ANADOLU EFES

ANNUAL REPORT 2016

ADDING DIFFERENT FLAVORS TO LIFE

We reach more than 670 million consumers with beer and soft drinks brands in our portfolio. We are renewing and improving the diversification of our portfolio according to changing and customized tastes. We live the happiness of adding taste to life with every drop we produce.

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DIRECTORY

14th

Anadolu Efes: The World's 14th Largest Brewer

5th

CCI: The 5th** Largest Bottler in the Coca-Cola System

6th

Europe's 6th Largest Brewer*

Source: Canadean Global Beer Trends 2016, Nielsen
* Company estimate.
** According to information provided by CCI.

15 Breweries in 6 Countries

6 Malteries

CCI: Turkey's Largest Soft Drinks Producer with 64%**** Market Share

Anadolu Efes is Turkey's Largest Brewer

Malt Production Capacity of 248 Thousand Tons

Beer Production Capacity of 39.5 mhl

24 Bottling Plants in 10 Countries***

Soft Drinks Production Capacity of 1,461 Million u/c

Ranked Either First or Second in Most of the Markets It Operates

More than 70 Beer Export Markets

***In markets where production takes place.

**** Nielsen.

TASTE OF THE SUN

As Anadolu Efes, born and growing in these lands, we take our quality from the sun, water and soil of this country. We use high quality barley for high quality beer. We have 15 types of registered, high quality barley varieties and seven types of registered hops.

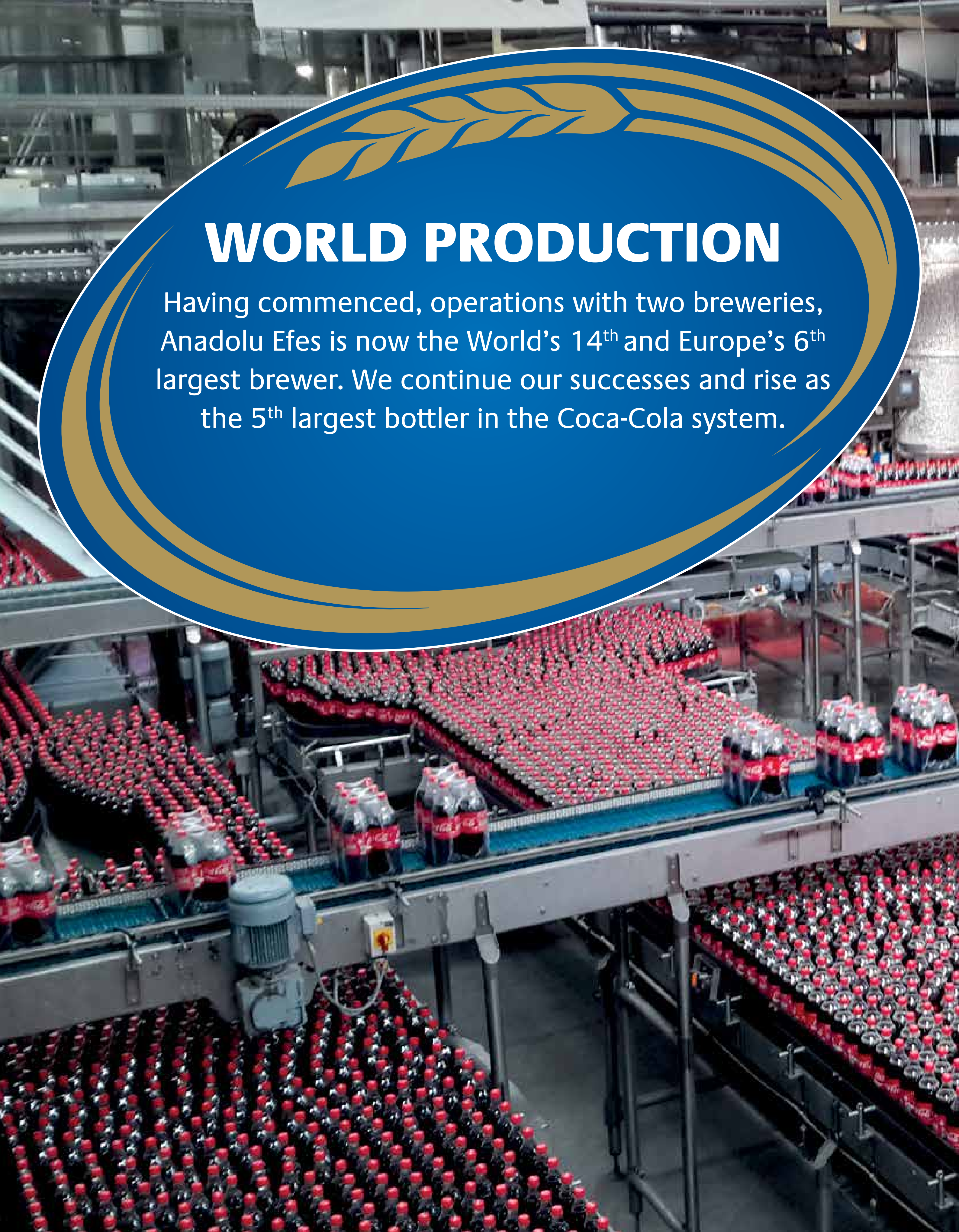

ANADOLU
EFES

VALUE OF THE LABOR

We are always by our farmers' side for the agriculture and economy of our country. We are the only buyer of hops grown in our country. We support our farmers with opportunities such as purchase guarantees, technical training and agricultural equipment. We add value to Turkey by supporting local employment with our sensitivity about procurement.

WORLD PRODUCTION

Having commenced, operations with two breweries, Anadolu Efes is now the World's 14th and Europe's 6th largest brewer. We continue our successes and rise as the 5th largest bottler in the Coca-Cola system.




Coca-Cola
2006

DIFFERENTIATION IN QUALITY

We do our work with heart and great care. We use internationally recognized system standards for better quality production processes with the responsibility of being one of the leading players in the world beer market.


ANADOLU
EFES

ANADOLU EFES IN BRIEF

Anadolu Efes today serves more than 670 million consumers with a portfolio of beer and soft drink brands. Anadolu Efes is Europe's sixth and the world's 14th largest brewer by sales volume.

Anadolu Efes is a strong and respected member of the Anadolu Group.

Established in 1950 by the Yazıcı and Özilhan families, the Anadolu Group carries its existence to the future in light of its vision of becoming a "Star that connects Anatolia to the World and the World to Anatolia". The Group operates in 19 countries, with more than 80 companies, 61 manufacturing facilities and nearly 50 thousand employees.

Anadolu Group continues its rapid and healthy growth by creating added value for Turkey through partnerships established with leading brands of the world and cooperation with multinational companies.

Concentrating on beer, soft drinks, automotive and retail areas with world-scale, respectable brands; Anadolu Group has expanded its operational field through investments in the agriculture, real estate, energy and health sectors in recent years.

Within the framework of the social responsibility concept, Anadolu Group continues with a sensitive approach to contribute to the society in the areas of education, health and sports through Anadolu Foundation, Anadolu Medical Center and Anadolu Efes Sports Club.

Anadolu Efes is the leader of its sector

Having started its operations with two breweries established in Turkey, Anadolu Efes soon became the country's undisputed market leader in the sector. In the 1990s, the company expanded abroad by a decision which proved to be a turning-point in its corporate history. Constantly seeking to ensure the viability of its international operations, in 2012 the company took an important step in the direction of broadening its regional clout by entering into a strategic partnership with SABMiller Plc ("SABMiller").

Anadolu Efes' international beer operations are carried out by Efes Breweries International NV ("EBI"), a wholly-owned subsidiary based in Holland. The company also controls a majority stake in Coca-Cola İçecek A.Ş. ("CCI"), which is responsible for the conduct of Coca-Cola operations in Turkey, and international markets.

