolu Education and Social Assistance Foundation supported by the Anadolu Group companies, our Company contributed to giving more than 50 institutions in the areas of education, healthcare and community to date. The Foundation works to create added value for the development of educators, and continues to contribute value and social benefit to the society through its "Our Valuable Teacher" initiative.

Representing one of the most notable projects of the Foundation, Anadolu Medical Center (ASM) started its operations in Gebze in 2005 with the vision of being the "Center of Health" and with the target of providing world class health services to domestic and foreign patients with its expert staff and latest technology. Its affiliation with Johns Hopkins Medicine (JHM) continuing since 2002, which was selected as the best hospital in the world consecutively, supports this vision. Anadolu Medical Center, a reference center for Oncology in particular, provides services focusing on people in all branches, specifically in Cardiology, Gynecology and IVF, Neurological Sciences, Surgical Sciences, Internal Sciences and Diagnostics. Serving approximately 5,000 foreign patients from 65 countries, Anadolu Medical Center continues its operations with a mission of providing high quality health services to nearby geographic regions.

On the other hand, set up in 1976 by our Group in a bid to contribute to advancement of sports in our country and having celebrated its 43rd year, Anadolu Efes Sports Club signs its name under major achievements across Europe. With its expert training staff and regular investments for its infrastructure, Anadolu Efes Sports Club introduces numerous talents to Turkish basketball.

Corporate Governance Principles Compliance Report 2018

BOARD OF DIRECTORS

1. Structure and Composition of the Board of Directors

Members of our Board of Directors were elected to serve a term of office of one (1) year based on the resolution adopted in the Extraordinary General Assembly convened on 24 December 2018.

Tuncay Özilhan	Chairman
Kamilhan Süleyman Yazıcı	Vice Chairman
Salih Metin Ecevit	Member
Talip Altuğ Aksoy	Member
Mustafa Ali Yazıcı	Member
Ahmet Boyacıoğlu	Member
Dr. Mehmet Cem Kozlu	Member
Dr. Yılmaz Argüden	Member
Ali Galip Yorgancıoğlu	Independent Member
Uğur Bayar	Independent Member
Fatma Aslı Başgöz	Independent Member
Dr. Mehmet Ercan Kumcu	Independent Member

All of the members serving on our Board of Directors are non-executive members. The CEO of the Company is Mehmet Hurşit Zorlu. The resumés of our Board members and CEO, covering the outside positions they hold, are presented in the 2018 Annual Report and posted on the company website. The positions our Board members hold outside the Company are also summarized in the table below:

Board Member	Outside Positions Currently Held
Dr. Mehmet Cem Kozlu	Board of Directors Member at Pegasus Airlines, DO&CO Vienna, Arçelik and Şişecam
Dr. Yılmaz Argüden	Chairman of the Board of Directors at ARGE Consulting and Rothschild Turkey Board of Directors Member at Akiş REIT
Uğur Bayar	Board of Directors Member at Tekfen Teknoloji and SAMUMED
Ali Galip Yorgancıoğlu	Board of Directors Member at Koton Tekstil
Dr. Mehmet Ercan Kumcu	Board of Directors Member at Tekfen Holding, Toros Tarım, Tekfen Sigortacılık and Tekfen Teknoloji
Fatma Aslı Başgöz	White & Case Europe Advisory Services Partner

Our Board of Directors members apart from Fatma Aslı Başgöz hold seats as Board members on various companies of Anadolu Group.

Our Board of Directors members do not have any roles other than the ones on committees.

Pursuant to Corporate Governance Principles, the minimum number of independent members in our 12-seat Board of Directors must be four. The election process of independent Board members is described below:

- Independent Board member candidates have presented their written declarations of independence as per the criteria in the applicable legislation, the Articles of Association and the Communiqué to the Corporate Governance Committee on 1 February 2018.
- The Corporate Governance Committee evaluated the candidacies of independent Board members, including ones from the management and shareholders, also taking into consideration whether they satisfy the relevant independence criteria, and submitted its assessment in this regard in a report dated 1 February 2018 for the approval of the Board of Directors.
- Board of Directors sent its resolution dated 2 February 2018 taken in accordance with the Corporate Governance Committee's report regarding the election of Ali Galip Yorgancıoğlu, Uğur Bayar, Fatma Aslı Başgöz and Mehmet Ercan Kumcu as independent member candidates to obtain CMB's opinion on 5 February 2018.

- With its letter dated 22 February 2018, CMB informed our Company that it does not have any negative opinions on the candidates as independent members of the board of directors.
- The finalized list of independent Board member nominees and information about the nominees were publicly disclosed in the information document published together with the General Assembly announcement.
- As approved and enforced at the General Assembly convened on 24 December 2018, the said Board of Directors member nominees have been assigned for a term of office of one year.

The written declarations of independence by all independent members within the frame of the applicable legislation, Articles of Association, and the communiqué are as follows:

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

- *No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,*
- *I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,*
- *I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,*
- *I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,*
- *I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,*
- *I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;*
- *I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,*
- *I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,*
- *I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,*
- *I have not been registered and announced as a board member representing the legal entity for which I will be elected, and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member.*

During 2018, no events took place that would prejudice the independence of independent members who served as Board members.

Corporate Governance Principles Compliance Report 2018

In the Company's Annual General Assembly, our Board of Directors have been authorized as per Articles 334 and 335 of the Turkish Commercial Code no. 6762 to assume duties in companies that are engaged in similar lines of business with our Company or in other business lines. This is intended to enable our Board of Directors members to hold positions in the Boards of Directors of the Anadolu Group companies, which have management or capital ties with our Company. Other than that, there is no arrangement imposing specific rules for assumption of other role(s) outside our Company by our Board members; however, the Company abides by the stipulations of Corporate Governance Principles in this respect.

Adopting the principle of having a 25% women ratio in the Board of Directors as a corporate governance principle, our Company has one women board member and will continue working on this topic in the following periods.

2. Operating Principles of the Board of Directors

Articles 9, 10, 11, 12 and 13 of the Company's Articles of Association set out the operating principles of the Board of Directors.

The Board of Directors meets as, when and where necessitated by the Company affairs. The Board of Directors meets upon invitation by the chairman, and in his/her absence, by the vice chairman. The agenda, meeting place and meeting time are set by the individual convening the Board of Directors for a meeting. Any Board member may ask the Chairman in writing to convene the Board, in which case the Chairman shall invite the Company's Board of Directors for a meeting in the shortest time legally possible.

In 2018, Board of Directors of the Company had 10 physical meetings, with the attendance of all members to 4, 11 members to 3, 10 members to 1 and 9 members to 2 meetings. Prior to the meetings, necessary information was provided to board of directors and required discussions were realized.

Questions posed by Board members in the meetings and reasonable and detailed grounds for dissenting votes, if applicable, in relation to difference in opinions, are entered into the decisions record. Each member on the Board of Directors is entitled to one vote, and there are no weighted votes and/or negative vetoing rights.

Board of Directors decisions passed in relation to the Company's transactions of a material nature with the related parties are carried out with the approval of the majority of independent Board members in line with Corporate Governance Principles. During 2018, no material transactions with related parties requiring the Company's Board of Directors decision were carried out.

Our Company has an officers' liability insurance policy covering the Board members and executives in our Company and in our subsidiaries, in order to provide coverage for any losses that such individuals may cause to the company as a result of their faults during the performance of their duties.

3. Number, Structures and Independence of Board of Directors Committees

The Board of Directors decision concerning the appointment of the new Board of Directors members elected at the General Assembly convened on 24 April 2018 to committees was passed on 24 April 2018. Accordingly, the committees operating under the Board of Directors are formed of the members presented below:

	Independent member?	Executive member?
Audit Committee		
Dr. Ercan Kumcu - Chairman	Yes	No
Ali Galip Yorgancıoğlu - Member	Yes	No
Corporate Governance Committee		
Uğur Bayar - Chairman	Yes	No
Kamilhan S. Yazıcı- Member	No	No
Dr. Yılmaz Argüden - Member	No	No
İrem Çalışkan Dursun - Member	Not a Board member	Not a Board member
Committee for the Early Detection of Risks		
Fatma Aslı Başgöz - Chairman	Yes	No
Dr. Mehmet Cem Kozlu - Member	No	No
Talip Altuğ Aksoy - Member	No	No

The functions of the Nomination and Remuneration committees, which are currently not present under the Board of Directors, are being fulfilled by the Corporate Governance Committee in accordance with the Corporate Governance Principles.

As per the Corporate Governance Principles, the Board of Directors determines and publicly discloses the duties and operating principles of the committees, as well as the members that will form them.

The Board of Directors' assessment of the operating principles and effectiveness of Board of Directors committees are presented in the appendix to the Corporate Governance Principles Compliance Report (App. 1).

4. Risk Management and Internal Control Mechanism

The Company is a holding company basically engaged in the administration of its subsidiaries and associates, and has no other operations. In this sense, the Company's day-to-day operations consist of taking investment decisions, making capital call payments for these investments, and management of the cash holdings resulting from dividend collections. The operation of internal control systems for these activities is included within the job description of the Company's Financial Affairs Director. The responsibilities of the Company's Financial Affairs Director in relation to the running of the internal control system are supervised firstly by the Company's CFO and CEO, and ultimately by the Audit Committee.

In the Audit Committee's assessment of the effectiveness of the internal control system and the outcomes of internal control activities, the Audit Report produced by the Audit Department is taken into consideration as one of the most important sources of data, and the Audit Committee shares the suggestions formulated based on the findings in the said Report with the Board of Directors.

In addition to the above, individual internal control systems have been set up in each of the subsidiaries and associates in our investments portfolio, the fundamental principles of which have been determined by our Financial Affairs Department. The individuals in charge of the operation of these systems have been appointed from within the own organizations of the respective companies.

Due to the reasons explained above, Corporate Risk Management Coordination actively works together with the Company's CEO and is supervised by the Committee for Early Detection of Risks for implementing our risk management concept which relies on identifying the existing and potential risk exposure of the Company, developing and monitoring the practices for minimizing the identified risks.

The Company's existing and potential risk exposure is basically classified as follows:

- Financial risks: assets and liabilities risk, credibility, capital/indebtedness relationship, exchange rate risk and other risk factors with a potential direct impact upon the Company's financial condition.
- Operational risks: risk factors which might affect the efficiency of the Company operations, its productivity, profitability, prestige and business continuity in line with the Company's goals and which may be managed through the control environment to be created by the management.
- Strategic Risks: Risk factors arising from the country, geography and the competitive environment in which the Company is active and which might affect the Company's existence and sustainable growth.
- Risk factors which might negatively affect the Company's occupational health and safety and business continuity such as states of emergency and disasters, fire, earthquake and floods, and for which contingency action plans are devised and tested.

In all of the subsidiaries and associates in our portfolio, an individual in charge of the coordination of risk management activities has been appointed, who will be led and supervised by the Company's CEO and Corporate Risk Management Coordinator, and designated as an integral part of risk management activities at all of our subsidiaries and associates within the scope mentioned above. As part of their strategic planning processes, all of our subsidiaries and associates assess financial, operational and strategic risks, identify their respective priority risks, create their risk maps, follow the action plans necessary to manage these risks, and integrate their investment decisions in their strategic business plans. The extensively used SAP and ERP systems enable measurement within this framework and are heavily employed in supporting decision support processes and they increase the efficiency of internal control systems. The financial affairs units of our subsidiaries and associates actively take part in the management of financial risks, and activities on the main headings of assets/liabilities management, capital/debt balance, exchange rate risk and budget/actuals make up a substantial part of risk management systems. There are compulsory policies that must be adhered to for contingencies and disasters, and necessary drills and follow-up actions are in place.

Corporate Governance Principles Compliance Report 2018

The external audit of our Company has been carried out by the independent audit firm DRT Bağımsız Denetim ve Serbest Muhasebeci Müşavirlik A.Ş. in 2018. The financial audit of our Company, on the other hand, has been conducted by Osman Özen, CPA.

5. Strategic Goals of the Company

Our mission is spelled out as contributing in the most effective manner to achievement of their goals by Anadolu Group companies, in the administrations of which we take place by virtue of our shareholding interests, and thus, maximizing the value that can be transferred to our shareholders. The central principles of this mission are as follows:

- Continued growth in the main lines of business,
- Cooperation with international companies,
- Act on a global vision based on local action,
- Experienced management team,
- Flexible and innovative management concept,
- Consumer-oriented approach,
- Capitalizing on extensive distribution network, and
- Cautious approach in terms of financial indebtedness.

AG Anadolu Group Holding devises the strategic plans on the basis of subsidiaries. Each year, the said goals and indicators set for each subsidiary are discussed in the budget meetings held at the onset of the year and approved by the boards of directors on which members representing the Company also sit. In a number of ordinary board of directors meetings held during the year, operating results are reviewed in comparison with previous year performances and targeted values.

6. Financial Rights

Pursuant to the resolution adopted in the annual Ordinary General Assembly, the Board of Directors members apart from independent members do not receive any remuneration. On the other hand, based on the resolution adopted in the Extraordinary General Assembly convened on 24 April 2018, each member appointed as independent Board members will be paid a monthly net remuneration of TRL 11,000, a level that will ensure preservation of their independence throughout their terms of office. Other than that, there are no remunerations or benefits provided to the Board of Directors.

Remuneration principles of the Company's Board of Directors members and senior executives have been put into writing, and approved and enforced based on the Board of Directors decision dated 26 April 2012. These principles are also accessible on the Company website.

As per Article 4.6.6 of the Corporate Governance Principles, remuneration and all other benefits provided to senior executives, besides Board members, are publicly disclosed in the annual report. The said disclosure makes a differentiation among Board of Directors and senior executives as mentioned in the above paragraph.

The Company did not lend any money, extend any credit, grant an extension or improved terms on any loans or credits extended, allocate a loan under the name personal loan through a third party to any Board of Directors member or senior executive, nor did it grant guarantees in their favor such as suretyship.

APP. 1

Board of Directors' Assessment of the Operating Principles and Efficiency of the Committees under the Board of Directors

Based on the Board of Directors decision passed on 24 April 2018 in line with the Corporate Governance Principles in the aftermath of the elections made to the member seats on the Board of Directors in the Extraordinary General Assembly convened on 24 April 2018[1];

- Mehmet Ercan Kumcu, independent Board member, was appointed as the head of Audit Committee, and Ali Galip Yorgancıoğlu, independent Board member, was appointed as its member,
- Uğur Bayar, independent Board member, was appointed as the head of Corporate Governance Committee, and Board members Kamilhan Suleyman Yazıcı, Recep Yılmaz Argüden and Corporate Governance and Investor Relations Coordinator Ganiye İrem Çalışkan Dursun were appointed as its members,
- Fatma Aslı Başgöz, independent Board member, was appointed as the head of the Committee for Early Detection of Risks, and Board members Mehmet Cem Kozlu and Talip Altuğ Aksoy were appointed as its members.

In 2018, the Audit Committee, the Corporate Governance Committee, and the Committee for Early Detection of Risks fulfilled their duties and responsibilities imposed upon them by their respective charters, and operated effectively. As a result of the AG Anadolu Group Holding organization, charters of all our committees have been updated and disclosed on KAP on 2 February 2018.

In accordance with the annual meeting schedules deemed necessary for the effectiveness of their activities and defined in their respective charters, the committees met as follows during 2018:

- The Audit Committee held five meetings in total, on 1 February 2018, 25 May 2018, 26 July 2018, 29 November 2018; and 21 December 2018,
- The Corporate Governance Committee held five meetings in total, on 1 February 2018, 25 May 2018, 26 July 2018, 30 November 2018; and 21 December 2018,
- The Committee for Early Detection of Risks held five meetings in total, on 1 February 2018, 27 April 2018, 26 July 2018, 29 November 2018; and 21 December 2018.

The Committees have submitted their respective reports covering information about their activities and the outcomes from the meetings held during the year. Accordingly:

- Responsible for effective implementation of the internal control system along with taking all necessary measures for adequate and transparent conduct of all kinds of internal and independent audits, the Audit Committee conveyed all of its suggestions in all of its responsibility areas, including its opinions and recommendations regarding internal audit and internal control system.
- Set up to monitor the Company's compliance with Corporate Governance Principles, to undertake improvement efforts and to present recommendations to the Board of Directors in this regard, the Corporate Governance Committee has established whether Corporate Governance Principles are being implemented at the Company, grounds for non-implementation, if applicable, and conflicts of interest arising from failure to achieve full compliance with these principles. The Corporate Governance Committee presented improvement suggestions for corporate governance practices to the Board of Directors and supervised the activities of the Investor Relations Unit.
- Carrying out activities to early detect the risks that may endanger the Company's existence, development and survival, to implement necessary measures in relation to identified risks, and to manage the risks, the Committee for Early Detection of Risks has reviewed the Company's risk management systems in accordance with the Corporate Governance Principles and the Charter of the Committee for Early Detection of Risks.

[1] During the period between 3 January 2018 - 24 April 2018, Ali Galip Yorgancıoğlu and Uğur Bayar served as the members of the Audit Commitee; Uğur Bayar served as the Chairman of the Corporate Governance Committee and, Yılmaz Argüden, Kamilhan Yazıcı and İrem Çalışkan Dursun as the members; Uğur Bayar served as the Chairman of the Committee for Early Detection of Risks and, Cem Kozlu and Talip Altuğ Aksoy as the members.

Financial Review

Beer (TRL million)	4Q17*	4Q18	Change	2017*	2018	Change
Net Sales	1,685	2,324	38.0%	6,195	8,067	30.2%
Gross Profit	806	968	20.0%	2,831	3,464	22.3%
EBITDA	403	415	2.8%	1,094	1,128	3.1%
Net Profit	-43	86	n.m.	107	50	-53.7%
Gross Profit Margin	47.8%	41.6%	-6.2	45.7%	42.9%	-2.8
EBITDA Margin	23.9%	17.8%	-6.1	17.7%	14.0%	-3.7
Net Profit Margin	-2.6%	3.7%	6.3	1.7%	0.6%	-1.1

Soft Drinks (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	1,628	2,001	22.9%	8,392	10,623	26.6%
Gross Profit	518	573	10.6%	2,772	3,527	27.2%
EBITDA	170	147	-13.4%	1,379	1,871	35.7%
Net Profit	-149	148	n.m.	238	327	37.5%
Gross Profit Margin	31.8%	28.6%	-3.2	33.0%	33.2%	0.2
EBITDA Margin	10.4%	7.4%	-3.1	16.4%	17.6%	1.2
Net Profit Margin	-9.1%	7.4%	16.5	2.8%	3.1%	0.2

Automotive (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	1,184	1,207	1.9%	3,372	3,907	15.9%
Gross Profit	160	146	-8.5%	560	695	24.0%
EBITDA	90	127	41.3%	365	433	18.5%
Net Profit	-44	-35	-21.5%	-161	-479	197.3%
Gross Profit Margin	13.5%	12.1%	-1.4	16.6%	17.8%	1.2
EBITDA Margin	7.6%	10.5%	2.9	10.8%	11.1%	0.2
Net Profit Margin	-3.7%	-2.9%	0.9	-4.8%	-12.3%	-7.5

Retail (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	199	234	17.8%	1,008	1,200	19.1%
Gross Profit	24	26	10.4%	218	248	13.8%
EBITDA	-11	-8	-31.7%	91	111	22.5%
Net Profit	-28	-36	30.2%	9	-11	n.m.
Gross Profit Margin	12.0%	11.2%	-0.8	21.6%	20.7%	-1.0
EBITDA Margin	-5.5%	-3.2%	2.3	9.0%	9.3%	0.3
Net Profit Margin	-13.9%	-15.4%	-1.5	0.8%	-0.9%	-1.7

Other (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	72	134	86.7%	239	381	59.3%
Gross Profit	45	39	-13.8%	116	148	26.9%
EBITDA	1	9	n.m.	2	20	n.m.
Net Profit	-299	289	n.m.	-52	-690	n.m.

Gross Profit Margin	63.1%	29.1%	-34	48.7%	38.8%	-9.9
EBITDA Margin	0.7%	6.4%	5.6	0.7%	5.2%	4.5
Net Profit Margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

Consolidated (TRL million)	4Q17*	4Q18	Change	2017*	2018	Change
Net Sales	4,712	5,843	24.0%	19,018	23,981	26.1%
Gross Profit	1,515	1,716	13.3%	6,360	7,943	24.9%
EBITDA	653	689	5.6%	2,931	3,562	21.6%
Net Profit	-362	283	n.m.	-84	-1,114	n.m.

Gross Profit Margin	32.1%	29.4%	-2.8	33.4%	33.1%	-0.3
EBITDA Margin	13.9%	11.8%	-2.1	15.4%	14.9%	-0.6
Net Profit Margin	-7.7%	4.8%	12.5	-0.4%	-4.6%	-4.2

Migros (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	4,022	4,923	22.4%	15,344	18,717	22.0%
Gross Profit	1,080	1,422	31.7%	4,082	5,249	28.6%
EBITDA	226	344	52.0%	872	1,217	39.6%
Net Profit	-206	359	n.m.	513	-836	n.m.

Gross Profit Margin	26.8%	28.9%	2.0	26.6%	28.0%	1.4
EBITDA Margin	5.6%	7.0%	1.4	5.7%	6.5%	0.8
Net Profit Margin	-5.1%	7.3%	12.4	3.3%	-4.5%	-7.8

Proforma Consolidated (TRL million)**	4Q17*	4Q18	Change	2017*	2018	Change
Net Sales	8,616	10,614	23.2%	33,837	42,070	24.3%
Gross Profit	2,583	3,127	21.1%	10,395	13,146	26.5%
EBITDA	844	1,028	21.9%	3,767	4,753	26.2%
Net Profit	-362	283	n.m.	-84	-1,114	n.m.

Gross Profit Margin	30.0%	29.5%	-0.5	30.7%	31.2%	0.5
EBITDA Margin	9.8%	9.7%	-0.1	11.1%	11.3%	0.2
Net Profit Margin	-4.2%	2.7%	6.9	-0.2%	-2.6%	-2.4

* For comparison purposes, Beer group 2017 figures also include ABI Russia and ABI Ukraine effect starting from April 1st.
In this context, Holding proforma consolidated results of 4Q17 and 2017 include the aforementioned effect
** Financial results including Migros as fully consolidated

Financial Review

MESSAGE FROM OUR CEO MR. HURŞİT ZORLU

Thanks to our solid and efficient strategic plans, as Anadolu Group Holding, we have managed to achieve significant growth in 2018, despite the economic and politic fluctuations all around the world and Turkey as well. While fast-moving consumer goods market, which constitutes the majority part of our portfolio, kept its pace in the first three quarters of the year, we also focused on strengthening our export capabilities through various measures for other businesses in which we operate. 2018 was a year of many challenges; however, we successfully increased our consolidated sales and operational profitability by high-twenties due to the momentum that we have gained throughout the year especially in our beer, soft drinks and retail operations.