Anadolu Efes today serves more than 670 million consumers with a portfolio of beer and soft drink brands. Making about three-fourth of its beer sales outside its home market, Anadolu Efes is Europe's sixth and the world's 14th biggest brewer by sales volume. With 15 breweries, six malteries, and one hops processing facility in six countries and with 24 bottling plants of its Coca-Cola operations in 10 countries, Anadolu Efes, one of the most important players in its region, ships its products to more than 70 countries.

Anadolu Efes is today the leader of its industry with its strong, insightful vision and a dynamic, efficient organizational structure. Supported by its pioneering, innovative approach and its solid corporate competencies that it has built up in the 47 years since it was founded, Anadolu Efes is ready for the future with the synergies that it is capable of creating, and its deep knowledge and experience.

CAPITAL AND SHAREHOLDER STRUCTURE

Anadolu Efes is one of the largest companies listed on Borsa İstanbul ("BIST") as measured by market capitalization. Anadolu Efes' shares have consistently attracted above average interest from international institutional investors ever since the shares began trading in 2000. Anadolu Efes is also one of the companies listed on the BIST that has the highest share of institutional ownership in its free float.

31 DECEMBER 2016	SHARE AMOUNT (TRL)	SHARE RATIO (%)
Yazıcılar Holding A.Ş. ("Yazıcılar Holding")	139,786,634	23.61
Özilhan Sınai Yatırım A.Ş. ("Özilhan Sınai")	79,812,569	13.48
Anadolu Endüstri Holding A.Ş.("AEH")*	35,291,953	5.96
SABMiller Harmony Ltd.	142,105,263	24.00
Publicly-traded and other	195,108,843	32.95
Total issued capital	**592,105,263**	**100.00**
Registered capital ceiling	900,000,000	
BIST Symbol	AEFES.IS	

* *AEH is jointly held by Yazıcılar Holding, (BIST symbol: YAZIC.IS) (68%) and Özilhan Sınai (32%).*

The company's capital is comprised of 592,105,263 shares each with a nominal value of 1 (one) TRL. 142,105,263 of the shares are owned by SABMiller Harmony Limited and are registered shares, while 450,000,000 of the shares are bearer shares. AB InBev acquired SABMiller Plc as of October 12, 2016 and has become a new indirect partner of Anadolu Efes through SABMiller Harmony Ltd.

Thanks to the Level 1 American Depository Receipts ("ADR") program (AEBZY/Cusip No: 032523102), Anadolu Efes shares may be bought and sold by private investors on over-the-counter ("OTC") markets as well as by international institutional investors.

1 JANUARY-31 DECEMBER 2016	LOWEST	HIGHEST	AVERAGE	31.12.2015	31.12.2016	CHANGE (%)
Share Price** (TL)	16.44	22.30	18.92	18.65	17.63	-5.4
Market Value (TL million)	9,731.2	13,203.9	11,204.4	11,040.4	10,438.8	-5.4
BIST-100 (TL)	68,567.9	86,343.7	77,210.0	71,727.0	78,138.7	8.9

***Adjusted*

ANADOLU EFES SUBSIDIARIES

Anadolu Efes has a total of 15 breweries, six malt production facilities, a hop processing facility in six countries including Turkey, and 24 bottling plants in 10 countries where Coca-Cola operations are carried out.

Anadolu Efes is the leader of its sector with the strong vision, dynamic and contemporary structure it has today.

Turkey Beer Operations

ANADOLU EFES BIRACILIK VE MALT SAN. A.Ş.

100.0%
Efes Pazarlama ve Dağıtım Tic. A.Ş., Turkey

33.3%
Anadolu Etap Tarım ve Gıda Ürünleri Sanayi ve Ticaret A.Ş., Turkey

International Beer Operations

- 100.0% EFES BREWERIES INTERNATIONAL N.V.
  - 100.0% Moscow Efes Brewery, Russia
  - 100.0% Efes Kazakhstan Brewery, Kazakhstan
  - 99.9% Efes Ukraine Brewery, Ukraine
  - 100.0% JSC Lomisi, Georgia
  - 96.9% Efes Vitanta Moldova Brewery, Moldova
  - 100.0% Efes Trade BY FLLC, Belarus

Soft Drinks Operations

- 50.3% COCA-COLA İÇECEK A.Ş.*
  - 100.0% Coca-Cola Satış Dağıtım A.Ş. (CCSD), Turkey
  - 100.0% Mahmudiye Kaynak Suyu Ltd. Şti., Turkey
  - 100.0% Coca-Cola Almaty Bottlers LLC, Kazakhstan
  - 100.0% Coca-Cola Beverages Tajikistan LLC, Tajikistan
  - 99.9% Azerbaijan Coca-Cola Bottlers LLC, Azerbaijan
  - 59.5% Turkmenistan Coca-Cola Bottlers Ltd., Turkmenistan
  - 100.0% Coca-Cola Bishkek Bottlers CJSC, Kyrgyzstan
  - 49.7% Coca-Cola Beverages Pakistan Ltd., Pakistan
  - 90.0% The Coca-Cola Bottling Company of Jordan Ltd., Jordan
  - 50.0% Syrian Soft Drink Sales and Distribution LLC, Syria
  - 80.0% Al Waha for Soft Drinks, Juices, Mineral Water, Plastics and Plastic Caps Production LLC, Iraq
  - 100.0% CC Company for Beverage Industry Limited, Iraq

* *Direct and indirect shareholding.*

MILESTONES

Anadolu Efes, which started its operations with two breweries established in Turkey, achieved market leadership in its sector shortly after it was founded and expanded abroad in the 90s.

MILESTONES OF BEER OPERATIONS

1969

THE FIRST BEER PRODUCTION STARTED WITH TWO FACILITIES UNDER THE BRAND NAME OF EFES PILSEN.

1970s-1980s-1990s

A HOP PROCESSING FACILITY, TWO MALTERIES, AND TWO NEW BREWERIES WERE ESTABLISHED.

1986

EFES PAZARLAMA WAS ESTABLISHED TO CONDUCT SALES, DISTRIBUTION, AND MARKETING OPERATIONS IN TURKEY.

1996

THE GROUP ENTERED THE KAZAKHSTAN BEER MARKET WITH AN ACQUISITION OF A BREWERY IN THE COUNTRY.

1998

ANADOLU EFES INCREASED THE NUMBER OF ITS BREWERIES IN TURKEY TO FIVE BY ACQUIRING THE ASSETS OF THE TOROS BREWERY ALONG WITH THE “MARMARA” BRAND.

1998

EFES BREWERIES INTERNATIONAL N.V. WAS FOUNDED.

1999

PRODUCTION BEGAN IN RUSSIA AT A MOSCOW-BASED BREWERY AND THE “STARY MELNIK” BRAND WAS LAUNCHED.

2000

THE GROUP’S FOUR PUBLICLY TRADED BEER AND MALT PRODUCING COMPANIES WERE MERGED UNDER ANADOLU EFES.

2003

ENTERED THE MOLDOVAN BEER MARKET.

2006

THE KRASNY VOSTOK BREWING GROUP WAS ACQUIRED IN RUSSIA.

2008

ENTERED THE GEORGIAN BEER MARKET.

2010

“EFES PILSENER” BRAND STARTED TO BE MANUFACTURED IN GERMANY UNDER A CONTRACT.

2011

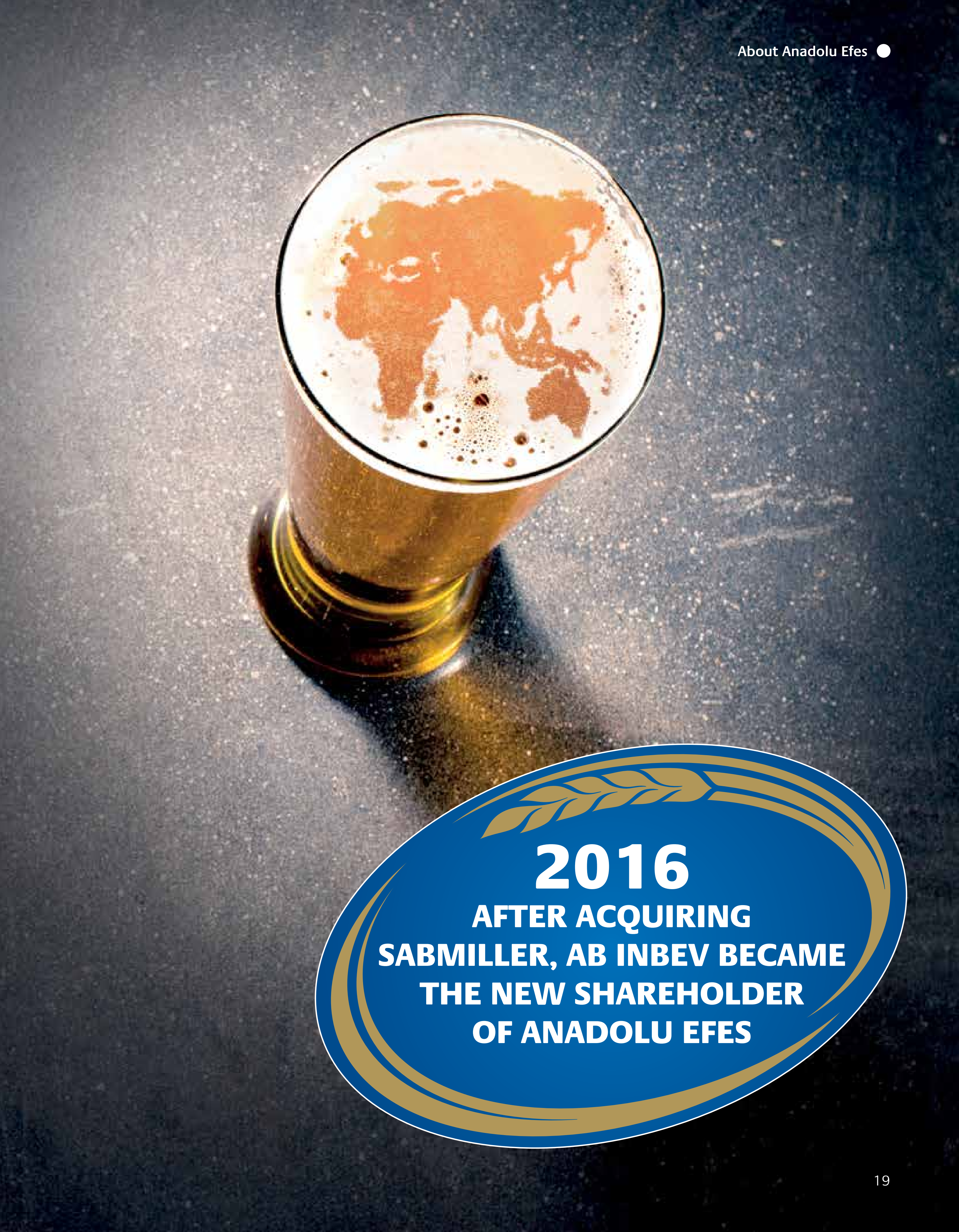
SABMILLER AND ANADOLU EFES SIGNED A STRATEGIC ALLIANCE AGREEMENT.

2012

ANADOLU EFES ACQUIRED ALL OF SABMILLER’S BEER OPERATIONS IN RUSSIA AND UKRAINE.

2016

AFTER ACQUIRING SABMILLER, AB INBEV BECAME THE NEW SHAREHOLDER OF ANADOLU EFES



2016

AFTER ACQUIRING SABMILLER, AB INBEV BECAME THE NEW SHAREHOLDER OF ANADOLU EFES

MILESTONES

Supported by its pioneering, innovative approach and the solid corporate competencies that it has built up in the 47 years since it was founded, Anadolu Efes is ready for the future with the synergies that it is capable of creating, and its deep knowledge and experience.

MILESTONES OF SOFT DRINK OPERATIONS

1993

EFES SINAİ YATIRIM HOLDİNG WAS SET UP.

1995

COCA-COLA BOTTLING OPERATIONS COMMENCED IN KAZAKHSTAN.

1996-1998

BOTTLING PLANTS WERE SET UP IN KYRGYZSTAN, AZERBAIJAN, AND TURKMENISTAN.

1996

ANADOLU GROUP INVESTED IN COCA-COLA OPERATIONS IN TURKEY.

2005

EXISTING COCA-COLA OPERATIONS IN JORDAN WERE ACQUIRED.

2006

CCI SHARES BEGAN TRADING ON BIST.

2008

CCI STARTED ITS OPERATIONS IN PAKISTAN.

2012

ENTERED SOUTHERN IRAQ MARKET THROUGH AN ACQUISITION.

2015

DUSHANBE (TAJIKISTAN), ASTANA (KAZAKHSTAN) AND MULTAN (PAKISTAN) FACILITIES STARTED PRODUCTION.

CCI products are being delivered to a consumer base of nearly 380 million.

BEER GROUP

Implementing many new investments and pioneering practices in the sector with its dynamic identity, Anadolu Efes has a strong sales network throughout Turkey with the effective marketing strategies it has developed.

ANADOLU EFES' VISION IN BEER OPERATIONS:
To Be the Most Admired Beverage Company in Markets We Operate

Anadolu Efes, which carries on its activities by prioritizing its entrepreneurship, foresight, motivation and great potential for development, will continue its efforts to maintain its strong position with a focus on sustainability.

The first beer brand that comes to mind in Turkey

Behind the success of Anadolu Efes, which has been maintaining sector leadership for almost half a century, lies many years of experience; a dynamic company culture that takes appropriate precautions with the fast decision mechanism in line with changing market conditions; and a company that closely monitors the pulse of the consumer. "Efes Pilsen" is the first brand of Anadolu Efes, which started its operations with beer production in two breweries established in Turkey in 1969 with a production capacity of 300 thousand hectoliters.

Efes Pilsen, which shortly after was positioned as the first beer brand that came to mind in Turkey, is one of the most preferred brands of consumers with its superior quality and consistent flavor.

Implementing many new investments and pioneering practices in the sector with its dynamic identity, Anadolu Efes has a strong sales network throughout Turkey with the effective marketing strategies it has developed. The company, which enriches its product range by taking into consideration customer preferences, has been constantly investing with the aim of further promoting its brand value.

Anadolu Efes, which has an annual production capacity of 39.5 million hectoliters of beer and 248 thousand tons of malt as of 2016 year end, has approximately 50 beer brands in its portfolio.

ANADOLU EFES' MISSION IN BEER OPERATIONS:

To Bring People Together to Share Moments of Life by Enjoying Our Brands Responsibly

Markets with long-term growth potential

Continuing its activities with the mission of expanding and deepening in the domestic market, Anadolu Efes acts on the strategy of being a regional power in the international arena. The fact that the company operates in markets with growth potential comes along with various challenges as much as offering higher growth opportunities compared to more developed economies. Anadolu Efes, which utilizes its competitive advantages and experience it has gained over many years in the region, continues to work to reduce the impact of the challenges it faces, to the minimum.

Anadolu Efes started its beer activities abroad through exports and went on to utilize investment opportunities in new markets by carefully evaluating the conditions of the market with the right timing. Preferring first the culturally and geographically close markets, the company initiated its first overseas operation in Kazakhstan and Russia at the end of the 1990s. Later on, the company continued to operate in Moldova, Georgia and Ukraine, increasing the number of countries in which it carries out its brewing operations to six.

Among the cornerstones of Anadolu Efes' success are: its structure with the capability of quickly offering products that satisfy consumer demand, right pricing policy that supports operational profitability, effective consumer communication aimed at increasing brand awareness, and efforts to achieve a more flexible and efficient structure in its organization.

With approximately 50 beer brands in its portfolio, Anadolu Efes has an annual production capacity of 39.5 million hectoliters of beer and 248 thousand tons of malt as of 2016 year end.

BEER GROUP

TURKISH BEER OPERATIONS

Anadolu Efes continued to improve its sales efficiency and effectiveness while responding to the changing preferences of consumers through new launches and relaunches as part of its strategy to invest in its brands.