Along with our portfolio management strategy, in 2018, we have solidified our #2 position in Russian beer market through the completion of the merger of our Russian and Ukrainian operations. Coca Cola İçecek opened its 26th production plant in Pakistan and also continued its strong operational performance and quality growth both in Turkey and abroad. Following its successful integration with Kipa, Migros acquired Uyum markets in Istanbul and Makro markets in Antalya. Migros kept its growth momentum with focus on competitive pricing, attractive campaigns, fresh product portfolio and high quality service.

As per reduction of debt, which stands out to be one of the major focus areas in our agenda in the mid-term, we have managed to decrease our net debt/EBITDA from 3.0x in 2017 to 2.8x in 2018, thanks to precautions taken by our efficient financial risk management strategies in an environment of high currency depreciation. Due to economic challenges, while we have taken tight measures to decrease amount of absolute debt in some of our companies, we have also increased the share of Turkish Lira denominated debt in our total debt figure to a certain extent.

We will continue to manage our businesses in 2019 with a well-planned, visionary and prudent approach, carefully analyzing the changes around us and focusing on sustainable growth model with the priority view of decreasing debt levels and increasing free cash flow generation.

PROFORMA CONSOLIDATED FINANCIAL PERFORMANCE*

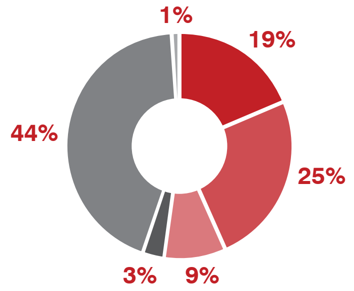
Proforma Consolidated (TRL million)	4Q17*	4Q18	Change	2017*	2018	Change
Net Sales	8,616	10,614	23.2%	33,837	42,070	24.3%
Gross Profit	2,583	3,127	21.1%	10,395	13,146	26.5%
EBITDA	844	1,028	21.9%	3,767	4,753	26.2%
Net Profit	-362	283	n.m.	-84	-1,114	n.m.
Gross Profit Margin	30.0%	29.5%	-0.5	30.7%	31.2%	0.5
EBITDA Margin	9.8%	9.7%	-0.1	11.1%	11.3%	0.2
Net Profit Margin	-4.2%	2.7%	6.9	-0.2%	-2.6%	-2.4

*Financial results including Migros as fully consolidated. For comparison purposes, the Beer Group's 2017 figures also include ABI Russia and ABI Ukraine effect starting from April 1st. In this context, Holding proforma consolidated results of 4Q17 and 2017 include the aforementioned effect.

- AG Anadolu Grubu Holding ("Anadolu Grubu", "Holding") proforma consolidated revenues were up by 23.2% to TRL 10.6 billion in the fourth quarter of 2018 driving the 12-month **net sales** to TRL 42.1 billion, up by 24.3% y-o-y. In the last quarter, while beer segment revenues increased yearly by 38%, followed by soft drinks with 23% and Migros with 22%, retail segment' top-line was up by 18%. On the other hand, automotive and other segments, including energy and real estate businesses, that have relatively lower shares in the portfolio, contributed positively to the top-line growth.

- **Proforma consolidated EBITDA** of the Holding increased by 21.9% to TRL 1.0 billion in 4Q18, thanks to stellar operational profitability of Migros in the last quarter. Thus, 12-month proforma EBITDA reached TRL 4.8 billion, implying a 26.2% yearly growth. Improvement in operational profitability of soft drinks and Migros supported EBITDA growth in 2018. While share of soft drinks segment in proforma consolidated EBITDA was at 39%, Migros and beer constituted 26% and 24% shares, respectively. Remaining automotive, retail and other segments had total of 11% share in EBITDA.

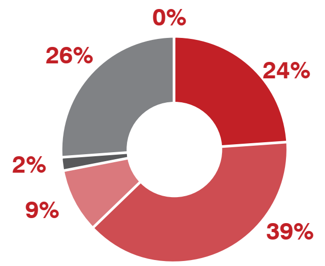
Net Sales Breakdown (**)



Based on 2018 proforma results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

EBITDA Breakdown (**)



Based on 2018 proforma results

- Beer
- Soft Drinks
- Automotive
- Retail
- Migros
- Other

(*) Sum of segmental percentages may exceed 100% due to eliminations.

- Anadolu Grubu Holding announced TRL 283 million **net profit attributable to parent company** in 4Q18 driving the 12-month loss to TRL 1.1 billion[1]. In the final quarter of the year, profitability of the beer and soft drinks segment together with Migros, due to stable FX, have contributed positively to the bottom-line. In 2018 as whole, FX losses due to FX borrowings was the main factor affecting the bottom-line negatively in the first three quarters, despite the appreciation of TRL in the last quarter.[2]

- Proforma consolidated **net debt/EBITDA** was calculated at 2.8x as of 2018-end vs. 3.5x as of 3Q18-end and 3.0x 2017-end, thanks to the measures taken depending on the size, maturity and type of currency of the debt in every segment, specially automotive side, together with the appreciation of TRL against Euro during the last quarter. While automotive segment net debt/EBITDA notably decreased 180 bps to 6.5x as of 2018-end compared to the previous year, Migros net debt/EBITDA declined to 2.3x as of 2018-end vs 2.6x of last year. On the other hand, net debt/EBITDA ratios were at comfortable levels of 1.5x and 1.4x for beer and soft drink segments respectively, ratio for retail segment, which emerges higher during the course of the year due to seasonality effect, stood at 2.2x as of 2018-end.

- While 78% of proforma consolidated net debt of the Holding is in hard currency and remaining 22% portion is in Turkish Lira, 44% of it is short-term and 56% is long-term debt.

- In order to refrain from the operational and financial risks related to currency, our Group companies continued to use hedging instruments in 2018.

- Holding and Group companies continue to divest non-operational assets in line with the strategy of deleveraging the businesses.

[1] The effective part of the change in the value of the bonds and loans designated as hedging of net investments of Holding, Anadolu Efes and Coca Cola İçecek amounting to TRL 1,520,855 (TRL 1,192,092 - 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 2017: None).

[2] Non-cash FX losses in 2018 due to depreciation of TRL amounted to TRL 1.2 billion on a consolidated basis and TRL 2.1 billion on a proforma consolidated basis.

Financial Review

As end of FY2018 (TRL million)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	4,285	2,480	1,805	1.5
Soft Drinks	4,943	2,311	2,633	1.4
Automotive	3,066	241	2,825	6.5
Retail	349	106	243	2.2
Other (incl. Holding)	3,010	185	2,825	n.m.
Holding only	*1,645*	*110*	*1,535*	*n.m.*
Consolidated	**15,654**	**5,323**	**10,330**	**2.9**
Migros	4,570	1,769	2,801	2.3
Proforma Consolidated	**20,224**	**7,092**	**13,131**	**2.8**
Proforma Consolidated (EUR million)	**3,341**	**1,172**	**2,169**	**2.8**

As end of FY2017 (TRL million)	Consolidated Total Debt	Cash and Cash Equivalents	Net Debt	Net Debt/EBITDA
Beer	2,519	1,606	913	1.5*
Soft Drinks	5,991	3,892	2,099	1.5
Automotive	3,214	190	3,025	8.3
Retail	213	55	158	1.7
Other (incl. Holding)	2,176	165	2,011	n.m.
Holding only	*1,143*	*74*	*1,069*	*n.m.*
Consolidated	**14,113**	**5,908**	**8,204**	**3.1**
Migros	3,912	1,628	2,284	2.6
Proforma Consolidated	**18,025**	**7,536**	**10,489**	**3.0**
Proforma Consolidated (EUR million)	**3,992**	**1,669**	**2,323**	**3.0**

* 2017 Net debt/EBITDA ratio was calculated including ABI Russia and ABI Ukraine effect starting from April 1st.

BEER SEGMENT*

Beer (TRL million)	4Q17*	4Q18	Change	2017*	2018	Change
Volume (mhl)	7.9	8.2	3.9%	31.5	31.8	1.2%
Net Sales	1,685	2,324	38.0%	6,195	8,067	30.2%
Gross Profit	806	968	20.0%	2,831	3,464	22.3%
EBITDA (BNRI)	403	415	2.8%	1,094	1,128	3.1%
Net Profit	-43	86	n.m.	107	50	-53.7%
Gross Profit Margin	47.8%	41.6%	-6.2	45.7%	42.9%	-2.8
EBITDA (BNRI) Margin	23.9%	17.8%	-6.1	17.7%	14.0%	-3.7
Net Profit Margin	-2.6%	3.7%	6.3	1.7%	0.6%	-1.1

* For comparison purposes, Beer segment 2017 figures also include ABI Russia and ABI Ukraine effect starting from April 1st.

- Beer segment **total sales volume** increased by 3.9% to 8.2 million hectoliters in 4Q18, with positive contribution of Russia, Kazakhstan and Moldova driving the 12-month cumulative sales volume to 31.8 million hectoliters, up by 1.2%, compared to the same period of last year. **In Turkey beer**, the growth was impacted by further deteriorating consumer confidence and pricing in the fourth quarter, however double digit growth in export volumes in the last quarter mitigated the decline in domestic operations. Thus, sales volume reached 5.7 million hectoliters in Turkey, which is in line with expectations. **On the international front**, sales volume increased by 5.3% y-o-y in 4Q18 reaching 6.8 million hectoliters with positive contribution of Russia, Kazakhstan and Moldova. Thus, 12-month cumulative sales volume reached 26.1 million hectoliters. Synergy stemming from the merger ABI Russia and Ukraine operations started to payoff and strong number two position in this market has been maintained. World Cup, as well as favorable weather conditions during summer period in Russia, resulted in better than expected volumes in 2018. Ukraine operations also performed ahead of expectations in 2018.

- Revenue per liter in Turkey beer operations increased driven by the price increases since the beginning of October as well as favorable sales mix and premiumization. Volume growth and price increases together with positive transition impact of EBI also contributed top-line; revenues increased by 38% to TRL 2.3 billion in 4Q18 while **12-month cumulative net sales** reached TRL 8.1 billion, up by 30.2% vs. last year. Higher utility and packaging costs in addition to increased prices of FX-based raw materials led to a gross margin decline of 284 bps in 2018. The impact of the latter was mitigated to a certain extent by certain hedging initiatives. Gross margin of international operations declined by 231 bps due to changing channel mix and higher packaging costs despite higher prices and volumes. As a result, **gross margin** of the beer segment emerged at 42.9%.

- EBITDA (BNRI) stood at TRL 422 million in 4Q18 and TRL 1.2 billion, up by 9.5%, in 2018. While international operations' EBITDA (BNRI) improved by 15.2% y-o-y to TRL 337 million in 4Q18, EBITDA (BNRI) decreased by 14.9% y-o-y for domestic operations due to the lower volumes and gross margin in the last quarter. EBI's margin performance throughout 2018 was impacted by gross margin as well as merger related expenses in Russia despite the fact that synergies higher than initially anticipated delivered.

- **EBITDA (BNRI) margin** contracted by 290 bps and came to 15.1% in 2018, parallel to the margin deterioration in both Turkey and international operations.

- Beer segment disclosed TRL 50 million **net profit** 2018.

SOFT DRINKS SEGMENT

Soft Drinks (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Volume (mhl)	227	229	0.6%	1,237	1,315	6.3%
Net Sales	1,628	2,001	22.9%	8,392	10,623	26.6%
Gross Profit	518	573	10.6%	2,772	3,527	27.2%
EBITDA	170	147	-13.4%	1,379	1,871	35.7%
Net Profit	-149	148	n.m.	238	327	37.5%
Gross Profit Margin	31.8%	28.6%	-3.2	33.0%	33.2%	0.2
EBITDA Margin	10.4%	7.4%	-3.1	16.4%	17.6%	1.2
Net Profit Margin	-9.1%	7.4%	16.5	2.8%	3.1%	0.2

- Soft drinks segment **consolidated sales volume** remained almost flat at 229 million u/c in 4Q18, reaching 1.3 billion u/c in 2018, implying an increase of 6.3% y-o-y. 2018 growth represents 77 million u/c incremental volume which was driven by strong performance of sparkling (up 6.8%), stills (up 11.6%) and water (up 6.0%) categories while non-ready-to-drink ("NRTD") Tea was down by 1.2%. **Turkey operations**' sales volume increased by 4.8% to 650 million u/c in 2018, marking the highest annual growth since 2012. The share of immediate consumption packages in sparkling category continued to increase in 2018 reaching 23% from 22% in 2017. On the other hand, international operations posted 7.8% yearly volume growth, reaching 664 million u/c primarily driven by Pakistan and Kazakhstan operations.

- **Net sales revenues** rose by 26.6% to TRL 10.6 billion in 2018, mainly driven by Turkey operation and positive FX conversion impact of international operations. **In Turkey**, net sales revenues was up by 18.7%, led by price adjustments, better portfolio mix and strong volume growth in the sparkling category. Net sales revenue per unit case grew by 13.3%. **In international operations**, net sales revenue grew by 33.6% y-o-y in 2018, thanks to strong volume growth in Pakistan and Central Asia, while NSR per unit case was flat.

Financial Review

- **Gross margin** improved by 20 bps to 33.2% y-o-y in 2018, while raw material costs as a percentage of revenues was slightly down. Margin improvement was mainly attributable to Turkey operations while margin of international operations remained almost flat. **In Turkey**, the increase in NSR per unit case, effective cost management through hedging, cash designation and product reformulations more than offset the adverse impact of higher raw material prices and FX headwinds. Gross margin expanded by 110 bps to 38.4% in 2018. **In international operations**, gross margin declined by 10 bps to 29.1% while the favorable impact of lower sugar prices was offset by higher prices of packaging materials, especially PET resin.
- **EBIT margin** improved by 140 bps to 11.8%, mainly driven by ongoing focus on opex management. Thus, **EBITDA margin** expanded by 120 bps to 17.6% in 2018 reflecting better operating profitability in both Turkey and international operations. Turkey operation's EBITDA margin was up by 460 bps in 2018, boosted by dividend income from subsidiaries. Excluding the impact of other income Turkey's EBITDA margin was 170 bps higher compared to 2017.
- **Net income** was TRL 327 million in 2018 vs. TRL 238 million in 2017. Higher operating profitability, lower net FX exposure in balance sheet and positive impact (TRL 288 million) of net investment hedging, more than offset the adverse impact of higher net FX losses due to the depreciation of TRL against USD.

AUTOMOTIVE SEGMENT

Automotive (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	1,184	1,207	1.9%	3,372	3,907	15.9%
Gross Profit	160	146	-8.5%	560	695	24.0%
EBITDA	90	127	41.3%	365	433	18.5%
Net Profit	-44	-35	-21.5%	-161	-479	197.3%
Gross Profit Margin	13.5%	12.1%	-1.4	16.6%	17.8%	1.2
EBITDA Margin	7.6%	10.5%	2.9	10.8%	11.1%	0.2
Net Profit Margin	-3.7%	-2.9%	0.9	-4.8%	-12.3%	-7.5

- Automotive segment posted TRL 1.2 billion **net sales revenue** in 4Q18, up by 1.9% y-o-y driving 12-month top-line to TRL 3.9 billion, with a yearly increase of 15.9%. While Çelik Motor constituted 65% of automotive sales revenues, remaining shares were 32% of Anadolu Isuzu and 3% of Anadolu Motor in 2018. Anadolu Isuzu's strategy of developing and diversifying current and potential export destinations resulted in higher export revenues with a share of 41% of total sales and increased its top-line by 23% y-o-y in 2018. Additionally, Anadolu Isuzu's share in total automotive segment sales also rose in 2018 vs. 2017. On the other hand, revenues of Çelik Motor increased by 22% y-o-y in 2018, attributable to the fleet optimization, which accelerated second-hand car sales.
- **Gross profit** of the automotive segment declined by 140 bps to 12.1% in 4Q18 due to both lower margins of Çelik Motor and Anadolu Isuzu. Contrary to the quarterly contraction, gross profit margin of the segment increased by 120 bps to 17.8% annually in 2018.
- Despite the negative impact of depreciation of TRL, **net debt/EBITDA** of the segment decreased to 6.5x as of 2018-end compared to 8.3x as of 2017-end, in regard of the precautionary measures taken in accordance with the economic conditions. Due to the nature of its field of activity, Çelik Motor has a relatively highly leveraged business model and carries 77% of the total net debt of the segment (86% in 2017). Çelik Motor continued to optimize fleet size during the last quarter and generated TRL 560 million in 4Q18 and TRL 1.3 billion in 2018 from second-hand sales. Please note that fleet size of the company stood at 21 thousand as of 2018-end whereas it was 32 thousand as of 2017-end. In order to be more resilient against currency fluctuations, Çelik Motor has also efforts to decrease its Euro debt; the company decreased the ratio of Euro denominated debt in total debt from 59% as of 2017-end to 38% as of 2018-end. Çelik Motor's net debt decreased by TRL 408 in 2018 compared to previous year.

RETAIL SEGMENT

Retail (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	199	234	17.8%	1,008	1,200	19.1%
Gross Profit	24	26	10.4%	218	248	13.8%
EBITDA	-11	-8	-31.7%	91	111	22.5%
Net Profit	-28	-36	30.2%	9	-11	n.m.
Gross Profit Margin	12.0%	11.2%	-0.8	21.6%	20.7%	-1.0
EBITDA Margin	-5.5%	-3.2%	2.3	9.0%	9.3%	0.3
Net Profit Margin	-13.9%	-15.4%	-1.5	0.8%	-0.9%	-1.7

- Retail segment posted TRL 234 million net sales revenue in 4Q18, implying a 17.8% yearly growth and driving 12-month top-line to TRL 1.2 billion. In the fourth quarter, McDonald's increased its sales by 23.4% y-o-y and Adel has increased its top-line by 24.4%. While McDonald's had 64% share in total sales in retail segment, Adel and tourism company Efestur, had 32% and 4% shares in total segment' sales, respectively.
- While gross margin of segment contracted by 80 bps in 4Q18 compared to the same period of last year, due to the 140 bps decline in McDonald's gross margin, 2018 cumulative gross margin of the segment dropped to 20.7%. Despite having relatively lower share in the segment, Efestur continued its profitable operations in 2018 as well and contributed positively to the financials.
- Due to the seasonality factor in the stationery business, trade receivables increase in interim periods and hence during times of increasing interest rates, high rediscount expenses may put pressure on profitability. However, these inflated trade receivables decrease at the end of the year due to collections. In regard of these fluctuations, while the profitability at Adel was under pressure in the last quarter, 2018 year-end EBITDA of the retail segment was realized as TRL 111 million, up by 22.5%. EBITDA increase of 50% in McDonald's contributed positively to the segment's profitability.
- Net debt/EBITDA ratio of the retail segment stood at 2.2x as of 2018-end. The borrowings of all companies operating under retail segment are in local currency.

OTHER

Other (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	72	134	86.7%	239	381	59.3%
Gross Profit	45	39	-13.8%	116	148	26.9%
EBITDA	1	9	n.m.	2	20	n.m.
Net Profit	-299	289	n.m.	-52	-690	n.m.
Gross Profit Margin	63.1%	29.1%	-34	48.7%	38.8%	-9.9
EBITDA Margin	0.7%	6.4%	5.6	0.7%	5.2%	4.5
Net Profit Margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

- Holding, energy and real estate companies consolidated under the other segment. Net sales revenues of the other segment significantly increased by 86.7% to TRL 134 million, thanks to TRL 72 million deliveries from AND Pastel residential project in the fourth quarter. Accordingly, top-line came to TRL 381 million, up by 59.3% in 2018.
- 65% of pre-sales of AND Pastel residential project has been completed as end of 2018. As the deliveries of the pre-sales are realized, gains will be booked under revenues in the related quarter.
- Leasing works continue at AND Kozyatağı, which has a total leasable area of 31.5 thousand m^2 and has an occupancy rate of around 70% for the time being.

Financial Review

- Aslancık HEPP, which is consolidated via equity pick up method, generated turnover of TRL 114 million in 2018 vs. TRL 83 million recorded in 2017
- Paravani HEPP generated TRL 19 million revenues in 4Q18, and TRL 76 million revenues in 2018, up by 40.2%. The electricity produced at Paravani HEPP is sold in Turkey and Georgia in accordance with the weather conditions. In 2018, 72% of the electricity produced at Paravani HEPP was sold to Georgia.
- Due to equity consolidation method used for Migros, its contribution is booked under “other gains from investments accounted through equity” in the other segment. Mainly through the impact of the TRL 836 billion net loss recorded in Migros in 2018, other segment disclosed a total net loss of TRL 690 million in 2018.

MİGROS

Migros (TRL million)	4Q17	4Q18	Change	2017	2018	Change
Net Sales	4,022	4,923	22.4%	15,344	18,717	22.0%
Gross Profit	1,080	1,422	31.7%	4,082	5,249	28.6%
EBITDA	226	344	52.0%	872	1,217	39.6%
Net Profit	-206	359	n.m.	513	-836	n.m.
Gross Profit Margin	26.8%	28.9%	2.0	26.6%	28.0%	1.4
EBITDA Margin	5.6%	7.0%	1.4	5.7%	6.5%	0.8
Net Profit Margin	-5.1%	7.3%	12.4	3.3%	-4.5%	-7.8

- Micros’ net sales revenues rose by 22.0% and reached TRL 18.7 billion in 2018, which validates the continuing top-line growth momentum. The strong sales performance of seasonal stores located in touristic regions contributed the top-line growth together with better than expected performance of subsidiaries in Kazakhstan and Macedonia in 2018.
- The conversion of the Kipa, Uyum and Makro markets into Migros store format has been completed. Number of stores reached 2,103, with the opening of 238 new stores in 2018.
- In regard of the synergies created through acquisitions mentioned above, the consolidated gross profit of Migros rose by 28.6% in 2018 corresponding to a gross margin of 28.0%, up by 140 bps.
- EBITDA increased by 39.6% to TRL 1.2 billion, implying an EBITDA margin of 6.5% in 2018. EBITDA growth was even higher at 52.0% y-o-y in the fourth quarter, with a margin of 7.0%.
- Despite the strong operational performance, Migros announced a consolidated net loss of TRL 836 million in 2018 due to elevated financial expenses linked to hard currency borrowings.
- Along the plan implemented by the management, while the share of TRL-denominated borrowings in total borrowings was increased, the company generated TRL 390 million funds through the sale of assets. Micros’ net debt/EBITDA ratio emerged at 2.3x, down by 30 bps, as of 2018-end.