EFES TURKEY – PRODUCT PORTFOLIO

PREMIUM SEGMENT BRANDS

EFES BREWMASTER SERIES (WHITE ALE, RED ALE, AMBER ALE), ERDINGER, MILLER GENUINE DRAFT, PERONI NASTRO AZZURO, DUVEL, SAMUEL ADAMS, GROLSCH, AMSTERDAM NAVIGATOR

MAINSTREAM SEGMENT BRANDS

EFES PİLSEN, EFES PİLSEN PASTÖRSÜZ, EFES LIGHT, EFES XTRA, EFES PİLSEN FIÇI, EFES MALT, BOMONTİ, BOMONTİ FİLTRESİZ, BOMONTİ RED ALE, EFES PİLSEN ÖZEL SERİ:10, KOZEL, BECK'S

DISCOUNT SEGMENT BRANDS

MARMARA GOLD, MARMARA 34

In 2016, Anadolu Efes maintained its leadership position in Turkey.

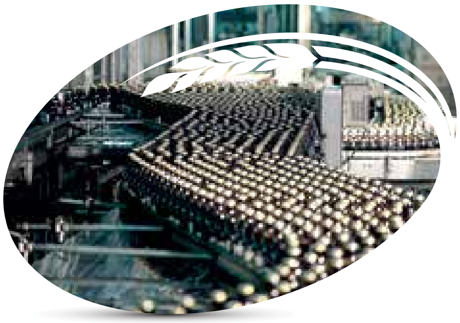
Conducting its operations in our country in four breweries, two malteries, and one hop processing facility, Anadolu Efes is the largest brewer in Turkey. The company has an annual production capacity of 9.5 million hectoliters of beer and 118 thousand tons of malt in Turkey.

In 2016, Anadolu Efes maintained its leadership position in Turkey.

Total consumption in the beer market in Turkey in 2016 is estimated to be around 9.0 million hectoliters with average per capita consumption of 11 liters. Meanwhile, the beer market is estimated to have contracted in the low single digits compared to 2015.

The challenging market conditions in the beer industry have continued with accelerating political and macroeconomic distress during the year, causing consumer confidence to weaken. Moreover, the affordability of beer was negatively affected by higher than inflation increases in excise taxes, the last of which was implemented in December 2016 against the expected schedule of January 2017. The slowdown in the deceleration experienced in the last three quarters has also been reflected on the last quarter of 2016, thanks to the Anadolu Efes' brand strategy, which addresses affordability, while bringing consumers together with the new flavors with a portfolio optimized through new launches and relaunches. Thus, domestic sales volume of Turkey beer operations in 2016 was 6.0 mhl, down by 9.9% compared to the previous year.

Anadolu Efes continued to improve its sales efficiency and effectiveness while responding to the changing preferences of consumers.



7 Facilities

Anadolu Efes conducts its domestic beer production with four breweries, two malt production facilities and one hop processing facility.

2016 was a challenging year in terms of the taxes imposed on the sector. In addition to the excise tax increases of 15.7% in January and 3.2% in July, there was a 10% increase in excise tax on beer in December.

Anadolu Efes has been comparatively affected worse than the beer market from the aforementioned developments. The reasons of this underperformance are the slowdown in tourism, which consequently resulted in a further decline in sales volumes in the on-premise channel where the company has a stronger presence; as well as intensive security problems experienced in the geographic regions where the market share is relatively high.

Additionally, Anadolu Efes continued to improve its sales efficiency and effectiveness while responding to the changing preferences of consumers through new launches and relaunches as part of its strategy to invest in its brands.

Corporate strategy that creates a competitive edge in the market through continuous innovation

Through its efficient and dynamic structuring with the flexibility to respond quickly to the needs of the market in which it operates, Anadolu Efes combines its effective and agile decision-making processes with its deep-rooted experience.

The company aims to grow in a systematic, productive, profitable and sustainable manner in all its business lines in Turkey and in international markets. In 2016, as in previous years, Anadolu Efes implemented the business plans devised in line with this target by means of effective strategies.

In addition to its multi-brand strategy, Anadolu Efes also maintained the positive contribution of different SKU alternatives offered to consumers in 2016.

In 2016, the company focused on productivity growth and cost savings, continuing its marketing investments and offering innovations to the market. Anadolu Efes has achieved a positive trend in sales with new launches such as Efes Brewmaster Series (White Ale, Red Ale, Amber Ale), which is an ale type craft beer series; Efes Pastörsüz (unpasteurized) brand which is an unpasteurized lager with limited shelf life; and Bomonti Red Ale. In 2016, a positive mix was observed in sales breakdown based on both brand and package. This was an operational year in which the company continued to focus on its strong core brands with sales executions that were further improved. In addition, non-performing brands were delisted from the portfolio.

Creating competitive advantages through continuous innovations in terms of product development and business concept, Anadolu Efes went on to take measures to make practices simpler, faster and at lower cost in terms of process improvement.

BEER GROUP

INTERNATIONAL BEER OPERATIONS

Anadolu Efes aimed to adapt more quickly to the new market trends by prioritizing the repositioning of brands with new launches despite all the challenges.

EFES RUSSIA - BRAND PORTFOLIO

HIGH PREMIUM BRANDS

REDD'S, PERONI NASTRO AZZURO

MID PREMIUM BRANDS

GROLSCH, PILSNER URQUELL, MILLER GENUINE DRAFT, AMBERWEISS

LOW PREMIUM BRANDS

V. KOZEL, ESSA, AMSTERDAM NAVIGATOR

UPPER MAINSTREAM BRANDS

ZOLOTAYA BOCHKA, BAVARIA, STARY MELNIK IZ BOCHONKA, EFES PILSENER, 387

LOW UPPER MAINSTREAM BRANDS

STARY MELNIK MAIN, ZWEI MEISTER

LOWER MAINSTREAM BRANDS

BELIY MEDVED, GOLD MINE BEER, TRI BOGATYRYA, ZHIGULEVSKOE, MOYA KALUGA, STUDENOE, RYTSAR PRIMORYA, GREEN BEER, 54M YANTARNOE, SIMBIRSKOE

A market leading position was maintained in most of the international operations.

Anadolu Efes conducts its international beer operations through EBI, a wholly-owned subsidiary which was established in 1998 and is based in the Netherlands. Operating in Russia, Kazakhstan, Moldova, Georgia and Ukraine, EBI has 11 breweries and four malteries with aggregate annual production capacities of 30 million hectoliters of beer and 130 thousand tons of malt, respectively.

In 2016, EBI's consolidated sales were down by 0.9% to 13.9 mhl from 14.1 mhl in 2015, due to challenging operating conditions in its operating markets. EBI's performance was better than our expectations set in the beginning of the year, thanks to the positive significant contribution of Russia.

Additionally, local currency revenues increased along with the price increases in operating markets. However, due to the depreciation of local currencies against the USD, EBI's reporting currency, the decrease in USD revenues was higher than that of the volumes, and EBI recorded net sales revenues of USD 630.6 million in 2016.

Anadolu Efes aimed to adapt more quickly to the new market trends by prioritizing the repositioning of brands with new launches despite all the challenges. Product availability was also supported by increasing penetration through optimization of the portfolio as well as packaging on a product basis. Besides, productivity increases have been ensured as volumes realized were better than expectations. The company has maintained its leadership position in most of its international operations by tightly controlling operating expenses in all its operations.

Anadolu Efes increased its share in the modern channel, while continuing to be one of the two largest players in the premium segment.

Despite all these adverse conditions, the profitability of international beer operations continued to increase in 2016 compared to 2015.

RUSSIA

Market with the largest share in sales volume

Anadolu Efes commenced its Russian operations, which has the largest share in beer segment's sales volume, with the start of production of Moscow-Efes Brewery ("MEB") in 1999. The company further solidified its position in the market through the acquisition of Krasny Vostok Brewing Group, which was the 7th largest player in the market back in 2006 as well as through the strategic alliance with SABMiller in 2012.