AG ANADOLU GRUBU HOLDİNG A.Ş.
Summary Consolidated Balance Sheet
(TRL million)

	31.12.2018	31.12.2017
Cash and equivalents	5,283	5,800
Financial instruments	40	108
Trade receivables	3,019	2,309
Inventories	3,135	2,122
Other current assets	1,953	1,641
Current Assets	**13,430**	**11,980**
Financial instruments	0	0
Investments accounted through equity method	1,921	2,333
Investment properties	296	308
Tangible assets	11,035	8,357
Intangible assets	17,101	12,179
-Goodwill	5,892	1,835
-Other intangible assets	11,209	10,344
Other non-current assets	3,118	2,749
Non-Current Assets	**33,471**	**25,926**
Total Assets	**46,901**	**37,906**
Short term borrowings	3,185	1,489
Short term portion of long term borrowings	3,757	4,190
Trade payables	4,156	2,232
Deferred income	479	481
Other current liabilities	1,906	1,160
Current Liabilities	**13,483**	**9,552**
Long term borrowings	8,712	8,434
Deferred income	28	22
Other non-current liabilities	2,999	2,632
Non-Current Liabilities	**11,739**	**11,088**
Total Liabilities	**25,222**	**20,640**
Equity	**21,679**	**17,266**
Non-controlling interests	16,581	11,584
Equity of the parent	5,098	5,682
Total Liabilities & Equity	**46,901**	**37,906**

Financial Review

AG ANADOLU GRUBU HOLDİNG A.Ş.
Summary Consolidated Income Statement
(TRL million)

	31.12.2018	31.12.2017
Revenues	23,981	17,164
Cost of sales (-)	(16,038)	(11,577)
Gross Profit	**7,943**	**5,587**
Operating expenses (-)	(6,032)	(4,122)
Other operations income/(expense)	59	79
Gain/(Loss) from investments accounted through equity method	(515)	136
Operating Income/(Loss) (EBIT)	**1,455**	**1,680**
Income /(expense) from investment operations	119	(36)
Financial income/(expense)	(2,123)	(1,487)
Income/(Loss) Before Tax from Continuing Operations	**(549)**	**157**
Tax income/(expense)	(325)	(51)
Net Income/(Loss)	**(874)**	**106**
Net Income/(Loss)		
Non-controlling interests	240	236
Equity holders of the parent	(1,114)	(130)

REPORTING ADJUSTMENTS

- As approved at the extraordinary general meeting held on 26 December 2017 and registered on 27 December 2017, all the assets and liabilities of Özilhan Sınai Yatırım A.Ş. and Anadolu Endüstri Holding A.Ş. were merged with Yazıcılar Holding A.Ş. and entity name has been changed to AG Anadolu Grubu Holding A.Ş. following the merger.
- In-line with the reporting standards, consolidated comparative financial statements have been revised as if the merger have been completed at the beginning of the reporting period and presented accordingly.
- Due to the new structure of the Holding, participation rates have all changed and additionally the consolidation methods of some group companies have also been changed. Anadolu Efes and Anadolu Isuzu, which were consolidated on equity basis previously, are now fully consolidated.
- Although our stake in Migros is 50%, it is still consolidated on equity method basis due to the provisions of the shareholder agreement with Moonlight Capital S.A. Migros will be fully consolidated latest by June 2019, when the agreement will expire. In this context, our consolidated financial results are presented together with our proforma consolidated results which include Migros as fully consolidated.

Participation rates & methods*

	Reporting before the merger		Reporting after the merger		
	Consolidation Method	Stake held (%)	Consolidation Method	Stake held (%)	Consolidation Method
Anadolu Efes	27.66	Equity	43.05	Full	Beer and Soft Drinks
Migros	34.00	Equity	50.00	Equity**	Migros
Anadolu Isuzu	37.57	Equity	55.40	Full	Automotive
Adel Kalemcilik	38.68	Full	56.89	Full	Retail
Çelik Motor	68.00	Full	100.0	Full	Automotive
Anadolu Restoran	68.00	Full	100.0	Full	Retail
Anadolu Motor	67.93	Full	100.0	Full	Automotive
Aslancık HES	22.67	Equity	33.33	Equity	Other
Anadolu Kafkasya***	60.65	Full	75.68	Full	Other
Real Estate Companies	68.00	Full	100.0	Full	Other

*Full list is at the 1st footnote of financial statements.
**To be fully consolidated starting with June 2019, latest.
***Anadolu Kafkasya owns 90% of GUE located in Georgia and 100% of other project company.

SUMMARY INFORMATION ABOUT NON-PUBLIC GROUP COMPANIES

	Net Sales		EBITDA		Net Profit		Net Debt	
(TRL million)	2017	2018	2017	2018	2017	2018	2017	2018
McDonald's	622	768	19	28	-20	-25	89	89
Anadolu Motor	280	116	0	-5	-18	-29	105	102
Efestur	54	55	2	1	1	0	-2	-1
AND Anadolu Gayrimenkul	46	56	27	26	-20	-74	273	359
GUE	54	76	36	54	3	-21	420	576
Aslancık Elektrik	83	114	39	60	-38	-122	439	513

Dividend Distribution Table

AG ANADOLU GRUBU HOLDİNG A.Ş. 2018 DIVIDEND DISTRIBUTION TABLE (TRL)			
1.	**Paid-In / Issued Capital**		**243,534,517.96**
2.	**General Legal Reserves (According to Legal Records)**		**89,843,573.57**
If there are privileges for distribution of profits according to the articles of association, information on such privileges			None
		According to CMB	**According to Legal Records**
3.	**Current Period Profit**	**-789,064,000.00**	**-196,119,650.45**
4.	**Taxes Payable (-)**	**324,991,000.00**	**-**
5.	**Net Current Period Profit (=)**	**-1,114,055,000.00**	**-196,119,650.45**
6.	**Losses in Previous Years (-)**	**-**	**-289,698,284.31**
7.	**Primary Legal Reserve (-)**	**-**	**-**
8.	**NET DISTRIBUTABLE CURRENT PERIOD PROFIT (=)**	**-1,114,055,000.00**	**-485,817,934.76**
	Dividend Advances Distributed During the Year (-)	-	-
	Net Distributable Current Period Profit/Loss After Deducting Dividend Advances	-	-
9.	**Donations Made During the Year (+)**	**44,868,322.00**	
10.	**Net Distributable Current Period Profit Including Donations**	**-1,069,186,678.00**	
11.	**First Dividend to Shareholders**	**-**	
	Cash	-	
	Bonus	-	
	Total	-	
12.	**Dividend Distributed to Owners of Privileged Shares**	**-**	
13.	**Other Dividend Distributed to:**	**-**	
	Board members	-	
	Employees	-	
	People other than shareholders	-	
14.	**Dividend to Owners of Redeemed Shares**	**-**	
15.	**Second Dividend to Shareholders**	**-**	
16.	**Secondary Legal Reserves**	**-**	
17.	**Statutory Reserves**	**-**	
18.	**Special Reserves**	**-**	
19.	**EXTRAORDINARY RESERVES**	**-**	**-**
20.	**Other Distributable Resources**	**25,000,000.00**	**25,000,000.00**
	Prior Years' Profits	-	-
	Extraordinary Reserves	25,000,000.00	25,000,000.00
	Other Distributable Reserves as per Law or Articles of Association	-	-

AG ANADOLU GRUBU HOLDİNG A.Ş. DIVIDEND RATIOS TABLE						
	Group	**Total Dividends Distributed**		**Total Dividends Distributed / Net Distributable Profit for the Period**	**Dividend to be Paid for Share with Par Value of TRL 1**	
		Cash (TRL)	**Bonus (TRL)**	**Share (%)**	**Amount (TRL)**	**Ratio (%)**
NET	**A**	20,000,000.00	0	-	0.1026549	10.27%
	B	5,000,000.00	0	-	0.1026549	10.27%
	Total	**25,000,000.00**	**0**	**-**		

Statement of Responsibility

STATEMENT OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE SECOND SECTION OF THE CAPITAL MARKETS BOARD COMMUNIQUE NO: II-14.1 ON PRINCIPLES PERTAINING TO FINANCIAL REPORTING IN CAPITAL MARKETS

BOARD OF DIRECTORS RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS, ANNUAL REPORTS AND CORPORATE GOVERNANCE COMPLIANCE REPORTS VIA URF AND KYBF TEMPLATES
RESOLUTION DATE: 7 March 2019
RESOLUTION NUMBER: 2019/8

Appended to this resolution are our audited consolidated financial statements and annual report for 1 January-31 December 2018, approved by our company's Board of Directors and Audit Committee which have been prepared in compliance with Capital Markets Board ("SPK") Communique No: II-14.1 on principles pertaining to financial reporting in capital markets and with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS"/"TFRS") in an CMB-compatible format and Corporate Governance Compliance reports prepared in accordance with CMB's resolution number 2/49 dated 10 January 2019 and submitted via Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates on Public Disclosure Platform (KAP).

1- We have examined the consolidated Financial Statements, Annual Report, Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) dated 31 December 2018,

2- That, to the best of our knowledge within the framework of our duties and responsibilities at our company, the consolidated Financial Statements, Annual Report, URF and KYBF do not contain any assertion that is untrue insofar as matters of material importance are concerned or any omission that would lead to the conclusion that such assertions were misleading as of the date on which they were made,

3- That, to the best of our knowledge within the framework of our duties and responsibilities at the company, these consolidated financial statements prepared in accordance with current financial reporting standards honestly reflect the realities of our company's assets, liabilities, financial standing, and profits & losses, and honestly reflects our company's financial standing along with any material risks and uncertainties that confront it.

Yours sincerely,

M. Ercan Kumcu

Mehmet Ercan KUMCU
Chairman of the Audit Committee

Ali Galip YORGANCIOĞLU
Member of the Audit Committee

Onur ÇEVİKEL
CFO

Volkan Harmandar
Financial Affairs Coordinator

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

Deloitte.

DRT Bağımsız Denetim ve
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Mali Müşavirlik A.Ş.
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Mersis No: 0291001097600016
Ticari Sicil No : 304099

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

1) Opinion

As we have audited the full set consolidated financial statements of AG Anadolu Grubu Holding A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 01/01/2018–31/12/2018, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

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 responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other 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 audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/01/2018–31/12/2018 in our Auditor's Report dated 7 March 2019.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,

b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:

- The significant events occurred in the Group's activities subsequent to the financial year ends,

- The Group's research and development activities,

- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from 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, 7 March 2019

AG Anadolu Grubu Holding Anonim Şirketi

Convenience Translation Into English of Consolidated Financial Statements Together with Independent Auditor's Report for the Period January 1 - December 31, 2018 (Originally Issued In Turkish)

INDEPENDENT AUDITOR'S REPORT

DRT Bağımsız Denetim ve
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Mersis No: 0291001097600016
Ticari Sicil No : 304099

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

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 31 December 2018, 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 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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.

INDEPENDENT AUDITOR’S REPORT

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 its operations with business combinations. As a result of these business combinations, the share of goodwill and intangible assets with indefinite useful life in total assets has reached to 36% 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, discount rate, long-term growth rate and inflation rate. Considering that impairment testing includes significant estimates and assumptions and the significance of these assets to the consolidated financial statements, the impairment testing of cash generating units 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, Note 14 and Note 15.	The audit procedures applied including but not limited to the following are: • Evaluating whether cash generating units are correctly identified by the Anadolu Efes and Coca-Cola managements, • In order to evaluate budget processes of the Group in detail, in particular, questioning whether the estimations for liter and prices are reasonable and verifying Anadolu Efes and Coca-Cola Board of Directors approval for budgeted cash flows, • Evaluating basis and arithmetical accuracy of discounted cash flow models via involving the experts, • Comparison of initial estimates with realized results to assess the accuracy of historical estimations, • Evaluating the reasonableness of estimated EBITDA performance, capex, changes in working capital assumptions, discount and terminal growth rates assumptions, • Evaluating sensitivity analysis of impairment tests for the potential changes in key assumptions made by Anadolu Efes and Coca-Cola managements, • Review the appropriateness of related disclosures regarding to intangible assets with indefinite useful lives and goodwill in Notes 14 and 15 in accordance with TFRS.

Key Audit Matter	**How This Matter Was Addressed In the Audit**
Impairment Testing of Goodwill Recognised Related to the Acquisition of Joint Venture The Group acquired 50% shares of Migros Ticaret A.Ş. ("Migros") and accounted through equity method. The transfer of shares has been completed on 15 July 2015. As a result of this transaction, a fair value difference between the total purchase cost and purchased net assets amounting to TRL 2.854.926 thousand has been recognised under investments accounted through equity method as disclosed in Note 11. The share of this amount is 6% in total assets. The Group management has significant assumptions when evaluating the impairment of goodwill. These assumptions include discounted cash flows of cash generating units. This model is significantly influenced by revenue increase, growth rate and weighted average cost of capital (discount rate). Considering the reasons stated above, the testing of impairment of goodwill recognised related to the acquisition of Migros shares is determined as a key audit matter in our audit.	The audit procedures applied including but not limited to the following are: • Comparison of the total revenue of stores in the acquisition year is compared to the total revenue of existing and replacement stores as of 31 December 2018, • Analysis of budget processes of the Group (basis for the estimations), testing of the principles of discounted cash flows and the mathematical accuracy of the models, • Comparison of the growth rates and increases in revenue included in the discounted cash flows with the historical data, • Involvement of internal specialists to test weighted average cost of capital and assessing the reasonableness of the model, • 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, • Perform sensitivity analysis for growth rates and weighted average cost of capital, • Review the appropriateness of related disclosures regarding to Investments Accounted Through Equity Method in Note 11 in accordance with TFRS.

INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

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 7 March 2019.

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

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

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

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Burç Seven

Partner

İstanbul, 7 March 2019

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

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

		Audited	Audited
			Restated (Note 2)
ASSETS	**Notes**	**December 31, 2018**	December 31, 2017
Cash and Cash Equivalents	5	**5.282.990**	5.800.315
Financial Investments	6	**40.361**	107.946
Trade Receivables		**3.019.073**	2.309.203
- Due from Related Parties	*32.1*	***273.929***	*259.589*
- Trade Receivables, Third Parties	*8.1*	***2.745.144***	*2.049.614*
Other Receivables		**139.535**	107.954
- Due from Related Parties	*32.1*	***20.595***	-
- Other Receivables, Third Parties	*9.1*	***118.940***	*107.954*
Derivative Financial Assets	34.2	**102.996**	64.521
Inventories	10	**3.135.010**	2.122.397
Prepaid Expenses	19.1	**568.852**	461.248
Current Income Tax Assets	30.1	**189.152**	132.368
Other Current Assets	20.1	**952.145**	874.144
TOTAL CURRENT ASSETS		**13.430.114**	11.980.096
Financial Investments	6	**367**	342
Trade Receivables		**1.437**	5.851
- Trade Receivables, Third Parties	*8.1*	***1.437***	*5.851*
Other Receivables		**56.768**	25.682
- Other Receivables, Third Parties	*9.2*	***56.768***	*25.682*
Derivative Financial Assets	34.2	**83.181**	30.572
Investments Accounted Through Equity Method	11	**1.920.877**	2.333.170
Investment Property	12	**296.443**	307.941
Property, Plant and Equipment	13	**11.035.226**	8.356.588
Intangible Assets		**17.100.343**	12.178.510
- Goodwill	15	***5.891.555***	*1.834.897*
- Other Intangible Assets	14	***11.208.788***	*10.343.613*
Prepaid Expenses	19.2	**425.205**	354.888
Deferred Tax Assets	30.2	**1.148.241**	551.155
Other Non-Current Assets	20.2	**1.402.606**	1.781.316
TOTAL NON-CURRENT ASSETS		**33.470.694**	25.926.015
TOTAL ASSETS		**46.900.808**	37.906.111

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

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

		Audited	Audited
			Restated (Note 2)
LIABILITIES	**Notes**	**December 31, 2018**	December 31, 2017
Short-Term Borrowings	7	**3.184.503**	1.488.820
Current Portion of Long-Term Borrowings	7	**3.756.799**	4.189.616
Trade Payables		**4.156.261**	2.231.604
- Due to Related Parties	*32.2*	***7.347***	*726*
- Trade Payables, Third Parties	*8.2*	***4.148.914***	*2.230.878*
Employee Benefit Obligations	17.1	**114.858**	94.506
Other Payables		**1.515.495**	882.812
- Other Payables, Third Parties	*9.3*	***1.515.495***	*882.812*
Derivative Financial Liabilities	34.2	**41.037**	-
Deferred Income	21.1	**479.105**	481.042
Income Tax Payable	30.1	**18.036**	7.826
Short-Term Provisions		**180.673**	151.619
- Short-Term Provisions for the Employee Benefits	*17.2*	***130.899***	*127.731*
- Other Short-Term Provisions	*17.3*	***49.774***	*23.888*
Other Current Liabilities	20.3	**36.532**	24.217
TOTAL CURRENT LIABILITIES		**13.483.299**	9.552.062
Long-Term Borrowings	7	**8.712.404**	8.434.084
Trade Payables		**44.207**	35.180
- Trade Payables, Third Parties	*8.2*	***44.207***	*35.180*
Other Payables		**392.368**	349.032
- Other Payables, Third Parties	*9.3*	***392.368***	*349.032*
Derivative Financial Liabilities	34.2	**3.356**	-
Deferred Income	21.2	**27.580**	21.508
Long-Term Provisions		**192.358**	167.865
- Long-Term Provisions for the Employee Benefits	*17.2*	***192.358***	*167.865*
Deferred Tax Liability	30.2	**2.096.149**	1.915.078
Other Non-Current Liabilities	20.4	**270.308**	165.512
TOTAL NON-CURRENT LIABILITIES		**11.738.730**	11.088.259
TOTAL LIABILITIES		**25.222.029**	20.640.321
EQUITY			
Equity Attributable to Equity Holders of the Parent		**5.098.400**	5.681.720
Paid-in Share Capital	22	**243.535**	243.535
Inflation Adjustments on Capital		**65.771**	65.771
Share Premium (Discounts)		**1.200.135**	1.319.349
Effects of Business Combinations Under Common Control		**(7.145)**	(7.145)
Put Option Revaluation Fund Related With Non-Controlling Interests		**2.916**	8.728
Other Comprehensive Income (Loss) Not To Be Reclassified to Profit or Loss		**73.528**	(16.875)
- Revaluation and Remeasurement Gain (Loss)		***73.528***	*(16.875)*
- Income (Loss) on Remeasurements of Defined Benefit Plans		***(20.538)***	*(16.875)*
- Other Revaluation and Remeasurement Gain (Loss)		***94.066***	-
Other Comprehensive Income (Loss) To Be Reclassified to Profit or Loss		**1.256.358**	1.044.545
- Currency Translation Differences		***1.787.135***	*1.032.160*
- Gains (Losses) on Hedge		***(530.777)***	*12.385*
Restricted Reserves Allocated From Net Profit	22	**909.511**	909.511
Retained Earnings	22	**2.467.846**	2.244.351
Net Profit or Loss		**(1.114.055)**	(130.050)
Non-Controlling Interests		**16.580.379**	11.584.070
TOTAL EQUITY		**21.678.779**	17.265.790
TOTAL LIABILITIES AND EQUITY		**46.900.808**	37.906.111

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

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

		Audited	Audited
			Restated (Note 2)
	Notes	January 1 - December 31, 2018	January 1 - December 31, 2017
Revenue	23	**23.981.255**	17.163.686
Cost of Sales	23	**(16.038.324)**	(11.577.288)
GROSS PROFIT (LOSS)		**7.942.931**	5.586.398
General Administrative Expenses	24	**(1.826.417)**	(1.176.133)
Marketing Expenses	24	**(4.200.655)**	(2.941.031)
Research and Development Expenses		**(4.481)**	(4.726)
Other Operating Income	26.1	**690.912**	376.954
Other Operating Expenses	26.2	**(631.665)**	(297.909)
Gain (Loss) from Investments Accounted Through Equity Method	11	**(515.224)**	135.907
OPERATING PROFIT (LOSS)		**1.455.401**	1.679.460
Income from Investing Activities	27.1	**292.174**	79.752
Expenses from Investing Activities	27.2	**(173.191)**	(115.515)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		**1.574.384**	1.643.697
Financial Income	28	**3.589.009**	1.331.799
Financial Expenses	29	**(5.712.373)**	(2.818.643)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**(548.980)**	156.853
Tax (Expense) Income from Continuing Operations (-)		**(324.991)**	(51.216)
- Current Period Tax (Expense) Income	30.3	**(272.509)**	(166.657)
- Deferred Tax (Expense) Income	30.3	**(52.482)**	115.441
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(873.971)**	105.637
Attributable to:			
- Non-controlling Interests		**240.084**	235.687
- Equity Holders of the Parent		**(1.114.055)**	(130.050)
Earnings (Loss) per share (full TRL)	31	**(4,57)**	(0,53)
- Earnings (Loss) per share from continuing operations (full TRL)		**(4,57)**	(0,53)

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

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

	Audited	
		Restated (Note 2)
	January 1 - December 31, 2018	January 1 - December 31, 2017
NET PROFIT (LOSS)	**(873.971)**	105.637
OTHER COMPREHENSIVE INCOME		
Items Not To Be Reclassified To Profit or Loss	**90.093**	(7.178)
- Remeasurement Gain (Loss) from Defined Benefit Plans	**(4.604)**	(9.282)
- Share of Other Comprehensive Income of Investments Accounted Through Equity Method Not To Be Classified to Profit or Loss	**(290)**	248
- Other Components of Other Comprehensive Income that will Not To Be Reclassified to Other Profit or Loss	**120.597**	-
- Tax Effect of Other Comprehensive Income Not To Be Classified To Profit or Loss	**(25.610)**	1.856
- Deferred Tax (Expense) Income	**(25.610)**	1.856
Items To Be Reclassified To Profit or Loss	**1.813.989**	911.894
- Currency Translation Differences	**2.842.977**	948.107
- Other Comprehensive Income (Loss) on Cash Flow Hedge	**202.260**	(61.578)
- Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations (Note 33)	**(1.520.855**)	-
- Share Of Other Comprehensive Income of Investments Accounted Through Equity Method To Be Classified to Profit or Loss	**6.770**	12.793
- Tax Effect of Other Comprehensive Income To Be Classified To Profit or Loss	**282.837**	12.572
- Deferred Tax (Expense) Income	**282.837**	12.572
OTHER COMPREHENSIVE INCOME (LOSS)	**1.904.082**	904.716
TOTAL COMPREHENSIVE INCOME (LOSS)	**1.030.111**	1.010.353
Attributable to:		
- Non-controlling Interest	**1.841.950**	824.559
- Equity Holders of the Parent	**(811.839)**	185.794

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

(Tutarlar aksi belirtilmedikçe bin Türk Lirası (TL) olarak ifade edilmiştir.)

						Other Comprehensive Income or Expense Not To Be Reclassified To Profit or Loss	
	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) (**)
Balances as of January 1, 2017	182.000	65.771	1.360.483	-	8.577	(12.766)	-
Other Restatements (Note 2)	-	-	-	-	-	-	-
Balances as of January 1, 2017 (Restated (Note 2))	182.000	65.771	1.360.483	-	8.577	(12.766)	-
Transfers	-	-	(3.739)	-	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(4.109)	-
Net Profit (Loss)	-	-	-	-	-	-	-
Other Comprehensive Income (Expense)	-	-	-	-	-	(4.109)	-
Capital Increase	4.000	-	-	-	-	-	-
Effects of Business Combinations Under Common Control	57.535	-	-	(7.145)	-	-	-
Dividends	-	-	(37.395)	-	-	-	-
Transactions With Non-Controlling Interests	-	-	-	-	-	-	-
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	151	-	-
Balances as of December 31, 2017 (Restated (Note 2))	243.535	65.771	1.319.349	(7.145)	8.728	(16.875)	-
Balances as of January 1, 2018	**243.535**	**65.771**	**1.319.349**	**(7.145)**	**8.728**	**(16.875)**	**-**
Transfers	-	-	(10.767)	-	-	-	-
Total Comprehensive Income (Expense)	-	-	-	-	-	(3.663)	94.066
Net Profit (Loss)	-	-	-	-	-	-	-
Other Comprehensive Income (Expense)	-	-	-	-	-	(3.663)	94.066
Capital Increase	-	-	-	-	-	-	-
Dividends	-	-	(108.447)	-	-	-	-
Acquisition or Disposal of a Subsidiary	-	-	-	-	-	-	-
Increase/Decrease Through Changes in Ownership Interests in Subsidiaries That Do Not Result in Loss Of Control (Note 3)	-	-	-	-	-	-	-
Transactions With Non-Controlling Interests	-	-	-	-	-	-	-
Increase (Decrease) Due to Other Changes (*)	-	-	-	-	(5.812)	-	-
Balances as of December 31, 2018	**243.535**	**65.771**	**1.200.135**	**(7.145)**	**2.916**	**(20.538)**	**94.066**

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

(**) The balance consists of the increase due to revaluation of the assets used in renting activities.

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

Other Comprehensive Income or Expense To Be Reclassified To Profit or Loss			Retained Earnings				
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**
767.558	25.109	434.424	3.254.567	(376.046)	5.709.677	10.984.043	16.693.720
(68.075)	-	-	-	-	(68.075)	(90.055)	(158.130)
699.483	25.109	434.424	3.254.567	(376.046)	5.641.602	10.893.988	16.535.590
-	-	475.087	(847.394)	376.046	-	-	-
332.677	(12.724)	-	-	(130.050)	185.794	824.559	1.010.353
-	-	-	-	(130.050)	(130.050)	235.687	105.637
332.677	(12.724)	-	-	-	315.844	588.872	904.716
-	-	-	(4.000)	-	-	1.179	1.179
-	-	-	(78.704)	-	(28.314)	-	(28.314)
-	-	-	(79.605)	-	(117.000)	(138.670)	(255.670)
-	-	-	(513)	-	(513)	1.604	1.091
-	-	-	-	-	151	1.410	1.561
1.032.160	12.385	909.511	2.244.351	(130.050)	5.681.720	11.584.070	17.265.790
1.032.160	**12.385**	**909.511**	**2.244.351**	**(130.050)**	**5.681.720**	**11.584.070**	**17.265.790**
-	-	-	(119.283)	130.050	-	-	-
754.975	(543.162)	-	-	(1.114.055)	(811.839)	1.841.950	1.030.111
-	-	-	-	(1.114.055)	(1.114.055)	240.084	(873.971)
754.975	(543.162)	-	-	-	302.216	1.601.866	1.904.082
-	-	-	-	-	-	46.196	46.196
-	-	-	83.447	-	(25.000)	(283.602)	(308.602)
-	-	-	-	-	-	3.903.478	3.903.478
-	-	-	252.590	-	252.590	(489.056)	(236.466)
-	-	-	6.741	-	6.741	5.421	12.162
-	-	-	-	-	(5.812)	(28.078)	(33.890)
1.787.135	**(530.777)**	**909.511**	**2.467.846**	**(1.114.055)**	**5.098.400**	**16.580.379**	**21.678.779**

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2018

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

		Audited	
	Notes	**January 1- December 31, 2018**	January 1- December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		**3.969.396**	2.038.926
Profit/(Loss)		**(873.971)**	105.637
Adjustments to Reconcile Profit (Loss)		**4.497.837**	2.624.663
Adjustments for Depreciation and Amortisation Expense	12,13,14,20,25	**1.464.225**	1.087.837
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**173.520**	129.723
- Adjustments for Impairment Loss (Reversal) of Receivables	*8.1*	***32.584***	*20.981*
- Adjustments for Impairment Loss (Reversal) of Inventories	*10*	***9.445***	*13.581*
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property, Plant and Equipment	*13,27.2*	***27.597***	*75.547*
-Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Intangible Assets	*14,27.2*	***103.894***	*19.614*
Adjustments for Provisions		**131.137**	60.649
- Adjustments for (Reversal of) Provisions Related with Employee Benefits		***93.020***	*52.370*
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	*17.3*	***9.246***	*(5.955)*
- Adjustments for (Reversal of) Warranty Provisions	*17.3*	***10.433***	*13.787*
-Adjustments for (Reversal of) Other Provisions		***18.438***	*447*
Adjustments for Interest (Income) and Expenses		**903.458**	448.723
Adjustments for Unrealised Foreign Exchange Differences		**1.376.165**	1.140.770
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		**16.347**	-
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	11	**515.224**	(135.907)
Adjustments for Tax (Income) Expense	30.3	**324.991**	51.216
Adjustments for Losses (Gains) Arised From Disposal of Non-Current Assets		**(93.191)**	(21.302)
- Adjustments for Losses (Gains) on Disposal of Tangible Assets	27.1,27.2	***(93.191)***	*(21.302)*
Adjustments for (Income) Expense Caused by Sale or Changes in Share of Associates, Joint Ventures and Financial Investments	27.1,27.2	**-**	(21.239)
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations	27.1	**-**	(19.145)
Transfer of currency translation differences previously accounted as other comprehensive income		**(169.937)**	-
Other Adjustments to Reconcile Profit (Loss)		**(144.102)**	(96.662)
Adjustments for Working Capital		**631.530**	(496.898)
Decrease (Increase) in Financial Investments		**12.172**	(6.180)
Adjustments for Decrease (Increase) in Trade Accounts Receivables		**(487.363)**	(396.177)
Adjustments for Decrease (Increase) in Other Operating Receivables		**(72.207)**	(159)
Adjustments for Decrease (Increase) in Inventories		**(681.247)**	(533.937)
Adjustments for Increase (Decrease) in Trade Accounts Payables		**991.277**	448.260
Adjustments for Increase (Decrease) in Other Operating Payables		**535.992**	253.091
Increase (Decrease) in Deferred Income		**4.135**	207.757
Other Adjustments for Increase (Decrease) in Working Capital		**328.771**	(469.553)
- Decrease (Increase) in Other Assets Related with Operations		***328.644***	*(453.738)*
- Increase (Decrease) in Other Liabilities Related with Operations		***127***	*(15.815)*
Cash Flows from Operations		**4.255.396**	2.233.402
Payments Related with Provisions for Employee Benefits		**(69.512)**	(53.480)
Payments Related with Other Provisions		**(12.428)**	(13.953)
Income Taxes Refund (Paid)		**(204.060)**	(127.043)
CASH FLOWS FROM INVESTING ACTIVITIES		**(1.396.136)**	(1.418.212)
Cash Inflows Caused by Share Sales or Capital Decrease of Associate and/or Joint Ventures		**-**	55.622
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		**(135.819)**	(528.624)
Proceeds from Sale of Share or Debt Instruments of Other Business Organizations or Funds		**53.314**	-
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		**202.475**	89.125
Purchase of Property, Plant, Equipment and Intangible Assets		**(1.765.134)**	(952.573)
Other Cash Inflows (Outflows)		**249.028**	(81.762)
CASH FLOWS FROM FINANCING ACTIVITIES		**(5.161.631)**	1.725.109
Proceeds from Issuing Shares or Other Equity Instruments		**46.196**	1.179
Proceeds from Borrowings		**11.815.989**	9.413.633
Repayments of Borrowings		**(15.612.351)**	(6.979.856)
Income (Loss) from Cash Flow Hedge		**(224.588)**	(60.249)
Dividends Paid		**(308.602)**	(255.670)
Interest Paid		**(1.215.269)**	(562.768)
Interest Received		**336.994**	168.840
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(2.588.371)**	2.345.823
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**2.067.937**	158.627
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(520.434)**	2.504.450
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5	**5.789.520**	3.285.070
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**5.269.086**	5.789.520

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

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

(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. All of the assets and liabilities of Anadolu Endüstri Holding A.Ş. (AEH) and Özilhan Sınai Yatırım A.Ş. have been taken over by Yazıcılar Holding A.Ş. and Anadolu Endüstri Holding A.Ş. and Özilhan Sınai Yatırım A.Ş. have merged under Yazıcılar Holding A.Ş. on December 27, 2017 and the corporate name of Yazıcılar Holding A.Ş. has been changed as AG Anadolu Grubu Holding A.Ş.

14,16% 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, 2018 are authorized for issue by the Board of Directors on March 7, 2019 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 five principal segments: Beer, soft drinks, 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).

The average number of personnel of the Group for the year ended at December 31, 2018 is 24.922 (December 31, 2017: 21.811).

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

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

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

List of Shareholders

As of December 31, 2018 and 2017 the shareholders and shareholding rates are as follows:

	December 31, 2018		December 31, 2017	
	Paid Capital	**(%)**	Paid Capital	(%)
AG Sınai Yatırım ve Yönetim A.Ş. (*)	**118.474**	**48,65**	59.237	24,32
AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. (*)	**-**	**-**	59.237	24,32
Other Yazıcı Family Members (*)	**47.505**	**19,50**	47.443	19,48
Özilhan Family (*)	**24.293**	**9,98**	24.293	9,98
Süleyman Kamil Yazıcı and his Family (*) (***)	**18.782**	**7,71**	18.988	7,80
Publicly traded (**)	**34.480**	**14,16**	34.332	14,10
Other	**1**	**0,00**	5	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, 2018, 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, Süleyman Kamil Yazıcı and his Family and other are publicly issued and 10,32% of them amounting TRL 24.105 are traded on the stock exchange. In accordance with the decisions of the board of directors dated March 7, 2018, AG Sınai Yönetim Yönetim A.Ş. and AEP Anadolu Etap Penkon Pazarlama Ltd. Şti. merged on March 29, 2018.

(**) The shares only consist of the shares traded on the stock exchange which do not belong to family members.

(***) TRL 218 of TRL 18.782 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.

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

(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, 2018 and 2017 are as follows:

	Place of Incorporation	Principal activities	Segment	Effective shareholding and voting rights (%) December 31, 2018	December 31, 2017
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
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 chain management	Retailing	**100,00**	100,00
Hamburger Restoran İşletmeleri A.Ş. (Hamburger) (3)	Turkey	Restaurant chain management	Retailing	**-**	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)	Turkey	Inactive	Other	**100,00**	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) (4)	Turkey	Production and transmission of electricity, and establishment and operation of distribution facilities	Other	**75,68**	89,19
Georgia Urban Enerji Ltd. (GUE) (4)	Georgia	Production and sale of electricity	Other	**68,11**	80,27
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) (4)	Georgia	Production and sale of electricity (Investment in progress)	Other	**75,68**	89,19
MH Perakendecilik ve Ticaret A.Ş. (MH Perakendecilik)	Turkey	Retailing	Other	**100,00**	100,00

(1) Shares of Anadolu Isuzu, Anadolu Efes and Adel 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) Hamburger Restoran İşletmeleri A.Ş. has been taken over by Anadolu Restoran İşletmeleri Ltd. Şti. as a whole and merged with this company on June, 29 2018, with all its assets and liabilities.

(4) The Company's 13,51% shares in Anadolu Kafkasya were sold to Paravani Energy B.V., the current shareholder of Anadolu Kafkasya on December 21, 2018. Therefore, the shares of the Company in Anadolu Kafkasya has decreased to 75,68% from 89,19%. As a result of this transaction, the Company's share in GUE has become 68,11% and 75,68% in Kheledula.

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

AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

(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, 2018	December 31, 2017
Ant Sınai ve Tic. Ürünleri Paz. A.Ş. (6)	Turkey	Purchase and sale of spare parts	Automotive	**55,40**	55,40
Efes Breweries International N.V. (EBI) (7)	The Netherlands	Holding company that facilitates Anadolu Efes' foreign investments in breweries	Beer	**43,05**	43,05
AB InBev Efes B.V. (7) (9)	The Netherlands	Investment Company	Beer	**21,53**	43,05
JSC Moscow-Efes Brewery (Efes Moscow) (7) (8)	Russia	Production and marketing of beer	Beer	**21,53**	43,05
LLC Vostok Solod (7)	Russia	Production of malt	Beer	**21,53**	43,05
LLC Efes Solod (7)	Russia	Production of malt	Beer	**21,53**	43,05
Euro-Asien Brauerein Holding GmbH (Euro-Asien) (7) 8)	Germany	Investment company	Beer	**21,53**	43,05
JSC Sun InBev (7) (8)	Russia	Production and marketing of beer	Beer	**21,53**	-
LLC Inbev Trade (7)	Russia	Production of malt	Beer	**21,53**	-
PJSC Sun InBev Ukraine (7) (8)	Ukraine	Production and marketing of beer	Beer	**21,22**	-
Bevmar GmbH (7) (8)	Germany	Investment Company	Beer	**21,53**	-
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) (7)	Kazakhstan	Production and marketing beer	Beer	**43,05**	43,05
International Beers Trading LLP (IBT) (7)	Kazakhstan	Marketing of beer	Beer	**43,05**	43,05
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) (7)	Moldova	Production of beer and low alcoholic drinks	Beer	**41,70**	41,69
JSC Lomisi (Efes Georgia) (7)	Georgia	Production and marketing and of beer and carbonated soft drinks	Beer	**43,05**	43,05
PJSC Efes Ukraine (Efes Ukraine) (7)	Ukraine	Production and marketing of beer	Beer	**43,02**	43,02
Efes Trade BY FLLC (Efes Belarus) (7)	Belarus	Market development	Beer	**43,05**	43,05
Efes Holland Technical Management Consultancy B.V. (EHTMC) (7)	The Netherlands	Leasing of intellectual property and similar products	Beer	**43,05**	43,05
LLC Efes Ukraine (7)	Ukraine	Selling and distribution of beer	Beer	**43,05**	43,05
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (7)	Turkey	Marketing and distribution company of Anadolu Efes	Beer	**43,05**	43,05
Cypex Co. Ltd. (Cypex) (7)	Northern Cyprus	Marketing and distribution of beer	Beer	**43,05**	43,05
Efes Deutschland GmbH (Efes Germany) (7)	Germany	Marketing and distribution of beer	Beer	**43,05**	43,05
Coca-Cola İçecek A.Ş. (CCİ) (5) (7)	Turkey	Production of Coca-Cola products	Soft Drink	**21,64**	21,64
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) (7)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft Drink	**21,63**	21,63
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) (7)	Turkey	Filling and selling of natural spring water	Soft Drink	**21,64**	21,64
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) (7)	Kazakhstan	Production, distribution and selling of and distribution of Coca Cola products	Soft Drink	**21,64**	21,64
Tonus Turkish-Kazakh Joint Venture LLP (Tonus) (7)	Kazakhstan	Investment company of CCİ	Soft Drink	**21,64**	21,64
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) (7)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft Drink	**21,61**	21,61
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) (7)	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Soft Drink	**21,64**	21,64
CCI International Holland B.V. (CCI Holland) (7)	The Netherlands	Investment company of CCİ	Soft Drink	**21,64**	21,64
Sardkar for Beverage Industry Ltd. (SBIL) (7) (10)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drink	**21,64**	21,64
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC) (7)	Jordan	Production, distribution and selling of Coca Cola products	Soft Drink	**19,47**	19,47
Coca-Cola Beverages Pakistan Ltd (CCBPL) (7)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drink	**10,75**	10,75
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) (7)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft Drink	**12,87**	12,87
Waha Beverages B.V. (7)	The Netherlands	Investment company of CCİ	Soft Drink	**17,32**	17,32
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha) (7)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drink	**17,32**	17,32
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tajikistan) (7)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drink	**21,64**	21,64

(5) CCI shares are quoted in BIST.
(6) Subsidiary of Anadolu Isuzu.
(7) Subsidiary of Anadolu Efes.
(8) Companies which AB Inbev Efes B.V. directly participates in connection with the business combination explained in Note 3.
(9) Details given in Note 3, on March 29, 2018 EBI's all beer operations in Russia, whose 100% shares are owned by Anadolu Efes 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. As a result of this process, the Group's share in AB Inbev Efes B.V. has been 21,53%.
(10) The commercial title of Company for Beverage Industry Ltd. has been changed as Sardkar for Beverage Industry Ltd.

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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, 2018 and 2017 are as follows:

	Country	Main activities	Effective shareholding and voting rights (%)	
			December 31, 2018	December 31, 2017
Migros Ticaret A.Ş. (Migros) (*)	Turkey	Sales of food and beverage and durable goods	**50,00**	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	**17,09**	14,35
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**	-

(*) Shares of Migros are currently quoted in BİST.

(**) Anadolu Efes and Burlingtown LLP, among the shareholders, participated in capital increase of Anadolu Etap that has been carried out in June and November in 2018. Özgörkey Holding didn't participate. As a result of the capital increase, the share of Anadolu Efes has been increased from 33,33% to 39,70%, hence, the final share of the Company has been increased to 17,09%.

(***) The Company participated in 19% shares of Türkiye'nin Otomobil Girişim Grubu Sanayi ve Ticaret A.Ş., which was established on June 25, 2018 in order to manufacture mainly electric automobiles and carry out the commercial activities. In this context, the Shareholders' Agreement and the Articles of Association were signed on May 31, 2018. Thus, the registration of the company was completed on June 28, 2018.

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 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The financial statements and disclosures have been prepared in accordance with the resolution of CMB dated 7 June 2013 relating to financial statements presentations.

The Group companies, which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the principles issued 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.

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

Basis of Preparation of Financial Statements (cont'd)

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 certain financial assets and liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The merger within AGHOL that is detailed in Note 1, is a merger covering entities under common control and therefore it is not subject to "TFRS 3 Business Combinations". The Group, in the absence of specific guidance under TFRS, applied the guidance in paragraph 10-12 of TAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The below accounting principles which are in accordance with the decree dated on July 21, 2013, published by POA in order to eliminate the differences which may occur in the implementation of the accounting policies, are applied;

(i) Combination of entities under common control should be recognized using pooling of interest method, therefore goodwill should not be included in the financial statements.

(ii) While using the pooling of interest method, the financial statements has been prepared as if the combination has taken place as of the beginning of the reporting period in which the common control occurs and be presented comparatively from the beginning of the reporting period in which the common control occurred.

(iii) Since it would be appropriate to consider from equity holders of the parent's perspective to present the effects of business combinations under common control in the financial statements, the financial statements have been restated per TFRS as of and after the date when the Company, which has control over the Group, took control of the entities under common control.

To eliminate the possible inconsistency between assets and liabilities due to the merger of entities under common control, "Effects of Business Combinations Under Common Control" account under equity is used.

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'.

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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)

(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.

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

		December 31, 2018	December 31, 2017
	Local Currency	**Functional Currency**	Functional Currency
Oyex	Europian Currency (EUR)	**EUR**	EUR
GUE	Georgian Lari (GEL)	**GEL**	GEL
Kheledula	Georgian Lari (GEL)	**GEL**	GEL
EBI	Europian Currency (EUR)	**USD**	USD
Efes Moscow	Russian Ruble (RUR)	**RUR**	RUR
JSC Sun InBev	Russian Ruble (RUR)	**RUR**	RUR
PJSC Sun InBev Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
AB InBev Efes B.V.	Europian 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
Efes Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
EHTMC	Europian Currency (EUR)	**EUR**	EUR
Efes Germany	Europian 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	Europian Currency (EUR)	**USD**	USD
Waha B.V.	Europian Currency (EUR)	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**IQD**	IQD
Tajikistan CC	Tajikistani Somoni (TJS)	**TJS**	TJS

Additionally, in the consolidated financial statements, foreign currency translation differences arises from Migros, a joint venture of the Group, as a result of their operations abroad.