Anadolu Efes carries on its operations with six breweries and four malt production facilities in Russia, which has an annual production capacity of 21.7 mhl of beer and 130 thousand tons of malt.

Two consecutive quarters of double-digit growth thanks to the projects and initiatives aimed at the Russian market

The contraction in Russia's beer market, which stood above 25% in total, as a result of the effect of increasing legal regulations and excise taxes since 2010, was well below the expectations in 2016, giving positive signals for the upcoming period. In 2016, consumption in the Russia beer market is estimated to be around 80.0 mhl.

While at the beginning of 2016, the Russian market was expected to post a decrease parallel to the previous year, this expectation has been revised as a low-to-mid single digit contraction in the period. On the other hand, the expectation of Anadolu Efes to outperform the market was maintained. The improved macroeconomic outlook with the recovery in oil prices in Russia was positively reflected on consumer confidence, significantly contributing to achieve this result. Again, the above average weather conditions, particularly in the 2nd and 3rd quarters, had a positive reflection on the market. The promotional activities of the industry players throughout the year assured that the market perform better than expectations. Additionally, official postponement of the ban regarding the production of PET bottles of 1.5 liters and above, to 2017, also helped the contraction in the beer market to be lower than expected.

Evaluating these conditions in the best manner, Anadolu Efes performed better than the market thanks to projects and initiatives aimed at the market. Our focus particularly on the upper mainstream segment has been influential in gaining us market share compared to the previous year. Besides, Anadolu Efes continued to increase its share in the growing modern trade channel, while being one of the two largest players in the premium segment. Additionally, as a result of various alternatives offered to consumers during 2016, a much more rapid adoption of the portfolio to the upcoming PET restrictions is expected.

Adapting rapidly to the changing consumer preferences, Anadolu Efes continued to position its product portfolio increasingly in the premium/upper mainstream segment. Consequently, having increased its market share in terms of value, Anadolu Efes was positioned as the second largest player in the market with 14.0% volume and 14.9% value share in 2016.

BEER GROUP

INTERNATIONAL BEER OPERATIONS

Operating in Russia, Kazakhstan, Moldova, Georgia and Ukraine, Anadolu Efes has 11 breweries and four malteries in this geography.

EFES KAZAKHSTAN - BRAND PORTFOLIO

SUPER PREMIUM BRANDS

MILLER GENUINE DRAFT, PILSNER URQUELL

PREMIUM BRANDS

BAVARIA HOLLAND, BAVARIA MALT, AMSTERDAM NAVIGATOR, V. KOZEL LAGER 3 NEDELI ZHIVOE, V. KOZEL DARK

ECONOMIC PREMIUM BRANDS

EFES PILSENER, SLAVNA PIVNICE

MAINSTREAM BRANDS

KRUZHKA SVEZHEGO LAGER, KRUZHKA SVEZHEGO MILD, KRUZHKA SVEZHEGO BELOE, BELY MEDVED LAGER, BELY MEDVED MILD, BELY MEDVED OSOBOE, BELY MEDVED LEDYANOYE, BELY MEDVED STRONG, BELY MEDVED V. ROZLIV, KARAGANDINSKOE LAGER, KARAGANDINSKOE STRONG, ZHIGULEVSKOE LAGER, ZHIGULEVSKOE MILD

DISCOUNT BRANDS

BOCHKOVOE, BREMEN, 13 REGION

Other International Beer Operations

Among Anadolu Efes' international beer operations, **Kazakhstan** is the largest and most important market following Russia.

Anadolu Efes entered the Kazakhstan market through the acquisition of a brewery in Karaganda in 1996 from privatization and continued its operations by opening a new brewery in Almaty in 2003.

According to Canadean Global Beer Trends 2016 data, consumption in the Kazakhstan beer market is estimated as 4.7 million hectoliters whereas beer consumption per capita is at 27 liters. 2016 was a tough year for the Kazakh beer market. The difficulties experienced in the economy throughout the country adversely affected the beer market, resulting in a single-digit contraction.

According to Nielsen data, Anadolu Efes maintained its leading position in 2016 with a 53% market share in Kazakhstan.

Closely monitoring consumer preferences in 2016, Anadolu Efes continued to be both the market and segment leader with Kruzhka Svezehego Mild, a brand in the economic premium segment. New draft beer brands were also launched in 2016. In 2016, the Slavna Pivnice brand was offered in the economic premium segment. In addition, communication with consumers intensively continued with new product launches as well as investments made in the market.

Anadolu Efes has been operating in the **Moldova** market, which it entered through the acquisition of a brewery in Chisinau, since 2003. According to Canadean Global Beer Trends 2016 data, consumption in the Moldova beer market is estimated to be 1.0 million hectoliters with per

53%

According to Nielsen data, Anadolu Efes continued its leading position in 2016 with a 53% market share in Kazakhstan.

EFES MOLDOVA - BRAND PORTFOLIO

SUPER PREMIUM BRANDS

GROLSCH, PILSNER URQUELL, MILLER GENUINE DRAFT

PREMIUM BRANDS

V. KOZEL, URSUS, AMSTERDAM NAVIGATOR, EFES PILSENER, STARY MELNIK, ZOLOTAYA BOCHKA, BAVARIA

MAINSTREAM BRANDS

TIMISOREANA, HERRENHAUSER, JIGULEOVSKOE BOCIKOVOE, CHISINAU BLONDA, CHISINAU DRAFT, CHISINAU SPECIALA TARE, CHISINAU NON ALCO, CHISINAU RADLER

DISCOUNT BRANDS

BELY MEDVED SVETLOE

EFES GEORGIA - BRAND PORTFOLIO

PREMIUM BRANDS

EFES PILSENER

HIGH MAINSTREAM BRANDS

V.KOZEL HERRENHAUSER PREMIUM LIGHTS, OLD IRISH, KAISER

MAINSTREAM BRANDS

NATAKHTARI, MTIELI, KARVA, NATAKHTARI EXTRA, 3D, KASRIS

capita beer consumption of 28 liters. The pressure on consumer spending due to the uncertainty stemming from the elections in the country along with adverse weather conditions caused the beer market to shrink by low-single digits in 2016.

Anadolu Efes maintained its undisputed leadership position in 2016 with its wide product portfolio addressing all segments in the Moldova beer market. The wide brand and product portfolio has been further strengthened by the Gold Leaf brand, offered in the low-alcohol cider category, which is new to the Moldova market and increasingly popular in different parts of the country. The visibility of Efes in the market was further increased by closely monitoring market trends. Anadolu Efes continued its undisputed leadership in 2016 in all segments and channels it has a presence with nearly 67% market share in Moldova.

Anadolu Efes commenced operations in **Georgia** by acquiring the leading brewer Lomisi in 2008. Consumption in the Georgian beer market is estimated to be 0.8 million hectoliters with annual per capita consumption at 18 liters. The Georgian beer market shrank by mid-single digits in 2016.

Anadolu Efes maintained its leading position in the Georgia beer market in 2016 with a 54% volume share in the market.

Anadolu Efes continued bringing innovations to the Georgian beer market in 2016. In addition to the relaunches of the strong Natakhtari brand, it brought consumers together with new brands such as Oettinger. Besides, it has solidified its recognition internationally by receiving awards during many international festivals and contests with campaigns for Natakhtari and Old Irish brands.

SOFT DRINKS GROUP

CCI, which produces, sells and distributes sparkling and still beverage brands of The Coca-Cola Company ("TCCC"), is the fifth largest bottler in the Coca-Cola system in sales volume.