(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)

Functional and Presentation Currency (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 year ended December 31, 2017 are as follows:

a) Within the scope of TFRS 15 "Revenue from Costumer Contracts" standard, marketing activity participation fees are classified to sales discount due to the fact that related expenses are realized by the customer which was previously recognized in sales and marketing expense. In this context, so as to being consistent with current period presentation as of December 31, 2017, the amount of TRL 129.003 marketing activity participation fee is classified from sales and marketing expenses to sales discount.

b) Within the scope of TFRS 15 "Revenue from Costumer Contracts" standard, services rendered from customers are classified to sales discount due to the fact that related expenses are realized by the customer which was previously recognized in sales and marketing expense. In this context, so as to being consistent with current period presentation as of December 31, 2017, the amount of TRL 85.557 service fees, received from customer are restated to sales discount from sales and marketing expense by classification.

c) The functional currency of brands which belongs to International Beer Operation and obtained as the part of business combinations is changed as to be functional currency of related cash generating unit. As a result of the change in accounting estimate, in consolidated statement of financial position brand values which recognized in "Other Intangible Asset" and "Foreign Currency Translation Differences" amounts has changed as of December 31, 2017. The effect of mentioned change is reflected to the consolidated statement of financial position, statement of changes in equity and other intangible assets movement table. The amendment did not have any effect on the consolidated income statement. The changes in "Other Intangible Asset" and "Foreign Currency Translation Differences" is equal to TRL 158.130 (share of the Equity Holders of the Parent: TRL 68.075) as of December 31, 2016 and TRL 161.272 as of December 31, 2017 (share of the Equity Holders of the Parent: TRL 69.428).

	December 31, 2016			December 31, 2017		
	Reported	Restatement	Restated	Reported	Restatement	Restated
Currency Translation Differences	767.558	(68.075)	699.483	1.101.588	(69.428)	1.032.160
Equity Holders of the Parent	5.709.677	(68.075)	5.641.602	5.751.148	(69.428)	5.681.720
Non-Controlling Interests	10.984.043	(90.055)	10.893.988	11.675.914	(91.844)	11.584.070
Total Equity	16.693.720	(158.130)	16.535.590	17.427.062	(161.272)	17.265.790
Other Intangible Assets	10.042.056	(158.130)	9.883.926	10.504.885	(161.272)	10.343.613

New standards and interpretations

The new standards, amendments and interpretations which are effective as 2018 are as follows:

TFRS 9 Financial Instruments

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

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

New standards and interpretations (cont'd)

The new standards, amendments and interpretations which are effective as 2018 are as follows (cont'd)

TFRS 9 Financial Instruments (cont'd)

Classification and Measurement of Financial Instruments

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

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

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income. Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

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

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

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

New standards and interpretations (cont'd)

The new standards, amendments and interpretations which are effective as 2018 are as follows (cont'd)

TFRS 9 Financial Instruments (cont'd)

Impairment

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

TFRS 15 Revenue from Contracts with Customers

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

Revenue recognition

Group recognizes revenue when the goods or services are transferred to the customer and when the performance obligation is fulfilled. An asset is transferred when the customer obtains control of that asset.

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

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

The Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. The Group considers the terms of the contract and its customary business practices to determine the transaction price.

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

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

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

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

New standards and interpretations (cont'd)

The new standards, amendments and interpretations which are effective as 2018 are as follows (cont'd)

TFRS 15 Revenue from Contracts with Customers (cont'd)

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

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

Amendments to TFRS 2 Classification and Measurement of Share-Based Payment Transactions

The amendments clarify the standard in respect of the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Amendments to TFRS 2 have no impact on the Group's consolidated financial statements.

Amendments to TAS 40 Transfers of Investment Property

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

Amendments to TFRS 4, 'Insurance contracts'

'Financial Instruments'; effective from annual periods beginning on or after January 1, 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will: Companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when TFRS 9 is applied before the new insurance contracts standard is issued; and give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying TFRS 9 until 2021. The entities that defer the application of TFRS 9 will continue to apply the existing financial instruments standard IAS 39. The interpretation does not have a material impact on the financial position or performance of the Group.

Annual Improvements to TFRS Standards 2014–2016 Cycle

TFRS 1, 'First time adoption of TFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10,

TAS 28: Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. This standard does not have any impact for 2014-2016 period.

Short-term exclusions are abolished for the first time adoption of TFRS 10 standards.

(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)

Annual Improvements to TFRS Standards 2014–2016 Cycle (cont'd)

TFRS Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.
- The Interpretations Committee came to the following conclusion:
- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

New and revised TFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, The Group has not applied the following new and revised TFRS Standards that have been issued but are not yet effective:

TFRS 16	*Leases*[1]
Amendments to TAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
TFRS 10 and TAS 28 (amendments)	*Sale of Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to TAS 19	*Amendments to Employee Benefits*[1]
Annual Improvements to 2015–2017 Cycle	*Amendments to TFRS 3, TFRS 11, TAS 12 and TAS 23*[1] *Standards*

1 Effective from periods on or after January 1, 2019.

TFRS 16 Leases

Effective from annual periods beginning on or after January 1, 2019. This standard replaces the current guidance TAS 17 and eliminates the distinction of operational lease and finance lease. Therefore, under TAS 17, operational lease that are previously off balance sheet item and finance lease are combined under a single accounting model. The IASB developed an exception for short-term leases (with a lease period of 12 months or less) and for leases of low value assets. Lessor accounting remains similar to current practice.

Under TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lessee shall recognise the lease liability over the present value of the unpaid portion of lease payments and right-of-use asset. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Group has started the adaption studies related with the standard which will be effective from annual periods beginning on or after January 1, 2019.

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

New standards and interpretations (cont'd)

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.

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.

TFRS 10 Consolidated Financial Statements and TAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

With this amendment, it has been clarified that all of the gains or losses arising from the sale of assets or contributions to capital between an investor and an associate or joint venture must be accounted for by the investor.

Amendments to TAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

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.

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

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" the Group has not identified any significant accounting error or estimated changes in accounting policies in the current year.

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

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.

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.

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

Basis of Consolidation (cont'd)

Subsidiaries (cont'd)

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.

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.

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.

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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.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise 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 recognise 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.

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.

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

Basis of Consolidation (cont'd)

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 Recognition

Group recognizes revenue when the goods or services are transferred to the customer and when the performance obligation is fulfilled. An asset is transferred when the customer obtains control of that asset.

In the five segments the Group operates; revenues are recognised 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.

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

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

The Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. The Group considers the terms of the contract and its customary business practices to determine the transaction price.

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

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

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

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

Summary of Significant Accounting Policies (cont'd)

2.1 Revenue Recognition (cont'd)

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

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

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 recognised 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.

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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	5-50 years
Buildings	5-50 years
Machinery and equipment	2-20 years
Motor vehicles	3-10 years
Furniture and fixtures	3-50 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.

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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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

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 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.

b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include,

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

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

Since the 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.

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

Summary of Significant Accounting Policies (cont'd)

2.6 Intangible Assets (cont'd)

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 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. Licence 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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.7 Business Combinations (cont'd)

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 TAS.

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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.8 Impairment of Assets (cont'd)

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.

2.10 Financial Instruments

Financial assets and financial liabilities are recognised 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 recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised 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 amortised 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.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised 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.

(i) Amortised 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 amortised 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 recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised 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 recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

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

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised 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.

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 recognises 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.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

Derecognition of financial assets

The Group derecognises 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 amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised 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 recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised 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.

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 recognised 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 derecognises 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 derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised 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.

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

Summary of Significant Accounting Policies (cont'd)

2.10 Financial Instruments (cont'd)

Derivatives are recognised 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.

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.

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

Summary of Significant Accounting Policies (cont'd)

2.13 Events After the Reporting Period (cont'd)

The Group adjusts the amounts recognised 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.

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

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.

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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.

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

Summary of Significant Accounting Policies (cont'd)

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 five principal segments: Beer, soft drinks, 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).

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

	2018	2017
The Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**-**	-
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Pakistan	**31%**	31%
Iraq	**15%**	15%
Jordan	**14%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**14%**	14%

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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

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.

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.

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.

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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.

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.

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

Summary of Significant Accounting Policies (cont'd)

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, 2018, Anadolu Efes has been tested for impairment 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 4,70% - 13,00% (December 31, 2017: between 1,90% and 3,50%) and after tax discount rate is between 10,80% and 25,90% (December 31, 2017: between 7,62% and 16,40%).

Brands

In 2018, impairment amounting TRL 103.894 has been recognized for trademarks of Anadolu Efes with indefinite useful lives acquired as a part of a business combination. The amount is the result of the reduction of the carrying amount of these brands to the recoverable amount (Note 14).

Provision for doubtful receivables

Allowance for doubtful receivables 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 doubtful receivables is explained in the Note 8.1.

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

Summary of Significant Accounting Policies (cont'd)

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 and valuation studies conducted by Türkiye Sınai ve Kalkınma Bankası A.Ş. In this context, revaluations are made every six months utilizing reliable and independent data sources. As of December 31, 2018, valuation was also calculated under this policy and revaluation increase of TRL 94.066 after deferred tax was recognized under Revaluation and Remeasurement Gain (Loss). As of December 31, 2018, the net book value of the assets used in operational leasing before valuation amounts to 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.

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.

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

Summary of Significant Accounting Policies (cont'd)

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. Accordingly, the management periodically reviews the value estimates to ensure that the estimated amounts are appropriate. If there is a difference between the assumptions and the actual results, it may leads to affect to the consolidated financial statements.

NOTE 3 - BUSINESS COMBINATIONS

Transactions for 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, a 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) with 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. has been 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 thousand USD 500. After the cash and in kind capital contributions made by AB InBev and EBI, their ownership in AB InBev Efes become 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 in consolidated financial statements of the Group for the period ended December 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 in consolidated financial statements of Anadolu Efes with retained control, TRL 586.736 amount has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated financial statements of Anadolu Efes (Group share amounts to TRL 252.590).

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NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for year of 2018 (cont'd)

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 thousand USD 1.049.170 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 thousand USD 250 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 thousand USD 1.049.990 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 thousand USD 250 as mentioned above (equivalent of TRL 987).

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

In June 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 TRL 179.856).

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to TFRS 3 "Business Combinations" is in progress. TFRS 3 "Business Combinations" permits fair value appraisal works to be completed in one year period. Anadolu Efes has accounted the acquisition based on the carrying values of identifiable assets, liabilities and contingent liabilities on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH's financial statements at the acquisition date in accordance with TFRS 3 "Business Combinations". The difference between the total consideration of business combination and Group's share in the carrying value of acquiree's identifiable assets, liabilities and contingent liabilities amounting to TRL 3.511.284. Provisional goodwill arising from acquisition is temporarily recorded as goodwill in the consolidated financial statements as of December 31, 2018.

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NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for the year of 2018 (cont'd)

The carrying 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:

	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	JSC Sun InBev	PJSC Sun InBev Ukraine	Bevmar GmbH
Cash and Cash Equivalents	**13.759**	11.774	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	**286.496**	232.342	54.154	-
Other Current Assets	**48.660**	25.439	23.222	-
Tangible Assets	**908.270**	635.092	273.178	-
Intangible Assets	**68.380**	66.200	2.180	-
Other Non - Current Assets	**281**	252	29	-
Deferred Tax Assets	**338.416**	286.932	51.484	-
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)	(244)
Other Liabilities	**(184.569)**	(123.948)	(60.621)	-
Carrying Value of Net Assets Acquired	**78.157**	**(201.308)**	**2.827**	**276.638**
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Group's share in Net Assets	**78.110**	**(201.308)**	**2.780**	**276.638**

Total consideration	**4.143.067**
Shareholder loans transferred, net	**(134.228)**
Cash inflows due to commitments determined within the scope of the business combination	**(179.856)**
Impaired assets due to a business combination	**(239.589)**
Group's share in net assets	**(78.110)**
Provisional goodwill arising from acquisition (Note 15)	**3.511.284**

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NOTE 3 - BUSINESS COMBINATIONS (cont'd)

Transactions for year of 2017

Migros, in line with its long-term growth strategy, signed a share sale and purchase agreement with Tesco Overseas Investments Limited (the "Seller") on June 10, 2016 to purchase approximately 95,5% of the shares of Tesco Kipa Kitle Pazarlama Ticaret Lojistik ve Gıda Sanayi A.Ş. ("Kipa") owned by the Seller. According to the share sale and purchase agreement and the latest financial statements of Kipa released on February 29, 2016, the purchase price of the said shares was TRL 302.287 as of the date of the agreement (June 10, 2016). To obtain the necessary legal permit, Migros applied to the Competition Authority on June 21, 2016 and the application was approved on February 9, 2017. According to the annual closing statement of financial position of Kipa dated on February 28, 2017, the purchase price of the shares was TRL 199.012. As of March 1, 2017 Migros has taken over the management of Kipa.

The acquisition of Kipa has been accounted for in accordance with TFRS 3, "Business Combinations". The fair value of identifiable assets and liabilities acquired within the context of the said business combination as of December 31, 2017 has been stated as a draft and these items were reported at their provisional value in summary consolidated financial statements of Migros. The period determined to carry out additions and adjustments concerning the fair value of the assets, liabilities and contingent liabilities is 12 months from the date of purchase.

Bargain purchase gain amounting to TRL 1.050.446 has been calculated in respect of the share acquisition of Kipa in accordance with TFRS 3 "Business Combinations" as a result of accounting within the scope of acquisition accounting. The Group's share of the calculated bargain purchase gain amounts to TRL 525.223 which has been recorded under gain loss from investments accounted through equity method in consolidated statements of profit or loss as of December 31, 2017.

NOTE 4 - SEGMENT REPORTING

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

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

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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	10.623.245	3.857.525	1.179.682	254.502	(377)	23.981.255	18.717.358	42.069.622
Inter-segment sales	-	140	49.419	20.741	126.596	(196.896)	-	-	-
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)	**3.463.551**	**3.526.789**	**694.597**	**247.902**	**147.849**	**(137.757)**	**7.942.931**	**5.248.537**	**13.146.415**
Operating expenses	(3.228.068)	(2.311.106)	(313.800)	(176.235)	(148.896)	146.552	(6.031.553)	(4.399.750)	(10.413.005)
Other operating income (expenses), net	128.989	39.093	(69.284)	(6.266)	(10.938)	(22.347)	59.247	(407.697)	(348.930)
Gain (loss) from the investments accounted through equity method (*)	(80.183)	(882)	(12.432)	(753)	(420.974)	-	(515.224)	-	(135.840)
OPERATING INCOME (LOSS)	**284.289**	**1.253.894**	**299.081**	**64.648**	**(432.959)**	**(13.552)**	**1.455.401**	**441.090**	**2.248.640**
Income (expense) from investing activities, net	183.669	(9.296)	4.378	(2.726)	53.650	(110.692)	118.983	(136.832)	101.684
Financial income (expense), net	(269.815)	(688.827)	(782.772)	(66.414)	(315.026)	(510)	(2.123.364)	(1.351.525)	(3.474.885)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**198.143**	**555.771**	**(479.313)**	**(4.492)**	**(694.335)**	**(124.754)**	**(548.980)**	**(1.047.267)**	**(1.124.561)**
Tax (expense) income from continuing operations, net	(121.512)	(195.611)	331	(6.215)	2.148	(4.132)	(324.991)	211.830	(128.681)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	**76.631**	**360.160**	**(478.982)**	**(10.707)**	**(692.187)**	**(128.886)**	**(873.971)**	**(835.437)**	**(1.253.242)**
Attributable to:									
- Non-controlling interest	26.863	33.382	(177)	-	(2.075)	182.091	240.084	121	(139.187)
- Equity holders of the parent	49.768	326.778	(478.805)	(10.707)	(690.112)	(310.977)	(1.114.055)	(835.558)	(1.114.055)
Total Assets	**17.828.320**	**14.020.442**	**3.651.663**	**718.501**	**5.397.902**	**5.283.980**	**46.900.808**	**10.884.861**	**55.987.297**
Total Liabilities	**8.831.467**	**7.569.706**	**3.639.818**	**505.677**	**3.531.944**	**1.143.417**	**25.222.029**	**10.249.771**	**35.277.863**
Net debt	**1.804.900**	**2.632.568**	**2.825.124**	**243.025**	**2.824.742**	**(4)**	**10.330.355**	**2.801.131**	**13.131.488**
Purchases of tangible & intangible assets, assets used in renting activities and investment property	753.452	857.646	773.410	44.736	4.026	(929)	2.432.341	487.751	2.920.092
EBITDA	**1.128.235**	**1.870.575**	**432.918**	**111.226**	**19.758**	**(319)**	**3.562.393**	**1.217.399**	**4.752.557**
- Depreciation and amortization	685.873	598.630	103.848	31.920	30.721	13.233	1.464.225	295.083	1.759.308
- 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	-	(58)	59.272	407.697	466.969

(*) 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 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.

(**) "Business Partnership Agreement" executed between the Group and Moonlight Capital S.A, the other shareholder of Migros" in connection with the management of Migros is expected to be expired at latest April 30, 2019 starting from which it is expected to have control over Migros and fully consolidation shall be possible in financial statements. "Pro forma Consolidated with Migros" that is presented for indicative purposes shows fully consolidated financial results of Migros as of December 31, 2018.

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NOTE 4 - SEGMENT REPORTING (cont'd)

December 31, 2017	Beer	Soft-Drinks	Automotive	Retailing	Other	Eliminations and Adjustments	Consolidated	Migros	Pro forma Consolidated with Migros (**)
Sales	4.340.320	8.392.016	3.334.022	980.918	116.514	(104)	17.163.686	15.344.047	31.981.875
Inter-segment sales	-	127	37.742	26.895	122.760	(187.524)	-	-	-
Total Sales	4.340.320	8.392.143	3.371.764	1.007.813	239.274	(187.628)	17.163.686	15.344.047	31.981.875
GROSS PROFIT(LOSS)	2.057.076	2.772.311	560.045	217.871	116.493	(137.398)	5.586.398	4.081.966	9.621.026
Operating expenses	(1.752.637)	(1.913.052)	(290.495)	(153.982)	(153.990)	142.266	(4.121.890)	(3.554.016)	(7.663.927)
Other operating income (expenses), net	87.841	14.761	(6.094)	(6.530)	8.552	(19.485)	79.045	(225.127)	(146.305)
Gain (loss) from the investments accounted through equity method (*)	(29.941)	(421)	(148)	(734)	167.151	-	135.907	-	(43.818)
OPERATING INCOME (LOSS)	362.339	873.599	263.308	56.625	138.206	(14.617)	1.679.460	302.823	1.766.976
Income (expense) from investing activities, net	(24.890)	(13.392)	1.502	(3.668)	30.338	(25.653)	(35.763)	1.092.758	922.029
Financial income (expense), net	(234.988)	(439.185)	(500.571)	(36.182)	(275.858)	(60)	(1.486.844)	(792.885)	(2.279.729)
INCOME (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	102.461	421.022	(235.761)	16.775	(107.314)	(40.330)	156.853	602.696	409.276
Tax (expense) income from continuing operations, net	(40.955)	(139.525)	79.170	(8.270)	55.397	2.967	(51.216)	(93.660)	(127.584)
NET INCOME (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	61.506	281.497	(156.591)	8.505	(51.917)	(37.363)	105.637	509.036	281.692
Attributable to:									
- Non-controlling interest	294	43.870	4.478	-	268	186.777	235.687	(3.670)	411.742
- Equity holders of the parent	61.212	237.627	(161.069)	8.505	(52.185)	(224.140)	(130.050)	512.706	(130.050)
Total Assets	9.537.557	13.394.158	4.231.944	592.138	4.722.001	5.428.313	37.906.111	10.302.675	45.874.729
Total Liabilities	4.714.693	7.954.565	3.831.220	352.241	2.619.890	1.167.712	20.640.321	8.775.527	29.120.283
Net debt	912.514	2.098.769	3.024.758	157.528	2.010.693	(3)	8.204.259	2.284.498	10.488.757
Purchases of tangible & intangible assets, assets used in renting activities and investment property	336.768	499.289	1.302.820	36.704	6.014	-	2.181.595	399.222	2.580.817
EBITDA	834.161	1.378.718	365.418	90.789	1.586	(281)	2.670.391	871.902	3.506.711
- Depreciation and amortization	420.378	497.250	96.776	29.257	29.835	14.341	1.087.837	269.956	1.357.793
- Provision for employee termination benefits	8.118	14.679	5.446	3.948	1.873	15	34.079	59.102	93.181
- Provision for vacation pay liability	4.261	(1.461)	763	(554)	(283)	(16)	2.710	14.894	17.604
- Other	9.124	(5.770)	(1.023)	779	(894)	(4)	2.212	225.127	227.339

(*) Loss recognized from Anadolu Etap which is accounted through equity method amounting TRL 29.941 is recorded under 'beer' segment; loss recognized from SSDSD amounting TRL 421 is recorded under 'soft-drinks' segment; loss recognized from Anadolu Landini amounting TRL 148 is recorded under 'automotive' segment; loss recognized from Aslancık amounting TRL 12.574 and income recognized from Migros amounting TRL 179.725 are recorded under 'other' segment; loss recognized from LLC Faber -Castell Anadolu amounting TRL 734 is recorded under 'retailing' segment.

(**) "Business Partnership Agreement" executed between the Group and Moonlight Capital S.A, the other shareholder of Migros" in connection with the management of Migros is expected to be expired at latest April 30, 2019 starting from which it is expected to have control over Migros and fully consolidation shall be possible in financial statements. "Pro forma Consolidated with Migros" that is presented for indicative purposes shows fully consolidated financial results of Migros as of December 31, 2017.

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NOTE 5 - CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	December 31, 2018	December 31, 2017
Cash	**5.317**	9.434
Time deposit	**4.226.317**	5.085.203
Demand deposit	**811.176**	548.723
Other cash and cash equivalents (*)	**226.276**	146.160
Cash and cash equivalents in the consolidated cash flow statement	**5.269.086**	5.789.520
Interest income accruals	**13.904**	10.795
	5.282.990	5.800.315

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

As of December 31, 2018, annual interest rates of the TRL denominated time deposits vary between 15,00% and 24,50% (December 31, 2017: 7,00% - 15,50%) and annual interest rates of the USD and EUR denominated and other time deposits vary between 0,2% and 18,00% (December 31, 2017: annual interest rates of the USD and EUR denominated and other time deposits vary between 0,2% - 8,75%).

As of December 31, 2018, cash and cash equivalents of AGHOL amount to TRL 110.235 (December 31, 2017: TRL 74.251).

As of December 31, 2018, there is no cash deposit pledged as collateral or no restricted deposit by the Group (December 31, 2017: None).

As of December 31, 2018, the Group has designated its bank deposits amounting to TRL 1.100.668, equivalent of thousand USD 195.145 and thousand EURO 12.281 for the future raw material purchases, operational and interest expense related payments (December 31, 2017: TRL 884.724, equivalent of thousand USD 215.230, thousand EUR 15.855).

NOTE 6 – FINANCIAL INVESTMENTS

	December 31, 2018	December 31, 2017
Time deposits	**31.439**	88.588
Investment fund	**6.883**	5.147
Credit card receivables	**2.039**	14.211
- Other	**367**	342
	40.728	108.288

As of December 31, 2018 time deposits with maturities over 3 months made for 31 and 361 days period, are denominated in USD and KZT and interest rates are between 1,00% and 4,50% for USD and 11,00% for KZT (As of December 31, 2017, the interest rate of deposits which are between 31 and 171 days in maturity denominated in USD is 1,00% and the interest rate of deposits denominated in TRL is in the range of 8,00% and 9,50%.).

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NOTE 7 - BORROWINGS

	December 31, 2018	December 31, 2017
Bank borrowings	**3.184.503**	1.488.820
Current portion of long term borrowings	**3.643.106**	4.141.615
Financial leasing payables	**113.693**	48.001
Short term borrowings	**6.941.302**	5.678.436
Bank borrowings	**8.549.418**	8.206.059
Financial leasing payables	**162.986**	228.025
Long term borrowings	**8.712.404**	8.434.084
Total borrowings	**15.653.706**	14.112.520

As of December 31, 2018 AGHOL's total borrowings amount to TRL 1.644.887 (December 31, 2017: TRL 1.142.891).

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. As of December 31, 2018 and 2017 performance criterias have been fulfilled.

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 43.225 (December 31, 2017: TRL 50.345). Sale and leaseback process have been applied for the property, plant and equipment amounting TRL 42.289 (December 31, 2017: TRL 49.239) acquired by financial leasing in 2018. The Group has continued to record these tangible assets based on previous net book values assuming no sales and leaseback transactions.

The movement of borrowings as of December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Opening balance	**14.112.520**	10.234.194
Interest expense	**1.243.994**	623.220
Interest paid	**(1.215.269)**	(562.768)
Addition through business combination	**418.554**	-
Shareholder loans transferred as a result of business combination	**163.549**	-
Proceeds from borrowings	**11.815.989**	9.413.633
Repayments of borrowings	**(15.612.351)**	(6.979.856)
Foreign exchange gain (loss), net	**4.256.305**	1.285.503
Currency translation differences	**413.085**	87.210
Capitalised interest	**57.330**	11.384
Closing balance	**15.653.706**	14.112.520

Net interest expense on cross currency swap contracts for the year ended as of December 31, 2018 is TRL 44.990 (December 31, 2017: None).

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NOTE 7 - BORROWINGS (cont'd)

	December 31, 2018			December 31, 2017		
Short term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**2.515.681**	**11,7% - 37,5%**	**-**	1.263.531	12,6% - 16,8%	TRLibor +2,50%
Borrowing in foreign currency (EUR)	**3.030.888**	**1,0% - 8,0%**	**Euribor + (0,9%-5,1%)**	1.863.506	1,8% - 4,4%	Euribor + (0,8%-5,1%)
Borrowing in foreign currency (USD)	**608.226**	**3,0% - 5,0%**	**Libor + (1,0% - 5,8%)**	2.438.077	3,4% - 6,6%	Libor + (1,0% - 5,0%)
Borrowing in foreign currency (Other)	**670.827**	**6,0% - 21,5%**	**Kibor + (-0,1%-0,5%) & Mosprime + (2,6%)**	65.322	6,0%	Kibor + (0,2%-0,5%)
Financial leasing payables in Turkish Lira	**84.752**	**12,6% - 28,0%**	**-**	23.706	13,0% - 14,1%	-
Financial leasing payables in foreign currency (EUR)	**29.118**	**2,8% - 3,7%**	**-**	22.702	3,7%	-
Financial leasing payables in foreign currency (Other)	**1.810**	**-**	**-**	1.592	-	-
	6.941.302			5.678.436		

Long term	**Amount**	**Fixed interest rate**	**Floating interest rate**	Amount	Fixed interest rate	Floating interest rate
Borrowing in Turkish Lira	**759.919**	**11,7% - 29,0%**	**-**	371.602	13,3% - 17,0%	-
Borrowing in foreign currency (EUR)	**1.368.410**	**1,5% - 5,0%**	**Euribor + (1,6%-5,1%)**	2.571.675	1,1% - 3,8%	Euribor + (1,5%-5,1%)
Borrowing in foreign currency (USD)	**6.416.056**	**3,4% - 4,4%**	**Libor + (3,9% - 5,0%)**	5.243.379	3,4% - 4,5%	Libor + (3,9% - 5,0%)
Borrowing in foreign currency (Other)	**5.032**	**6,0%**	**-**	19.403	6,0%	-
Financial leasing payables in Turkish Lira	**69.107**	**12,5% - 26,0%**	**-**	134.003	13,0% - 14,1%	-
Financial leasing payables in foreign currency (EUR)	**91.556**	**2,8% - 3,7%**	**-**	90.298	3,7%	-
Financial leasing payables in foreign currency (Other)	**2.324**	**-**	**-**	3.724	-	-
	8.712.404			8.434.084		
	15.653.706			14.112.520		

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NOTE 7 - BORROWINGS (cont'd)

Repayments schedules of long-term borrowings are as follows:

	December 31, 2018	December 31, 2017
1-2 years	**1.290.935**	2.166.793
2-3 years	**800.333**	795.515
3-4 years	**2.841.735**	613.950
4-5 years	**860.094**	2.071.645
5 years and more	**2.919.307**	2.786.181
	8.712.404	8.434.084

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

8.1 Trade Receivables, Third Parties

	December 31, 2018	December 31, 2017
Trade receivables	**2.755.054**	1.943.553
Post-dated cheques and notes receivables	**121.991**	175.986
Less: provision for doubtful trade receivables	**(131.901)**	(69.925)
	2.745.144	2.049.614

As of December 31, 2018, the Group has long term trade receivables from third parties amounting to TRL 1.437 (December 31, 2017: TRL 5.851).

Movement of provision for doubtful trade receivables is as follows:

	December 31, 2018	December 31, 2017
Balance at January 1	**69.925**	48.982
Provisions (Note 26.2)	**36.222**	25.246
Reversal of provision (including collections)	**(3.638)**	(4.265)
Recorded due to business combination	**26.429**	-
Write-off from doubtful receivables	**(6.579)**	(1.383)
Currency translation differences	**9.542**	1.345
Balance at the end of the period	**131.901**	69.925

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NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES (cont'd)

8.1 Trade Receivables, Third Parties (cont'd)

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, 2018	December 31, 2017
- Less than a year	**328.493**	398.688
- Between one and five years	**145.262**	363.820
- More than five years	**-**	29.933
	473.755	792.441

8.2 Trade Payables, Third Parties

	December 31, 2018	December 31, 2017
Short-term trade payables	**4.148.914**	2.230.878
Long-term trade payables	**44.207**	35.180
	4.193.121	2.266.058

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

9.1 Other Short Term Receivables, Third Parties

	December 31, 2018	December 31, 2017
Receivables from tax office	**54.827**	21.673
Due from personnel	**16.612**	15.653
Deposits and guarantees given	**6.827**	10.833
Other	**40.674**	59.795
	118.940	107.954

9.2 Other Long Term Receivables, Third Parties

	December 31, 2018	December 31, 2017
Deposits and guarantees given	**51.283**	22.763
Other	**5.485**	2.919
	56.768	25.682

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

9.3 Other Short Term Payables, Third Parties

	December 31, 2018	December 31, 2017
Taxes payable	**1.155.767**	670.638
Deposits and guarantees taken	**262.906**	204.491
Other	**96.822**	7.683
	1.515.495	882.812

As of December 31, 2018 the non-current portion of other payables to third parties consists of deposits and guarantees taken amounting TRL 392.368 (December 31, 2017: TRL 349.032).

NOTE 10 – INVENTORIES

	December 31, 2018	December 31, 2017
Raw materials	**968.353**	534.013
Work-in-process	**175.974**	120.186
Finished and trade goods	**1.066.959**	877.610
Packaging materials	**154.802**	119.394
Bottles and cases	**86.030**	59.223
Supplies	**150.194**	120.401
Ongoing real estate projects (*)	**435.999**	225.058
Other inventories	**148.946**	98.042
Provisions for impairment (-)	**(52.247)**	(31.530)
	3.135.010	2.122.397

(*) 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 80.914 in total of which TRL 57.330 belongs to January 1 – December 31, 2018 (December 31, 2017: TRL 23.584)

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

	December 31, 2018	December 31, 2017
Balance at January 1	**31.530**	20.660
Provision	**30.426**	16.651
Provisions no longer required (-)	**(20.981)**	(3.070)
Recorded due to business combination	**16.950**	-
Inventories written-off (-)	**(5.350)**	(3.239)
Currency translation differences	**(328)**	528
Balance at the end of the period	**52.247**	31.530

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NOTE 11 - INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

Joint Ventures

			December 31, 2018		December 31, 2017	
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**	2.297.857	50,00
Anadolu Landini Traktör Üretim ve Pazarlama A.Ş. (Anadolu Landini)	Tractor production	Turkey	**10.421**	**50,00**	1.603	50,00
Aslancık	Production of electricity	Turkey	**(54.073)**	**33,33**	(13.266)	33,33
LLC Faber-Castell Anadolu	Trading of all kind of stationery	Russia	**-**	**28,44**	667	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	**71.195**	**17,09**	46.309	14,35
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	**8.717**	**19,00**	-	-
			1.920.877		2.333.170	

	January 1 - December 31, 2018	January 1 - December 31, 2017
Entity	**Group's interest in net income/(loss)**	
Migros (*)	**(379.384)**	179.725
Anadolu Landini	**(12.432)**	(148)
Aslancık	**(40.807)**	(12.574)
LLC Faber-Castell Anadolu	**(753)**	(734)
Anadolu Etap (**)	**(80.183)**	(29.941)
SSDSD	**(882)**	(421)
TOGG	**(783)**	-
	(515.224)	135.907

(*) Shares of Migros are currently quoted in BİST.

(**) Anadolu Efes and Burlingtown LLP, among the shareholders, participated in capital increase of Anadolu Etap that has been carried out in June and November in 2018. Özgörkey Holding didn't participate in capital increase. As a result of the capital increase, the share of Anadolu Efes has increased from 33,33% to 39,70%, hence, the final share of the company has been increased to 17,09%.

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

Joint Ventures (cont'd)

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

	December 31, 2018	December 31, 2017
Anadolu Landini		
Total Assets	**194.532**	77.942
Total Liabilities	**173.691**	74.737
Net Assets	**20.841**	3.205
Group's share in net assets	**10.421**	1.603

	December 31, 2018	December 31, 2017
Revenue	**107.498**	-
Net loss	**(24.864)**	(296)
Group's share in net loss	**(12.432)**	(148)

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

	December 31, 2018	December 31, 2017
Migros		
Current Assets	4.474.261	3.776.275
Non-Current Assets	6.410.600	6.526.400
Total Assets	**10.884.861**	10.302.675
Short-Term Borrowings	1.229.090	1.038.037
Other Current Liabilities	5.445.829	4.478.059
Long-Term Borrowings	3.341.007	2.874.437
Other Non-Current Liabilities	233.845	384.994
Total Liabilities	**10.249.771**	8.775.527
Net Assets	**635.090**	1.527.148
Attributable to:		
Non-controlling interests	2.186	56.654
Net assets of the equity holders of the parent	**632.904**	1.470.494
Group's share in net assets	**1.884.617**	2.297.857

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

Joint Ventures (cont'd)

	December 31, 2018	December 31, 2017
Revenue	**18.717.358**	15.344.047
Net (loss)/profit	(835.437)	509.036
Non-controlling interests	121	(3.670)
Equity holders of the parent	**(835.558)**	512.706
Acquisition accounting and fair value adjustments	76.790	(153.256)
Net (loss)/(profit) per consolidation	**(758.768)**	359.450
Group's share in net (loss)/profit	**(379.384)**	179.725

The movement of carrying value of the joint venture Migros in the consolidated financial statements as of December 31, 2018 and 2017 is as follows:

	December 31, 2018	December 31, 2017
Balance at the beginning of the period	**2.297.857**	2.104.941
Group's share in net (loss)/income (*)	**(379.384)**	179.725
Treasury shares (**)	**(62.718)**	-
Recorded due to the business combination (**)	**22.468**	-
Group's share in currency translation differences	**6.685**	12.943
Group's share in remeasurement fund	**(291)**	248
Balance at the end of the period	**1.884.617**	2.297.857

(*) Bargain purchase gain amounting to TRL 1.050.446 has been calculated in respect of Migros, a joint venture of the Group acquiring shares of Kipa as stated in Note 3 in accordance with TFRS 3 "Business Combinations" as a result of accounting within the scope of acquisition accounting. The Group's share of the calculated bargain purchase gain amounts to TRL 525.223 which has been reflected in the consolidated financial statements as of December 31, 2017.

(**) Migros, a joint venture of the Group, merged with its subsidiary Kipa on August 31, 2018. As a result of the merger, the public shares of Kipa, which have been recorded within non-controlling interests line in the consolidated financial statements of Migros, have been transferred to retained earnings or losses and the share of Group amounts to TRL 22.623. In the meantime, due to the merger transaction, Migros shares with a nominal value of TRL 2.962 corresponding to the former Kipa share with a nominal value of TRL 48.998 has been taken over by Migros in exchange for a total of TRL 125.435 as separation fund and the share of the Group amounts to TRL 62.718.

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

Joint Ventures (cont'd)

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

	December 31, 2018	December 31, 2017
Aslancık		
Total Assets	**595.008**	454.386
Total Liabilities	**625.619**	490.579
Net Assets	**(30.611)**	(36.193)
Fair value adjustment	**(131.625)**	(3.523)
Net assets included in consolidation	**(162.236)**	(39.716)
Group's share in net assets	**(54.073)**	(13.266)

	December 31, 2018	December 31, 2017
Revenue	**113.984**	82.612
Net loss	**(122.434)**	(37.726)
Group's share in net loss of the joint venture	**(40.807)**	(12.574)

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

	December 31, 2018	December 31, 2017
LLC Faber-Castell Anadolu		
Total Assets	**16.874**	10.782
Total Liabilities	**17.990**	9.448
Net Assets	**(1.116)**	1.334
Group's share in net assets (*)	**-**	667

	December 31, 2018	December 31, 2017
Revenue	**24.814**	18.888
Net loss	**(2.620)**	(1.468)
Group's share in net loss of the joint venture	**(753)**	(734)

(*) 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.

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

Joint Ventures (cont'd)

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

	December 31, 2018	December 31, 2017
Anadolu Etap		
Total Assets	**1.240.684**	1.212.852
Total Liabilities	**1.061.349**	1.073.925
Net Assets	**179.335**	138.927
Group's share in net assets	**71.195**	46.309

	December 31, 2018	December 31, 2017
Net loss	**(201.976)**	(89.823)
Group's share in net loss of the joint venture	**(80.183)**	(29.941)

NOTE 12 - INVESTMENT PROPERTY

	December 31, 2018	December 31, 2017
Cost		
Balance as of January 1	**405.393**	405.137
Additions	**6**	294
Disposals (-) (**)	**(23.672)**	(20.728)
Currency translation differences	**29.148**	21.354
Transfers (*)	**(24)**	(664)
Balance as of December 31	**410.851**	405.393
Accumulated depreciation		
Balance as of January 1	**97.452**	82.643
Depreciation charge for the period (***)	**8.726**	7.939
Disposals (-)	**(4.902)**	(2.578)
Currency translation differences	**13.132**	9.448
Balance as of December 31	**114.408**	97.452
Net book value	**296.443**	307.941

(*) Investment properties amounting TRL 24 has been transferred to property, plant and equipment (As of December 31, 2017, TRL 664 of investment properties had been transferred to inventories).

(**) As of December 31, 2018 disposals from investment properties mainly arise from the sale of a part of the investment property of AND Anadolu Gayrimenkul and sale of AGHOL's investment property in Şişli (As of December 31, 2017 disposals arise due to sale of a portion of investment property of AEH, which is subject to merger located in Şişli and sale of a portion of AND Anadolu Gayrimenkul's investment property).

(***) As of December 31, 2018 TRL 4.396 (December 31, 2017: TRL 4.081) of the depreciation expenses has been added to cost of sales, TRL 4.330 (December 31, 2017: TRL 3.517) has been added to other expenses (As of December 31, 2017 TRL 341 has been added to general administrative expenses).

As at December 31, 2018 there are mortgages on investment property amounting TRL 530.198 (December 31, 2017: TRL 384.491) 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).

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

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	1.435	234.872	358.545	-	14.648	214.256	379	84.135	908.270
Disposals (-)	(6.262)	(13.665)	(212.265)	(67.611)	(91.634)	(269.792)	(4.955)	(221)	(666.405)
Currency translation differences	86.612	599.161	1.295.404	54.988	24.713	380.844	282	97.947	2.539.951
Transfers (*)	4.196	127.245	336.048	4.286	34.131	232.281	9.224	(765.003)	(17.592)
December 31, 2018	803.497	4.074.388	9.175.507	241.907	1.550.786	2.897.217	182.773	528.252	19.454.327
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	142.732	551.059	30.244	165.675	417.605	13.627	-	1.333.351
Disposals (-)	(248)	(3.854)	(195.665)	(34.441)	(87.984)	(244.856)	(3.361)	-	(570.409)
Currency translation differences	12.391	107.148	581.952	34.234	13.330	205.661	236	-	954.952
Transfers (*)	-	(200)	164	-	2	34	-	-	-
Impairment/ (impairment reversal), net	-	-	9.836	-	-	17.761	-	-	27.597
December 31, 2018	129.928	972.215	4.572.512	135.695	1.055.519	1.446.936	103.575	2.721	8.419.101
Net carrying amount	673.569	3.102.173	4.602.995	106.212	495.267	1.450.281	79.198	525.531	11.035.226

(*) TRL 17.616 of PP&E is transferred to other intangible assets under intangible assets, TRL 24 of investment properties is transferred to PP&E.

(**) TRL 815.861 of depreciation expenses has been added to cost of sales, TRL 439.560 to marketing expenses, TRL 76.503 to general administrative expenses, TRL 2.622 to other expenses and TRL 546 to research and development expenses. Depreciation amounting TRL (3.462) is related to inventories and TRL 1.721 is reflected in the construction in progress.

As at December 31, 2018, there are mortgages on PP&E amounting TRL 120.149 (December 31, 2017: TRL 104.763) for the loans that CCİ and GUE, the Group's subsidiaries borrowed. As at December 31, 2018, TRL 515.268 of the PP&E is pledged (December 31, 2017: TRL 398.335) 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 42.289 and continued to record these PP&Es by previous net book values assuming no leaseback transactions (December 31, 2017: Adel - TRL 30.716, Çelik Motor - TRL 18.523).

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

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

	Land and land improvements	Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Other tangible assets	Leasehold improvements	Construction in progress	Total
Cost									
January 1, 2017	679.040	2.862.336	6.686.200	209.633	1.227.321	1.826.547	154.837	240.508	13.886.422
Additions	11.876	16.583	145.825	18.097	160.339	222.347	12.355	309.465	896.887
Disposals (-)	(4.042)	(1.755)	(216.506)	(41.585)	(39.134)	(181.978)	(5.822)	(38)	(490.860)
Currency translation differences	23.773	176.876	427.579	15.343	5.889	82.580	6.119	17.763	755.922
Transfers (*)	5.726	65.230	217.683	2.524	17.508	55.863	6.594	(389.301)	(18.173)
December 31, 2017	716.373	3.119.270	7.260.781	204.012	1.371.923	2.005.359	174.083	178.397	15.030.198
Accumulated depreciation									
January 1, 2017	91.558	576.400	3.157.158	101.252	852.182	874.445	78.500	-	5.731.495
Depreciation charge for the period (**)	10.528	93.237	403.682	27.693	143.288	280.631	14.855	-	973.914
Disposals (-)	(3.313)	(138)	(205.191)	(33.188)	(33.965)	(171.238)	(2.013)	-	(449.046)
Currency translation differences	6.603	36.587	230.632	9.386	2.991	53.697	1.731	-	341.627
Transfers (*)	-	-	-	73	-	-	-	-	73
Impairment/ (impairment reversal), net	-	20.303	38.885	442	-	13.196	-	2.721	75.547
December 31, 2017	105.376	726.389	3.625.166	105.658	964.496	1.050.731	93.073	2.721	6.673.610
Net carrying amount	610.997	2.392.881	3.635.615	98.354	407.427	954.628	81.010	175.676	8.356.588

(*) TRL 18.356 of PP&E is transferred to rights under intangible assets, TRL 110 of current assets used in renting activities is transferred to motor vehicles under PP&E.

(**) TRL 570.121 of depreciation expenses has been added to cost of sales, TRL 328.354 to marketing expenses, TRL 59.512 to general administrative expenses, TRL 12.356 to other expenses and TRL 484 to research and development expenses. Depreciation amounting TRL 1.808 is related to inventories and TRL 1.279 is related to construction in progress.

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NOTE 14 - INTANGIBLE ASSETS

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
Due to business combination	-	-	54.411	13.969	68.380
Disposals (-)	-	-	-	(5.390)	(5.390)
Currency translation differences	847.875	183.115	84.352	31.343	1.146.685
Transfers (*)	-	-	-	17.616	17.616
December 31, 2018	9.226.672	1.535.154	564.912	601.002	11.927.740
Accumulated amortization					
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	8.459	15.182	23.661
Impairment	-	289.233	103.894	-	393.127
December 31, 2018	-	308.509	112.353	298.090	718.952
Net carrying amount	9.226.672	1.226.645	452.559	302.912	11.208.788

(*) TRL 17.616 of PP&E is transferred to other intangible assets.

(**) TRL 15.101 of the depreciation charge for the period has been added to cost of sales, TRL 5.962 has been added to marketing expenses, TRL 35.348 has been added to general administrative expenses and TRL 419 has been added to research and development expenses. Depreciation amounting TRL 118 is related to inventories, TRL 1.580 is related to construction in progress.