ANADOLU EFES' 2025 VISION IN SOFT DRINKS OPERATIONS:
Be the Best Fast Moving Consumer Goods Company Across Our Markets

3.2% increase in the sales volume of beverage operations

Anadolu Efes originally set up Efes Sınai Yatırım Holding A.Ş. ("Efes Sınai"), in 1993 to undertake Coca-Cola bottling investments. Anadolu Efes' soft drinks operations initially started in Kazakhstan, Kyrgyzstan, and Azerbaijan. In 2006, they were merged into and reorganized along with those of Coca-Cola İçecek A.Ş. ("CCI"), a Turkish-based company in which Anadolu Efes had acquired a 33% stake in 1996 and whose soft drinks operations were subsequently expanded with the addition of other bottling and marketing companies in the years that followed. Anadolu Efes conducts its Turkish and international operations in the soft drinks segment through CCI, a company in which it has a 50.3% stake.

CCI, which produces, sells and distributes sparkling and still beverage brands of The Coca-Cola Company ("TCCC"), is the fifth largest bottler in the Coca-Cola system by sales volume.

CCI carries out its operations through 24 facilities and with more than 10 thousand employees in Turkey, Pakistan, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Jordan, Iraq, Syria and Tajikistan. The rich product portfolio of CCI, consisting of sparkling and still beverages such as fruit juice, water, energy and sport drinks, iced tea and non-ready-to-drink tea, reaches out to nearly 380 million consumers.

The company's sales volume of beverage operations increased by 3.2% in 2016. Thanks to the price increases and the positive impact of currency translation difference, net sales increased by 4.9%, while EBITDA was TRL 1,093 million, in line with expectations at the beginning of the year.

In the Turkish market, where the effects of challenging conditions are felt, volumes were supported by various campaigns and consumer activities continued throughout the year. The negative impact of the FX rates on packaging costs and the increase in non-recurring items suppressed profitability.

On the other hand, international operations sales volume recorded 5.2% growth. The strong double digit growth in Pakistan in 2016 and the growth of Central Asian operations in the last quarter played a significant role in achieving this result. With the moderate course of raw material prices and successful discount and revenue management, strong volume performance was also reflected in profitability.

Central Asian operations started growing in the last quarter following the relief of consumer demand thanks to the improvement in oil prices, and the low base effect of the past year. Moreover, security problems and macroeconomic difficulties prevailed as previously in Iraq, repressing sales volumes.

CCI has managed to grow in terms of volume, revenue and profitability as its investments started to bear fruit in 2016. Along with optimization of operational costs, price increases have also been an important factor supporting profitability. On the other hand, a significant amount of cash was generated compared to the past year as a result of the focus on free cash flow generation along with the contribution of decreasing capital expenditures.

Going forward, we will aim to realize long term margin improvement on the back of strong volume and revenue growth in the long run, by continuing to focus on disciplined financial management, productivity growth and working capital performance.

CCI TURKEY - BRAND PORTFOLIO

SPARKLING BEVERAGE FLAVORS / TYPES

COCA-COLA
COCA-COLA ZERO
COCA-COLA LIGHT
SENSUN
FANTA (ORANGE, MANDARIN, RED ORANGE, STRAWBERRY – KIWI, TANECIX)
SPRITE (LEMON, LIME - SUGAR-FREE)
SCHWEPPES (BITTER LEMON, MANDARIN, TONIC, 100% APPLE, 100% APPLE – POMEGRANATE, 100% APPLE – CHERRY, LIME, SODA)
BURN (REGULAR, ROYAL, LEMON, LEMON ICE)
MONSTER (ENERGY, KHAOS, ASSAULT)

STILL BEVERAGE FLAVORS / TYPES

CAPPY (ORANGE, PURE ORANGE, PEACH, APRICOT, SOUR CHERRY, MIX, PINEAPPLE, ATOM, APPLE, 100% APPLE-MIX, 100% APPLE-PEACH, 100% APPLE-SOUR CHERRY, PULPY PEACH, PULPY ORANGE, PULPY MANDARIN, PULPY MIXED, RAMADAN SCHERBET, TRADITIONAL LEMONADE)
FUSE TEA (LEMON, PEACH, MANGO-PINEAPPLE, WATERMELON, MANGO – DAISY, PEAR, SAGE)
POWERADE (ICE BLAST, SUN RUSH)
DAMLA SU
DAMLA MİNERA (PLAIN SODA, APPLE, LEMON)
GLADIATOR

OUR REGIONAL FOOTPRINT

BREWERIES IN **6** COUNTRIES

SOFT DRINKS PLANTS IN **10** COUNTRIES

POPULATION OF **670** MILLION

46 FACILITIES*

RUSSIA

Population: 143.4 million [1]
Beer
Breweries: 6
Malteries: 4
Preform production facilities: 1
Brewing capacity: 21.7 mhl
Malt production: 130 thousand tons
Per capita consumption: 47 liters [2]
Market share: 14% [3]
Market position: Second [3]

UKRAINE

Population: 42.5 million [1]
Beer
Breweries: 1
Brewing capacity: 3.2 mhl
Per capita consumption: 37 liters [4]

TURKEY

Population: 79 million [1]
Beer
Breweries: 4
Malteries: 2
Hop Processing Facilities: 1
Brewing capacity: 9.5 mhl
Malt production capacity: 118 thousand tons
Per capita consumption: 11 liters [2]
Market leader [3]
Soft Drinks
Facilities: 9
Market Leader [3]

GEORGIA

Population: 3.7 million [1]
Beer
Breweries: 1
Brewing capacity: 1.1 mhl
Per capita consumption: 18 liters [4]
Market Leader [9]

GERMANY [6]

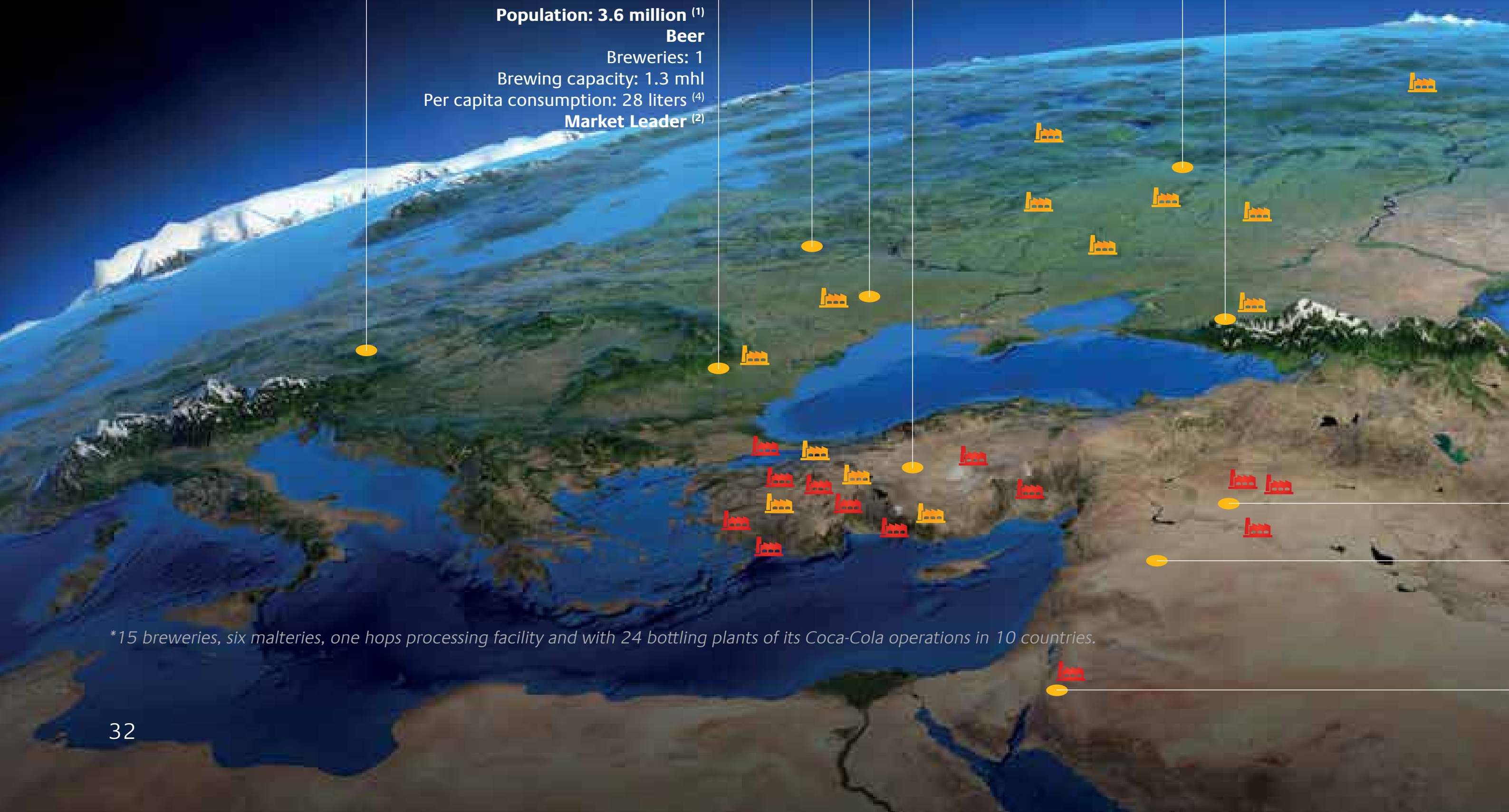
Population: 82.6 million [1]
Beer
Per capita consumption: 104 liters [4]