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NOTE 14 - INTANGIBLE ASSETS (cont'd)

Movements of intangible assets for the year ended on December 31, 2017 are as follows:

	Bottling contracts	License agreements	Brands(***)	Other intangible assets	Total
Cost					
January 1, 2017	8.127.529	1.199.378	379.539	353.633	10.060.079
Additions	-	-	-	54.818	54.818
Disposals (-)	-	-	-	(7.675)	(7.675)
Currency translation differences	251.268	152.661	46.610	13.793	464.332
Transfers (*)	-	-	-	18.356	18.356
December 31, 2017	8.378.797	1.352.039	426.149	432.925	10.589.910
Accumulated amortization					
January 1, 2017	-	27	-	176.126	176.153
Amortization charge for the period (**)	-	25	-	46.672	46.697
Disposals (-)	-	-	-	(3.977)	(3.977)
Currency translation differences	-	3	-	7.807	7.810
Impairment	-	19.169	-	445	19.614
December 31, 2017	-	19.224	-	227.073	246.297
Net carrying amount	8.378.797	1.332.815	426.149	205.852	10.343.613

(*) TRL 18.356 of PP&E is transferred to other intangible assets.

(**) TRL 15.469 of the depreciation charge for the period has been added to cost of sales, TRL 4.467 has been added to marketing expenses, TRL 25.637 has been added to general administrative expenses and TRL 575 has been added to research and development expenses, TRL 175 has been added to other expenses. Depreciation amounting TRL 115 is related to inventories, TRL 259 is related to construction in progress.

(***) As a result of the restatement explained in details in Note 2, TRL 161.272 has been restated retrospectively.

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NOTE 15 - GOODWILL

Movements of the goodwill for the years ended December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
At January 1	**1.834.897**	1.669.307
Due to business combination (Note 3)	**3.511.284**	-
Currency translation differences	**545.374**	165.590
At December 31	**5.891.555**	1.834.897

As of December 31, 2018 and 2017, operating segment distributions of goodwill are presented below:

	Beverage	**Automotive**	**Total**
2018	**5.888.494**	**3.061**	**5.891.555**
2017	1.831.836	3.061	1.834.897

NOTE 16 - GOVERNMENT INCENTIVES AND GRANTS

As of December 31, 2018, 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 205.441 (December 31, 2017: TRL 205.441) with a total tax advantage of TRL 41.209 (December 31, 2017: TRL 39.198). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL 2.119 (December 31, 2017: TRL 2.119).

The cash support collected from TUBİTAK in 2018 regarding the R&D activities of Anadolu Isuzu, the subsidiary of the Group, is TRL 485 (December 31, 2017: TRL 675). As of December 31, 2018, Anadolu Isuzu's R&D discount amount due to expenses related to R&D activities to be used for tax calculation is TRL 101.193. 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, 2017: TRL 41.480). 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 centre. 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 5.607 as of December 31, 2018 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 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, 2017: TRL 26.229, deferred tax: TRL 3.934).

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

17.1 Employee Benefits Obligations

	December 31, 2018	December 31, 2017
Social security and withholding tax liabilities	**72.070**	64.692
Payables to personnel	**42.788**	29.814
	114.858	94.506

17.2 Short Term Provision for Employee Benefits

The provisions for employee benefits as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Short-term	**130.899**	127.731
Provision for bonus	**47.531**	58.784
Provision for vacation pay liability	**47.866**	28.408
Other short-term employee benefits	**34.848**	38.087
Provision for wage/salary differences of collective bargaining agreement	**-**	2.452
Provision for employee termination benefits	**654**	-
Long-term	**192.358**	167.865
Provision for employee termination benefits	**182.070**	157.904
Provision for incentive plan	**10.288**	9.961
	323.257	295.596

The movement of provision for bonus is as follows:

	December 31, 2018	December 31, 2017
Balance at January 1	**58.784**	66.011
Charge for the period (net)	**117.337**	139.603
Payments (-)	**(163.158)**	(150.989)
Currency translation differences	**11.341**	4.159
Due to business combination	**23.227**	-
Balance at the end of the period	**47.531**	58.784

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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, 2018	December 31, 2017
Balance at January 1	**157.904**	146.065
Interest expense	**5.428**	7.527
Charge for the period (net)	**47.800**	29.462
Payments (-)	**(34.079)**	(33.984)
Actuarial losses	**5.387**	8.834
Currency translation differences	**284**	-
Balance at the end of the period	**182.724**	157.904

The movement of provision for incentive plan is as follows:

	December 31, 2018	December 31, 2017
Balance at January 1	**9.961**	9.332
Interest expense	**334**	831
Charge for the period (net)	**23.405**	18.749
Payments (-)	**(23.412)**	(19.496)
Actuarial losses	**-**	543
Currency translation differences	**-**	2
Balance at the end of the period	**10.288**	9.961

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employee termination benefits, amounting to TRL 4.604 was reflected to consolidated statements of other comprehensive income (December 31, 2017: TRL 9.282).

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

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

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 5,434/year at December 31, 2018 and TRL 4,732/year December 31, 2017) 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, 2018 and 2017 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, 2018 discount rate (yearly) used in calculations is between 4,13%-4,46% (December 31, 2017: 2,95%-4,55%).

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 6,018 effective from January 1, 2019 (January 1, 2018: TRL 5,002) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

17.3 Other Provisions

The provisions as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Provision for litigations	**18.698**	9.452
Warranty provisions (*)	**11.434**	13.429
Other provisions	**19.642**	1.007
	49.774	23.888

(*) 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, 2018	December 31, 2017
Balance at January 1	**13.429**	13.595
Charge for the period (net)	**10.433**	13.787
Payments (-)	**(12.428)**	(13.953)
Balance at the end of the period	**11.434**	13.429

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NOTE 18 - COMMITMENTS

As of December 31, 2018 and December 31, 2017 letter of guarantees, pledges and mortgages (GPMs) are as follows:

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	**1.649.692**	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	**930.515**	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	**-**	-	-	-	-	-	-	-
	2.811.626	334.670	263.579	131.286	27	42.879	4.889.331	105.294

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NOTE 18 - COMMITMENTS (cont'd)

December 31, 2017	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	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	1.427.757	410.566	189.170	42.857	3.275	40.952	2.667.000	13.281
B. Total amount of GPMs given in favor of subsidiaries included in full consolidation	701.877	-	59.498	96.165	-	-	468.836	27.202
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	124.370	12.609	29.630	-	-	-	-	-
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	124.370	12.609	29.630	-	-	-	-	-
iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
	2.254.004	423.175	278.298	139.022	3.275	40.952	3.135.836	40.483

As of December 31, 2018, the ratio of other GPMs over the Group's equity is 1,1%. (December 31, 2017: 0,7%).

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, 2018, CCBPL has USD 4,5 million sugar purchase commitment to the Banks until the end of April 2019 and has USD 25,3 million sugar purchase commitment to the Banks until the end of December 2019 and has USD 17 million resin purchase commitment to the Banks until the end of November 2019.

ABH has service agreement liabilities for 1 to 5 years with its customers.

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NOTE 18 - COMMITMENTS (cont'd)

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.

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

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, 2018, the remaining amount of the related loan is thousand USD 95.950.

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, 2018, the balance of the loan is thousand USD 71.111 and the warranty per the Group is thousand USD 23.704 (December 31, 2017: thousand USD 88.889). The Company, has acted as a guarantor in the proportion of its capital (33,33%) to Aslancık's finance loan amounting to thousand EURO 23.364. As of December 31, 2018, the balance of the loan is thousand EURO 23.364 and the warranty per the Group is thousand EURO 7.788.

As of December 31, 2018 the obligation of TRL 12.416 (Note 20.4) results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase (December 31, 2017: TRL 8.902) (Note 20.4).

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% 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 198.020 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2017: TRL 117.572).

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, 2018, there are no defaulting installments (December 31, 2017: 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, 2018, Kartal Gayrimenkul has no penalty for delay (December 31, 2017: None).

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NOTE 19 – PREPAID EXPENSES

19.1 Short-term Prepaid Expenses

	December 31, 2018	December 31, 2017
Prepaid expenses	**416.100**	339.445
Advances given	**152.752**	121.803
	568.852	461.248

19.2 Long-term Prepaid Expenses

	December 31, 2018	December 31, 2017
Prepaid expenses	**410.447**	300.576
Advances given	**14.758**	54.312
	425.205	354.888

NOTE 20 - OTHER ASSETS AND LIABILITIES

20.1 Other Current Assets

	December 31, 2018	December 31, 2017
Assets used in renting activities	**328.683**	414.094
VAT receivable	**549.577**	438.261
Other current assets	**73.885**	21.789
	952.145	874.144

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

Movements of current assets used in renting activities for periods ended December 31, 2018 and 2017 are as follows:

Current Assets Used in Renting Activities

	December 31, 2018	December 31, 2017
Cost		
Balance at January 1	**420.585**	374.985
Additions	**490.911**	403.389
Disposals	**(1.280.172)**	(921.145)
Transfers	**718.275**	563.356
Revaluation decreases	**(17.463)**	-
Balance at the end of the period	**332.136**	420.585
Accumulated depreciation		
Balance at January 1	**6.491**	5.386
Depreciation charge for the period (*)	**94**	94
Disposals	**(57.650)**	(52.299)
Transfers	**54.518**	53.310
Balance at the end of the period	**3.453**	6.491
Net carrying amount	**328.683**	414.094

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

20.2 Other Non-Current Assets

	December 31, 2018	December 31, 2017
Assets used in renting activities	**1.302.368**	1.715.251
VAT receivable and other taxes	**81.584**	66.038
Other non-current assets	**18.654**	27
	1.402.606	1.781.316

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

Movements of non-current assets used in renting activities for the year ended December 31, 2018 and 2017 are as follows:

Non-Current Assets Used in Renting Activities

	December 31, 2018	December 31, 2017
Cost		
Balance at January 1	**1.795.616**	1.532.948
Additions	**176.296**	826.207
Transfers (Note 20.1) (**)	**(718.275)**	(563.539)
Revaluation increases	**138.061**	-
Balance at the end of the period	**1.391.698**	1.795.616
Accumulated depreciation		
Balance at January 1	**80.365**	71.094
Depreciation charge for the period (*)	**63.483**	62.654
Transfers (Note 20.1) (**)	**(54.518)**	(53.383)
Balance at the end of the period	**89.330**	80.365
Net carrying amount	**1.302.368**	1.715.251

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

(**) As of December 31, 2017 non-current assets used in renting activities amounting TRL 110 has been transferred to the motor vehicles under PP&E.

20.3 Other Current Liabilities

	December 31, 2018	December 31, 2017
Other payables	**24.116**	15.315
Put option liability (Note 18)	**12.416**	8.902
	36.532	24.217

20.4 Other Non-Current Liabilities

	December 31, 2018	December 31, 2017
Put option liability (Note 18)	**198.020**	117.572
Deferred VAT and other taxes	**63.933**	46.477
Other	**8.355**	1.463
	270.308	165.512

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NOTE 21 - DEFERRED INCOME

21.1 Short-term Deferred Income

	December 31, 2018	December 31, 2017
Advances taken (*)	**392.276**	432.937
Other deferred income	**86.829**	48.105
	479.105	481.042

(*) TRL 323.474 of the advances taken is the balance received due to pre-sale related to the ongoing housing project that AND Kartal Gayrimenkul, a subsidiary of the Company which operates in real estate, located in Kartal province in İstanbul (December 31, 2017: TRL 307.011 cash, TRL 43.786 notes).

21.2 Long-term Deferred Income

	December 31, 2018	December 31, 2017
Other deferred income	**27.580**	21.508
	27.580	21.508

NOTE 22 - EQUITY

Share Capital/Adjustments to Share Capital and Equity Instruments

As of December 31, 2018 and 2017, 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, 2018 and 2017 are as follows (the amounts are historical):

	December 31, 2018		December 31, 2017	
	Number of shares	**Amount**	Number of shares	Amount
Balance at the beginning of the period	**243.534.518**	**243.535**	182.000.000	182.000
-Capital increase	**-**	**-**	61.534.518	61.535
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.

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

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.

While the Company has no distributable net income for year ended 2018, other sources which may be subject to dividend distribution amount to TRL 1.652.795.

	December 31, 2018	December 31, 2017
Restricted reserves allocated from net profit	**909.511**	909.511
- Legal reserves	**89.844**	89.844
- Gain on sales of real estate and associates (*)	**819.667**	819.667

(*) The Group's gain from sale of real estate and associates amounting TRL 819.667 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.

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NOTE 22 – EQUITY (cont'd)

Retained Earnings

As of December 31, 2018 and 2017 the summary of equity reserves, extraordinary reserves, other profit reserves and retained earnings are as follows:

	December 31, 2018	December 31, 2017
Equity reserves	**2.422**	2.422
Extraordinary reserves	**1.600.425**	1.625.425
Other profit reserves	**5.119**	5.119
Retained earnings	**859.880**	611.385
	2.467.846	2.244.351

Non-Controlling Interest

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

NOTE 23 - SALES AND COST OF SALES

	December 31, 2018	December 31, 2017
Domestic revenues	**11.141.416**	9.521.145
Foreign revenues	**12.839.839**	7.642.541
Total sales, net	**23.981.255**	17.163.686
Cost of Sales (-)		
Current year purchases and net change in inventory	**12.984.090**	9.398.421
Depreciation and amortization expenses of tangible and intangible assets and assets used in renting activities	**898.935**	652.419
Personnel expenses	**795.086**	587.778
Utilities and communication expenses	**428.137**	254.558
Other expenses	**932.076**	684.112
Total Cost of Sales	**16.038.324**	11.577.288
Gross Profit	**7.942.931**	5.586.398

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NOTE 24 - OPERATING EXPENSES

	December 31, 2018	December 31, 2017
General administrative expenses		
Personnel expenses	**817.155**	615.122
Consultancy and services rendered expenses	**420.751**	162.576
Depreciation and amortization expenses of tangible and intangible assets and investment properties	**111.851**	85.490
Rent expenses	**90.489**	60.439
Taxes and duties	**81.950**	29.869
Utilities and communication expenses	**40.867**	24.600
Insurance expenses	**19.371**	17.162
Maintenance and repair expenses	**13.734**	16.593
Other expenses	**230.249**	164.282
	1.826.417	1.176.133

	December 31, 2018	December 31, 2017
Marketing expenses		
Advertisement and promotion expenses	**1.282.965**	938.193
Transportation and distribution expenses	**1.218.564**	686.542
Personnel expenses	**801.825**	623.901
Depreciation and amortization expenses on tangible and intangible assets	**445.522**	332.821
Repair and maintenance expenses	**50.269**	37.541
Rent expenses	**46.842**	36.775
Utilities and communication expenses	**45.454**	34.927
Other expenses	**309.214**	250.331
	4.200.655	2.941.031

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, 2018	December 31, 2017
Depreciation and amortization expenses		
Cost of sales	**898.935**	652.419
Marketing expenses	**445.522**	332.821
General administrative expenses	**111.851**	85.490
Other operating expenses	**6.952**	16.048
Research and development expenses	**965**	1.059
	1.464.225	1.087.837

Depreciation and amortization amounting TRL 3.301 is reflected in construction in progress and TRL (3.344) is reflected in inventories (As of December 31, 2017 respectively: TRL 1.538 and TRL 1.923).

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NOTE 25 - EXPENSES BY NATURE (cont'd)

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

	December 31, 2018	December 31, 2017
Personnel expenses		
General administrative expenses	**817.155**	615.122
Marketing expenses	**801.825**	623.901
Cost of sales	**795.086**	587.778
Research and development expenses	**1.212**	1.317
	2.415.278	1.828.118

NOTE 26 - OTHER OPERATING INCOME/EXPENSES

26.1 Other Operating Income

	December 31, 2018	December 31, 2017
Foreign exchange gains arising from trading activities	**301.611**	149.434
Income from scrap and other materials	**51.556**	32.433
Rent income	**24.119**	14.232
Rediscount gain from trading activities	**17.527**	7.702
Insurance compensation income	**2.693**	2.638
Other	**293.406**	170.515
	690.912	376.954

26.2 Other Operating Expenses

	December 31, 2018	December 31, 2017
Foreign exchange losses arising from trading activities	**389.764**	161.061
Donations	**44.868**	6.749
Provision for doubtful receivables (Note 8)	**36.222**	25.246
Rediscount loss from trading activities	**12.963**	12.348
Depreciation and amortization expense on tangible and intangible assets	**6.952**	16.048
Other	**140.896**	76.457
	631.665	297.909

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NOTE 27 - INCOME/EXPENSES FROM INVESTING ACTIVITIES

27.1 Income from Investing Activities

	December 31, 2018	December 31, 2017
Transfer of currency translation differences recognized in other comprehensive expenses in the prior period to the profit of loss statement	**169.937**	-
Gain on sale of property, plant and equipment	**118.323**	34.785
Rent income	**3.899**	4.525
Dividend income	**15**	17
Gain on sale of joint ventures (*)	**-**	21.280
Gain from liquidation of subsidiary	**-**	19.145
	292.174	79.752

(*) The sale of Group's 55,25% shares in Ana Gıda to Koninklijke Bunge B.V. has been completed on February 21, 2017 and the share sale proceeds of TRL 55.622 was received in cash. Currently, Group does not hold any shares in Ana Gıda.

27.2 Expenses from Investing Activities

	December 31, 2018	December 31, 2017
Provision for impairment on intangible assets (Note 14)	**103.894**	19.614
Provision for impairment on tangible assets (Note 13)	**27.597**	75.547
Loss on sale of tangible & intangible assets	**25.132**	13.483
Cost of relocating property, plant and equipment	**15.706**	-
Loss on sale of intangible assets	**57**	-
Loss on sale of marketable securities	**-**	41
Other	**805**	6.830
	173.191	115.515

NOTE 28 - FINANCIAL INCOME

	December 31, 2018	December 31, 2017
Foreign exchange gain	**3.188.014**	1.155.186
Interest income	**354.203**	176.175
Derivative transactions income	**46.792**	438
	3.589.009	1.331.799

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NOTE 29 - FINANCIAL EXPENSES

	December 31, 2018	December 31, 2017
Foreign exchange loss	**4.380.608**	2.144.756
Interest expense	**1.243.994**	623.220
Loss on derivative transactions	**17.090**	2.312
Revaluation expense of put option liability	**-**	8.431
Other expense	**70.681**	39.924
	5.712.373	2.818.643

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 (2017: 20%). Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one installment until the end of the related month. The tax legislation provides for a provisional tax of 22% (2017: 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the 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, 2018 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, 2018	December 31, 2017
Current income tax assets	**189.152**	132.368
Income tax payable (-)	**(18.036)**	(7.826)
Net tax (liability)/asset	**171.116**	124.542

30.2 Deferred Tax Assets and Liabilities

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

	December 31, 2018	December 31, 2017
Deferred tax asset	**1.148.241**	551.155
Deferred tax liability (-)	**(2.096.149)**	(1.915.078)
Total deferred tax asset/(liability), net	**(947.908)**	(1.363.923)

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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, 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)**	**(208.725)**	**(2.388.938)**
Tax losses carried forward	**646.038**	**403.300**	**1.049.338**
Employee termination benefit and other employee benefits	**36.566**	**19.195**	**55.761**
Inventories	**73.861**	**7.443**	**81.304**
Investment incentive	**51.827**	**14.086**	**65.913**
Receivables and payables	**28.873**	**166.625**	**195.498**
Derivative financial instruments	**(28.448)**	**13.465**	**(14.983)**
Other	**7.573**	**626**	**8.199**
Net deferred tax liability	**(1.363.923)**	**416.015**	**(947.908)**
Added through business combination	**-**	**(338.436)**	**-**
Currency translation difference	**-**	**169.639**	**-**
Recognised in other comprehensive income	**-**	**(299.700)**	**-**
	(1.363.923)	**(52.482)**	**(947.908)**

The movement of net deferred tax liabilities as of the year ended on December 31, 2017 is as follows:

	Balance December 31, 2016	Recorded to profit or loss	Balance December 31, 2017
Property, plant and equipment, intangibles, investment property, assets used in renting activities	(2.163.627)	(16.586)	(2.180.213)
Tax losses carried forward	506.843	139.195	646.038
Employee termination benefit and other employee benefits	15.808	20.758	36.566
Inventories	87.552	(13.691)	73.861
Investment incentive	32.426	19.401	51.827
Receivables and payables	77.191	(48.318)	28.873
Derivative financial instruments	(31.322)	2.874	(28.448)
Other	18.270	(10.697)	7.573
Net deferred tax liability	(1.456.859)	92.936	(1.363.923)
Currency translation difference	-	37.947	-
Recognised in other comprehensive income	-	(15.442)	-
	(1.456.859)	115.441	(1.363.923)

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

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

30.3 Tax Expense

	December 31, 2018	December 31, 2017
Current period tax expense (-)	**(272.509)**	(166.657)
Deferred tax (expense)/income	**(52.482)**	115.441
	(324.991)	(51.216)

	December 31, 2018	December 31, 2017
Profit/(loss) before tax from continuing operations	**(548.980)**	156.853
Gain (loss) from investments accounted through equity method	**515.224**	(135.907)
Taxable income	**(33.756)**	20.946
Tax ratio used by the parent company 22% (2017: 20%)	**7.426**	(4.189)
Tax ratio of the companies using different ratio	**129**	(17.479)
Non-taxable income (-)	**15.928**	21.351
Carry forward tax losses that are not subject to deferred tax	**(7.026)**	(10.697)
Non-deductible expenses	**(28.456)**	(13.472)
Deferred tax effect of translation difference on non-monetary items	**(37.846)**	(15.246)
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	**(69.578)**	(1.484)
Other	**(66.208)**	(10.000)
	(324.991)	(51.216)

NOTE 31 - EARNINGS PER SHARE

	December 31, 2018	December 31, 2017
Net (loss) profit	**(1.114.055)**	(130.050)
Weighted average number of shares	**243.534.518**	243.534.518
- Earnings (Loss) per share from continuing operations (full TRL)	**(4,57)**	(0,53)
- Earnings (Loss) per share (full TRL)	**(4,57)**	(0,53)

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NOTE 32 - RELATED PARTY BALANCES AND TRANSACTIONS

32.1 Trade and Other Receivables from Related Parties

	December 31, 2018	December 31, 2017
Migros Group Companies (1) (*)	**207.907**	176.493
Anadolu Landini (1)	**52.243**	74.613
LLC Faber-Castell Anadolu (Russia) (1)	**1.917**	1.250
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	**1.371**	1.207
Other	**10.491**	6.026
	273.929	259.589

(*) 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, 2018 there is no amount in long term portion of trade receivables from related parties (December 31, 2017: None).