BELARUS [5]

Population: 9.5 million [1]
Beer
Per capita consumption: 38 liters [4]

MOLDOVA

Population: 3.6 million [1]
Beer
Breweries: 1
Brewing capacity: 1.3 mhl
Per capita consumption: 28 liters [4]
Market Leader [2]



15 breweries, six malteries, one hops processing facility and with 24 bottling plants of its Coca-Cola operations in 10 countries.

BEER

SOFT DRINKS

MARKET LEADER

[1] TUIK, IMF.
[2] AEFES estimate.
[3] Nielsen, January-December 2016.
[4] Canadean, Global Beer Trends, 2016 (Estimate).
[5] Except for the exports realized by Efes Beer Group to the whole world, Anadolu Efes has organizations (either directly owned or through the companies it controlled) in Belarus and Azerbaijan that carry out and/or coordinate the marketing, sales and distribution of group products.
[6] "Efes Pilsener" brand is being produced on a contract basis by Gilde Brauerei GmbH to be sold by Efes Deutschland Gmbh, a 100% subsidiary of Anadolu Efes established in Germany.
[7] CCI Estimate.
[8] Ipsos Retail Audit.
[9] Gamma Retail Audit.
[10] World Bank, 2015.
[11] January-August 2016 market share.

AZERBAIJAN [5]

Population: 9.5 million [1]
Beer
Per capita consumption: 4 liters [4]

Soft Drinks
Facilities: 1
Market Leader [8]

KAZAKHSTAN

Population: 17.9 million [1]
Beer
Breweries: 2
Brewing capacity: 2.7 mhl
Per capita consumption: 27 liters [4]
Market Leader [3]

Soft Drinks
Facilities: 2
Market Leader

KYRGYZSTAN

Population: 6.1 million [1]
Soft Drinks
Facilities: 1
Market Leader [8]

TURKMENISTAN

Population: 5.5 million [1]
Soft Drinks
Facilities: 1
Market Leader [8]

TAJIKISTAN

Population: 8.7 million [1]
Soft Drinks
Facilities: 1

PAKISTAN

Population: 193 million [1]
Soft Drinks
Facilities: 5
Market position: Second [3]
Market share: 37% [3]

IRAQ

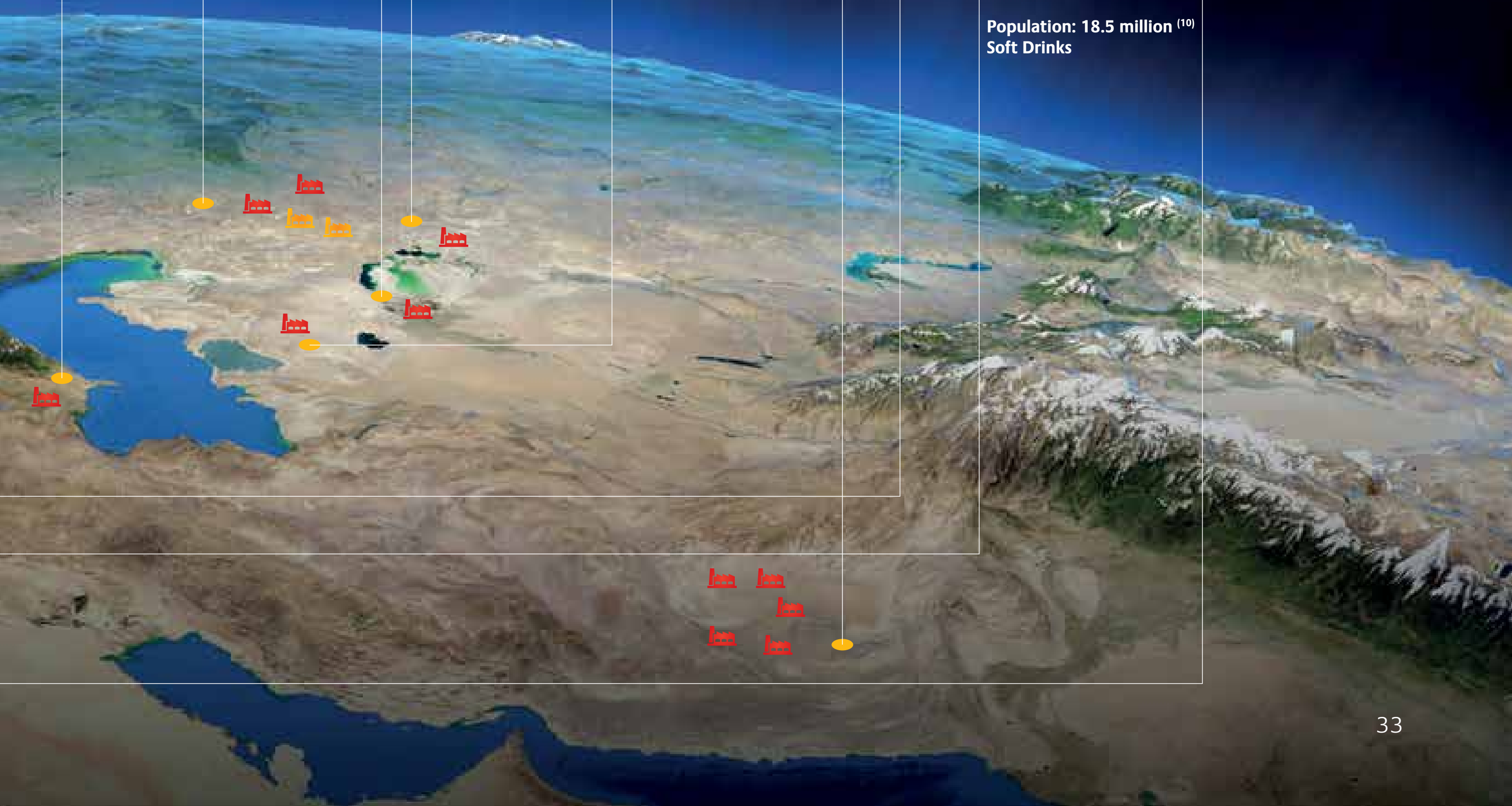
Population: 36.1 million [1]
Soft Drinks
Facilities: 3
Market position: Second [7]

JORDAN

Population: 7.7 million [1]
Soft Drinks
Facilities: 1
Market position: Second [7]

SYRIA

Population: 18.5 million [10]
Soft Drinks



MAIN OPERATIONAL AND FINANCIAL INDICATORS

Despite the ongoing challenges in its operating environment, Anadolu Efes recorded TRL 10.4 billion in net sales revenues and TRL 939.9 million in operating profit in 2016.

TRL 1 billion

Anadolu Efes' free cash flow exceeded TRL 1 billion in 2016.