As of December 31, 2018 other receivables from related parties amounts to TRL 20.595 (December 31, 2017: None).

32.2 Trade Payables to Related Parties

	December 31, 2018	December 31, 2017
Anadolu Landini (1)	**6.142**	-
Migros Group Companies (1)	**651**	657
Other	**554**	69
	7.347	726

As of December 31, 2018 there is no long term trade payables due to related parties (December 31, 2017: None).

(1) A joint venture

(2) A Company controlled by a joint venture

(3) Shareholder of the Company

(4) Other

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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, 2018, the Group has not provided for any doubtful receivables, relating to amounts due from related parties (December 31, 2017: 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, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Sales of goods and services, net		
Migros Group Companies (1)	**624.434**	523.954
Anadolu Landini (1)	**10.383**	68.011
AEP Anadolu Etap Penkon Gıda ve Tarım Ürün. San. Ve Tic. A.Ş. (1)	**6.732**	3.868
Anadolu Efes Spor Kulübü (4)	**3.595**	3.264
Anadolu Eğitim ve Sosyal Yardım Vakfı Sağlık Tes. İkt. İşl. (4)	**1.863**	2.080
Other	**4.087**	2.078
	651.094	603.255

	December 31, 2018	December 31, 2017
Purchases of goods, property, plant & equipment and other charges		
Anadolu Efes Spor Kulübü (4)	**63.741**	51.033
Anadolu Eğitim ve Sosyal Yardım Vakfı (4)	**42.973**	5.819
Migros Group Companies (1)	**7.572**	5.937
Other	**2.354**	4.275
	116.640	67.064

	December 31, 2018	December 31, 2017
Various sales included in other income (includes dividends received)		
Anadolu Landini (1)	**11.298**	882
Migros Group Companies (1)	**454**	221
Other	**506**	420
	12.258	1.523

(1) A joint venture

(2) A Company controlled by a joint venture

(3) Shareholder of the Company

(4) Other

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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 periods ended on December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Short term benefits provided to key management personnel	**95.451**	61.772
Post-employment benefits	**5.719**	1.422
Total gain	**101.170**	63.194
Social Security employer share	**2.256**	1.390

Other

The Company and its subsidiaries other than 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, 2018, donations amount to TRL 42.973 (December 31, 2017: TRL 5.831).

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.

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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, 2018 and 2017 details of maximum credit risk exposure and aging of assets overdue but not impaired are stated below:

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**	**2.746.581**	**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	2.510.725	20.595	164.526	5.082.836	186.177	228.315
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	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	-	-	-	-	-	-	-

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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, 2017	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)	259.589	2.055.465	-	133.636	5.733.309	95.093	160.371
- Maximum credit risk secured by guarantees	63.086	1.469.356	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	256.126	1.865.831	-	133.636	5.733.309	95.093	160.371
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	3.463	193.651	-	-	-	-	-
- Under guarantee	-	98.376	-	-	-	-	-
D. Net carrying amount of financial assets impaired	-	(4.017)	-	-	-	-	-
- Past due (gross carrying value)	-	65.907	-	-	-	-	-
- Impaired (-)	-	(69.925)	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	(4.017)	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-
- Impaired (-)	-	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-	-

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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, 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**	**-**	**-**

December 31, 2017	Trade Receivables	Other Receivables	Deposits
Past due between 1-30 days	149.740	-	-
Past due between 1-3 months	29.171	-	-
Past due between 3-12 months	6.111	-	-
Past due for more than 1 year	8.629	-	-

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, 2017	**Average exchange buying rate in the period**	**Exchange buying rate at December 31, 2018**
USD/TRL	Turkey	3,7719	4,8301	5,2609
EUR/TRL	Turkey	4,5155	5,6789	6,0280

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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 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).

Efes Breweries International NV, the subsidiary of the Group, has a cross currency swap agreement on April 12, 2018 in order to hedge foreign currency risk arising from Russian Ruble receivables arising from shareholder loans which was taken over following the business combination mentioned in Note 3 amounting to TRL 361.501.

As of December 31, 2018, CCI, the subsidiary of the Group, has a cross currency swap contract with a total amount of USD 150 million (nominal amount: 219.135 TRL) signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term (December 31, 2017: None).

The Company has a cross currency swap contract with a total amount of EURO 25 million (nominal amount: 150.900 TRL) signed on December 5, 2018, December 7, 2018 and December 21, 2018 and due on May 12, 2021, for the probability of arising exchange rate exposure in the long term (December 31, 2017: None).

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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	240.047	13.633	21.269	40.116
2a. Monetary financial assets (cash and cash equivalents included)	1.931.627	311.073	34.710	85.871
2b. Non - monetary financial assets	10.362	-	1.719	-
3. Other	27.750	1.187	3.547	126
4. Current assets (1+2+3)	**2.209.786**	**325.893**	**61.245**	**126.113**
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)	**2.214.350**	**326.094**	**61.825**	**126.123**
10. Trade payables	894.599	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)	**4.586.655**	**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)	**12.768.351**	**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)	**(4.464.918)**	**(413.956)**	**(377.495)**	**(11.595)**
21. Monetary items net foreign currency asset/(liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(10.381.999)**	**(1.136.329)**	**(728.874)**	**(10.232)**
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-

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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, 2017	TRL Equivalent (Functional currency)	Thousand USD	Thousand EUR	Other TRL
1. Trade receivables	147.197	16.704	17.638	4.546
2a. Monetary financial assets (cash and cash equivalents included)	3.790.344	961.386	33.370	13.409
2b. Non - monetary financial assets	-	-	-	-
3. Other	44.691	1.378	8.070	3.053
4. Current assets (1+2+3)	3.982.232	979.468	59.078	21.008
5. Trade receivables	1.328	352	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non - monetary financial assets	-	-	-	-
7. Other	6.149	494	949	-
8. Non - current assets (5+6+7)	7.477	846	949	-
9. Total assets (4+8)	3.989.709	980.314	60.027	21.008
10. Trade payables	498.100	38.551	59.634	83.412
11. Short - term borrowings and current portion of long - term borrowings	4.313.879	646.269	415.507	-
12a. Monetary other liabilities	865	-	192	-
12b. Non - monetary other liabilities	29.138	3.754	3.317	-
13. Current liabilities (10+11+12)	4.841.982	688.574	478.650	83.412
14. Trade payables	-	-	-	-
15. Long - term borrowings	7.743.162	1.347.116	589.519	-
16a. Monetary other liabilities	-	-	-	-
16b. Non - monetary other liabilities	117.574	31.171	-	-
17. Non - current liabilities (14+15+16)	7.860.736	1.378.287	589.519	-
18. Total liabilities (13+17)	12.702.718	2.066.861	1.068.169	83.412
19. Off balance sheet derivative items' net asset/(liability) position (19a-19b)	618.327	709	136.342	-
19a. Total hedged assets	618.327	709	136.342	-
19b. Total hedged liabilities	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(8.094.682)	(1.085.838)	(871.800)	(62.404)
21. Monetary items net foreign currency asset/(liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(8.617.137)	(1.053.494)	(1.013.844)	(65.457)
22. Total fair value of financial instruments used to manage the foreign currency position	-	-	-	-

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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)

Information related to export and import as of December 31, 2018 and 2017 are as follows:

	2018	2017
Total Export Amount	**1.145.926**	438.702
Total Import Amount	**4.500.623**	3.353.015

	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	(618.174)	618.174
2- USD denominated hedging instruments(-)	400.396	(400.396)
3- Net effect in USD (1+2)	**(217.778)**	**217.778**
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset/liability	(436.065)	436.065
5- Euro denominated hedging instruments(-)	208.512	(208.512)
6- Net effect in Euro (4+5)	**(227.553)**	**227.553**
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset/liability	(1.159)	1.159
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	**(1.159)**	**1.159**
TOTAL (3+6+9)	**(446.490)**	**446.490**

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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, 2017 (*)	
	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	(409.835)	409.835
2- USD denominated hedging instruments(-)	267	(267)
3- Net effect in USD (1+2)	(409.568)	409.568
Change in the EUR against TRL by 10% +/-:		
4- Euro denominated net asset/liability	(455.226)	455.226
5- Euro denominated hedging instruments(-)	61.565	(61.565)
6- Net effect in Euro (4+5)	(393.661)	393.661
Change in the other foreign currencies against TRL by 10% +/-:		
7- Other foreign currency denominated net asset/liability	(6.239)	6.239
8- Other foreign currency hedging instruments(-)	-	-
9- Net effect in other foreign currency (7+8)	(6.239)	6.239
TOTAL (3+6+9)	(809.468)	809.468

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

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).

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 253 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). As a result of change in the Company's risk policy EURO 100 million of EURO 253 million loans has been discontinued from hedging net investments in foreign operations as of December 5, 2018. It is decided to designate different derivate financial instruments for the related EURO 100 million.

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AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

(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 (cont'd)

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL 1.520.855 (TRL 1.192.092 - 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 2017: None).

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, 2018 (December 31, 2017: 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, 2018**	December 31, 2017
Financial instruments with fixed interest rate		
Financial assets		
- Time deposits	**4.271.660**	5.184.586
Financial liabilities	**11.527.925**	10.954.408
Financial instruments with floating interest rate		
Financial liabilities	**4.125.781**	3.158.112

At December 31, 2018, 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, 2019 which is the following reporting period, would be:

	Effect on profit before tax	
Interest Increase	**December 31, 2018**	December 31, 2017
1% increase	**(10.221)**	(7.853)

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

(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)

Liquidity Risk (cont'd)

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	**20.179.468**	**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	4.200.468	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	-	-	-

December 31, 2017

Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities	16.600.284	18.197.875	3.799.478	4.557.789	6.695.871	3.144.737
Borrowings and financial leasing payables	14.112.520	15.709.116	1.712.036	4.309.224	6.543.119	3.144.737
Trade payable and due to related parties	2.266.784	2.267.779	1.992.936	239.663	35.180	-
Put option liability	126.474	126.474	-	8.902	117.572	-
Employee benefit obligations	94.506	94.506	94.506	-	-	-

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.

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AG ANADOLU GRUBU HOLDİNG ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

(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, 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**

	December 31, 2017	Level 1	Level 2	Level 3
Derivative financial assets	95.093	-	95.093	-
Derivative financial liabilities	-	-	-	-
Put option liability	126.474	8.902	-	117.572

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.

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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".

As of December 31, 2018, CCİ has 4 aluminum swap transactions with a total nominal amount of TRL 153.639 (December 31, 2017: TRL 427) for 14.234 tones. The total of these aluminum swap contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flows for the highly probable purchases of can exposed to commodity price risk.

As of December 31, 2018, CCİ does not have any option transactions to hedge its financial risk arising from the cash flows due to aluminum purchasing (December 31, 2017: 2 option transactions for the right to purchase 216 tonnes of aluminum at USD 1.650 per tonne).

As of December 31, 2018, CCİ has a derivative financial instrument with a structured cross currency swap contract amounting to USD 150 million signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TRL 219.135 (December 31, 2017: None).

As of December 31, 2018, Anadolu Efes has 21 aluminum swap transactions with a total nominal amount of TRL 18.676 (December 31, 2017: None) for 1.775 tones. The total of these aluminium 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.

As of December 31, 2018, Anadolu Efes has foreign currency forward transactions with a nominal amount of TRL 100.942 amounting to USD 2 million and EUR 15 million (December 31, 2017: None).

Efes Breweries International NV has a cross currency swap agreement on April 12, 2018 in order to hedge foreign currency risk arising from Russian Ruble receivables arising from shareholder loans which was taken over following the business combination mentioned in Note 3 amounting to TRL 361.501.

Efes Breweries International NV has executed an interest rate swap agreement on June 8, 2015 in order to mitigate interest rate risk of loan amounting to TRL 226.219 (equivalent of USD 43 million) with maturity of June 6, 2020 and variable interest rate.

As of December 31, 2018, Adel, a subsidiary of the Group has a participating forward transaction with a nominal amount of TRL 106.270 amounting to USD 20,2 million (December 31, 2017: None).

As of December 31, 2018, the Company has foreign currency forward transactions amounting to EUR 25 million with a nominal amount of TRL 150.900 (December 31, 2017: None).

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NOTE 34 - FINANCIAL INSTRUMENTS (cont'd)

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

Fair value of derivative financial instruments as of December 31, 2018 is as follows:

	December 31, 2018			December 31, 2017	
		Fair values		Fair values	
	Contract amount	**Assets**	**Liabilities**	Assets	Liabilities
Derivatives held for hedging:					
Receivables from operating leases	**416.043**	**139.167**	**-**	94.757	-
Cross currency swaps	**361.501**	**44.263**	**-**	-	-
Interest rate swaps	**226.219**	**2.747**	**-**	-	-
Commodity swap transactions	**172.295**	**-**	**13.485**	152	-
Currency forward transactions	**207.212**	**-**	**27.552**	184	-
Currency swap transactions	**150.900**	**-**	**3.356**	-	-
	1.534.170	**186.177**	**44.393**	95.093	-
Short term		**102.996**	**41.037**	64.521	-
Long term		**83.181**	**3.356**	30.572	-
		186.177	**44.393**	95.093	-

NOTE 35 - DISCLOSURES OF INTERESTS IN OTHER ENTITIES

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

	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**	**55.174**	**6.423.204**	**143.463**

	December 31, 2017			
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	85.095	5.587.763	82.615

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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, 2018	December 31, 2017
Current assets	10.289.601	9.097.981
Non-current assets	28.636.511	20.431.651
Total assets	**38.926.112**	29.529.632
Short-term borrowings	2.355.115	3.045.478
Other current liabilities	5.424.550	2.773.176
Long-term borrowings	6.873.565	5.464.012
Other non-current liabilities	2.938.876	2.581.371
Total liabilities	**17.592.106**	13.864.037
Net assets	**21.334.006**	15.665.595
Attributable to:		
Non-controlling interests	10.055.334	5.853.895
Net assets of the equity holders of the parent	**11.278.672**	9.811.700

Summary consolidated statement of profit or loss:	**Anadolu Efes**	Anadolu Efes
	December 31, 2018	December 31, 2017
Revenue	18.689.686	12.732.359
Net income	315.110	305.889
Non-controlling interests	218.228	156.469
Equity holders of the parent	**96.882**	149.420

Summary cash flow:	**Anadolu Efes**	Anadolu Efes
	December 31, 2018	December 31, 2017
Cash flows from operating activities	2.818.246	2.190.025
Cash flows used in investing activities	(1.372.787)	(788.653)
Cash flows from (used in) financing activities	(4.115.991)	1.085.374
Effect of currency translation differences	2.027.706	172.436
Net increase in cash and cash equivalents	**(642.826)**	2.659.182
Cash and cash equivalent at the beginning of the period	5.399.185	2.740.003
Total cash and cash equivalent at the end of the period	**4.756.359**	5.399.185

NOTE 36 - EVENTS AFTER THE REPORTING PERIOD

1) The capital of Aslancık, a joint venture of the Company, was increased to TRL 228.600 on February 4, 2019 with an increase of TRL 63.600. All shareholders have participated in the capital increase in proportion to their shares and the capital increase amount paid by the Company is TRL 21.200.

2) The Company applied to the CMB on January 10, 2019 for the merger through facilitated merger method with Anadolu Termik, a 100% owned subsidiary and the application was approved on February 8, 2019. The merger was registered on February 21, 2019.

Other Information

Other Information

DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBER CANDIDATES

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

• No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

• I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

• I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

• I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

• I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

• I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

• I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

• I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

• I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

• I have not been registered and announced as a board member representing the legal entity for which I will be elected.

Ali Galip Yorgancıoğlu, 01.02.2018

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

• No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

• I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

• I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

• I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

• I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

• I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

• I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

• I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

• I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

• I have not been registered and announced as a board member representing the legal entity for which I will be elected.

Uğur Bayar, 01.02.2018

Other Information

DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBER CANDIDATES

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

• No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

• I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

• I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

• I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

• I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

• I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

• I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

• I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

• I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

• I have not been registered and announced as a board member representing the legal entity for which I will be elected.

Fatma Aslı Başgöz, 01.02.2018

I hereby declare that, with respect to AG Anadolu Grubu Holding A.Ş. (the Company);

• No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,

• I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,

• I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,

• I am not a full time employee with any public entity or organization following my election as a member with the exception of employment as a university professor provided that such employment is in compliance with the laws and regulations that are applicable to universities,

• I am assumed to be a resident in Turkey in accordance with the Income Tax Law dated 31.12.1960, numbered 193,

• I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;

• I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,

• I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,

• I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,

• I have not been registered and announced as a board member representing the legal entity for which I will be elected.

M. Ercan Kumcu

Mehmet Ercan Kumcu, 01.02.2018

Other Information

LEGAL AND OTHER INFORMATION ABOUT ACTIVITIES

1. Trade Registry Information

Trade Name: AG Anadolu Grubu Holding A.Ş.
Mersis (Central Registration System) No.: 0-9450 0453-3100015
Trade Registry No.: 143399/90907
Date of Incorporation: 30 December 1976
Head Office Address: Fatih Sultan Mehmet Mah. Balkan Cad. No: 58 Buyaka E Blok Tepeüstü Ümraniye/İstanbul
Head Office Contact No.: 0 216 578 85 00
Website Address: www.anadolugrubu.com.tr

2. Amendments to the Articles of Association

None.

3. Capital Structure

The Company's paid-in capital is TRL 243,534,518 as at 31 December 2018. Out of the Company's capital, TRL 194,827,614 consists of Group A shares, and TRL 48,706,904 consists of Group B shares. Information about voting rights and privileged shares are presented on pages 6 and 7 of our annual report.

The Company distributed 25.00% cash dividends out of the 2014 profit in 2015, 6.25% cash dividends out of the 2015 profit in 2016, 28.125% cash dividends out of the 2016 profit in 2017, and additional cash dividends at the ratio of 32.50% at year-end 2017. The Company distributed 10.27% cash dividends in 2018.

4. Organizational Structure

The organization chart and the resumés of the executives named therein are presented on pages 23 and 29 of our annual report.

5. Information about the Governing Body, Senior Executives and Employees

Information about the Company's Board of Directors is presented on pages 18 and 22 of the Annual Report.

Remuneration, benefits and similar interests provided to the Board of Directors members and senior executives are provided under the related section of the Corporate Governance Principles Compliance Report and additionally, under note no. 32 of the Consolidated Financial Statements.

Total number of employees as at 31 December 2018 is 24,922 on consolidated basis (31 December 2017: 21,811) and 131 on an unconsolidated basis (31 December 2017: 127).

6. Financial Condition

Analysis, summary and key ratios pertaining to the Company's consolidated financial results as at 31 December 2018 are presented on pages 98 to 109 of the Annual Report.

In 2018, the Company booked a dividend income in the amount of TRL 123,605,271 from its subsidiaries and associates.

	TRL
Anadolu Efes Biracılık ve Malt San. A.Ş.	108,330,226
Adel Kalemcilik Ticaret ve Sanayi A.Ş.	12,514,862
AEH Sigorta Acenteliği A.Ş.	1,100,000
Oyex Handels GmbH	1,256,821
Efestur Turizm İşletmeleri A.Ş.	400,000
Coca-Cola İçecek A.Ş.	3,362
Total	**123,605,271**

The Company management predicts that the robust and regular cash flow of the Company's financial structure will allow the Company to cover all of its obligations; the capital did not remain uncovered nor the Company is overindebted. In this framework, the Company's financial structure is sufficiently healthy, and does not require improvement.

The Company's Dividend Policy is presented under the relevant section of the Corporate Governance Principles Compliance Report of the Annual Report.

7. Production and Sales

In 2018, the Company booked TRL 69,258,200 in consultancy income.

8. Research & Development

The Company does not have any R&D activities or investments, nor does it have an R&D policy.

9. Investment Expenses

The Company incurred TRL 1,530,638 in investment expenses during 2018.

10. Donations

The Company's donations during 2018 amounted to TRL 44,868,322 on a consolidated basis and TRL 21,349 on an unconsolidated basis.

11. Affiliated Company Report

The "Affiliated Company Report" describing our relations with our controlling shareholder that the Company's Board of Directors is obliged to prepare under Article 199 of the Turkish Commercial Code has been approved at the Board of Directors meeting held on 7 March 2019, and its conclusion part is quoted hereinbelow:

"It has been concluded that AG Anadolu Grubu Holding A.Ş. did not engage in any transaction with its controlling shareholders or subsidiaries thereof at the instruction of the controlling company or with the intent to obtain results that would be to the benefit of exclusively to the controlling company or a company affiliated thereto, nor is there any action taken or avoided to the benefit of the controlling company or a company affiliated thereto; also according to the conditions and circumstances known to us, a counter-performance on arm's length was provided in all transactions the Company carried out in 2018 with its controlling shareholder or subsidiaries thereof so as to ensure continuation of the operation in a competitive manner at the market conditions prevailing at the time the transaction was performed. Furthermore, there were no actions taken or avoided to the benefit of the controlling shareholder in AG Anadolu Grubu Holding A.Ş. or subsidiaries thereof that might cause loss to the Company and hence, there are no transactions or actions that would require offsetting."

Other Information

12. Other Information

This section covers our explanations regarding other matters that are required to be included in the Annual Report pursuant to the TCC other than those listed above.

- At the Company's Ordinary General Assembly, the Board of Directors members were authorized under Articles 395 and 396 of the Turkish Commercial Code no. 6762 with respect to prohibition of doing business and competing with the Company. In the related fiscal year, the Board members did not do business nor did they compete with the Company.
- Information about the Company's direct and indirect subsidiaries and shareholding interests is provided on pages 131 and 133 of the Annual Report.
- The Company did not repurchase its own shares during the reporting period.
- The Company did not undergo any special audit during the fiscal year.
- As at 31 December 2018, there are no lawsuits filed against the Company, which might negatively affect the Company's financial condition and activities.
- There are no administrative or judicial sanctions imposed against the Company or the Board of Directors members on account of violation of regulatory provisions.
- Information about the Company's internal control and internal audit activities, risk management policy and the Committee for Early Detection of Risks is provided under the related sections within the Corporate Governance Principles Compliance Report of the Annual Report.
- The Company's Ordinary General Assembly convened on 24 April 2018, and all of the resolutions adopted at the meeting have been implemented.
- During the reporting period, no extraordinary General Assembly meeting was held in 2018.
- Significant events that took place following the end of the fiscal year are described under note 36 of Consolidated Financial Statements.

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