INCOME STATEMENT ITEMS [1]	2016	2015	% CHANGE
Beer Sales Volume (m hectoliters) [2]	19.9	20.7	-3.8%
Soft Drink Sales Volume (m unit case) [3]	1,189	1,152	3.2%
Net Sales TRL (000)	10,420,257	10,205,146	2.1%
Net Sales per liter TRL	1.19	1.18	0.6%
Profit from Operations TRL (000)	939,940	928,877	1.2%
Operating Profit Margin (%)	9.0%	9.1%	
Depreciation and Amortization TRL (000)	790,670	737,194	7.3%
Net Income[4] TRL (000)	-70,795	-197,759	64.2%
Net Income[4] Margin (%)	-0.7%	-1.9%	
EBITDA[5] TRL (000)	1,768,747	1,746,459	1.3%
EBITDA[5] per liter TRL	0.20	0.20	-0.3%
EBITDA[5] Margin (%)	17.0%	17.1%	
Free Cash Flow	1,030,406	637,762	

Note 1: According to the agreement signed about the management of Coca-Cola İçecek A.Ş. ("CCI") as of January 1, 2013 Anadolu Efes started to fully consolidate CCI whose financial results had been proportionally consolidated until December 31, 2012.
Note 2: 1 hectoliter = 100 liters.
Note 3: 1 unit case = 5,678 liters.
Note 4: Parent company shares.
Note 5: EBITDA: Earnings before interest, tax, depreciation, and amortization is calculated by adding or subtracting depreciation and other relevant non-cash items to or from profit from operations.

16.3%

Total assets increased by 16.3% to TRL 25.6 billion.

BALANCE SHEET ITEMS	2016	2015	% CHANGE
Cash, Cash Equivalents and Marketable Securities TRL (000)	2,756,300	1,891,610	45.7%
Total Assets TRL (000)	25,628,559	22,044,090	16.3%
Equity Attributable Equity Holders of the Parent TRL (000)	9,262,501	7,708,056	20.1%
Total Financial Debt (including lease obligations) TRL (000)	6,183,274	5,383,216	14.9%
Net Financial Debt/Equity	0.4X	0.5X	
Net Financial Debt/EBITDA	1.9X	2.0X	
Capital Expenditure (Gross)(6) TRL (000)	761,147	1,092,064	30.3%
Number of Shares	592,105,263	592,105,263	
Earnings per Share(7) (TRL)	-0.1196	-0.3340	64.2%
Average Number of Employees	15,724	17,429	-9.8%

Note 6: Acquisitions excluded.
Note 7: Earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

CHAIRMAN'S MESSAGE

Each year we leave behind is an important demonstration of our success story... We proudly represent Turkey as one of the world's leading companies in our operating area.

Dear Stakeholders,

There is a special concept that we mention in our corporate vision: Inspiration....

Regardless of the field or operational area, one of the most important factors that brings success to people or companies is inspiration. We are moving forward into the future with the vision of "Being an exemplary beverage company that leads the sector, inspires its employees and creates added value through excellence." On this journey, we know that the greatest inspiration we can give to our employees is the achievements we have gained through their hard work. Today, we are the sixth largest beer producer in Europe and the 14th biggest worldwide. In addition, we continue to be one of the top five bottlers in the global Coca-Cola system through our subsidiary Coca-Cola İçecek.

We believe that difficult times are also a source of inspiration. During this challenging period, we were relatively less impacted by the fragility of the economy—by working harder, embracing innovation and always creating value. We continued our investment drive in 2016 despite the many uncertainties. I would also like to share with you the happiness of having achieved a sustainable growth performance that will bolster our strong position in both domestic and international markets which encompass over 670 million people.

Global economic growth comes in below expectations...

Looking at the world in 2016, the global economy has left behind a year of great change, the effects of which we will feel more clearly in the coming period. In line with the improvement in growth and employment figures in 2016, America's Federal Reserve (the Fed) continued to hike interest rates, raising expectations for higher interest rates in the upcoming period. With the election of Donald Trump as the President of the United States, significant changes are expected to take place, particularly in US foreign policy. The Eurozone was adversely affected by problems in the Italian and German banking systems, as well as the United Kingdom's decision to exit the EU after the Brexit referendum. The European Central Bank (ECB) continued its expansionary fiscal policies to stave off recession. For the years to come, economic growth is projected to remain under pressure, as a consequence of Brexit as well as by the heavy political agenda in Europe due to elections in the Netherlands, France and Germany. With the price of oil per barrel surpassing the USD 50 level after OPEC and non-OPEC oil producers decided to curtail oil production and lower supply, expectations grew for a significant economic recovery in oil-producing economies. Included also in the outlook is the impact of the expectation of higher costs for the commodity-importing developed economies due to the increase in oil prices.

The economic agenda was shadowed by the political environment...

In Turkey, we lived 2016 as a year in which political fragilities and international geopolitical risks increased significantly. These developments prompted Moody's, S&P and Fitch to downgrade Turkey's sovereign credit rating. The significant depreciation of the TRL, also a result of the appreciating US dollar in international markets, drove the CBRT to raise interest rates, the first such hike in a long time. The decline in energy prices during the first half of 2016

Tuncay Özilhan
Chairman

CHAIRMAN’S MESSAGE

By closely monitoring the fluctuations in the markets in 2016, we maintained our strong balance sheet both through our disciplined and conservative financial policy and our efficiency studies.

played a key role in narrowing Turkey’s current account deficit. The Turkish economy, which experienced a 1.8% contraction in the third quarter, is expected to record growth of around 3% by year-end 2016.

Russia’s economy is on the verge of expanding again...

In Russia, Anadolu Efes’ largest international beer operation by volume, the economic contraction in the last two years as a result of international sanctions and the sharp decline in oil prices has decelerated to a large extent in 2016. With the gradual rise in oil prices, consumer confidence in the country is expected to rebound in the coming period.

We maintained our profitability despite the fluctuations in the market ...

Anadolu Efes maintained leadership in its Turkey beer operations as of year-end 2016. We saw that the negative impact on purchasing power due to the excise taxes imposed at the beginning of the year on the prices of certain goods, the pressure of the terrorist attacks on consumer confidence and the sharp contraction in the tourism sector have affected our sales. Meanwhile, the performance of our international beer operations in 2016 exceeded our expectations despite all the macroeconomic and political challenges experienced in these countries during the year. In addition to raising our share in the Russian beer market year-on-year, we continued to lead the market in our other operations. With our business operations in geographies with strong potential for growth, in addition to Turkey, we recorded year-end consolidated financial results that will bolster our strong market position. Thanks to our successful production and sales activities in local geographies, our total revenues increased by 2.1% to TRL10.4 billion. On a consolidated basis, EBITDA (BNRI) increased by 0.3% to TRL 1.8 billion. Some 43% of total sales revenue of our beer group was from domestic operations, while the contribution of our international operations stood at 57%. As for our soft drinks group, 51% of total sales revenue was from domestic operations with 49% from international operations.

By closely monitoring the fluctuations in the markets in 2016, we maintained our strong balance sheet performance both through our disciplined and conservative financial policy and our efficiency studies. Despite the challenging conditions we faced in our operating region, we achieved the highest amount of free cash flow in our Company’s history, generating over TRL 1 billion free cash on a consolidated basis. During the year, our Company’s credit rating remained at investment grade despite the turbulence in financial markets and the change in Turkey’s sovereign rating. We maintained this rating thanks to this strong cash flow, an important competitive edge for our Company financially, long-term debt composition, our ability to access international financing facilities, and our strong liquidity position.

Our corporate governance rating increased to 9.58...

We boast the ability to manage financial and operational processes in different geographies and segments in line with common goals. This capability allowed us to effectively assess the risks and opportunities in the global economy and our focus sectors in fiscal year 2016. Our corporate governance rating which is already high compared to many companies traded on the BİST, increased to 9.58.
As a company, we placed sustainability at the heart of all our operations. Since our inception, we have focused our business strategies on creating a sustainable positive impact.

9.58

Our corporate governance rating - already high compared to many companies traded on the BIST - increased to 9.58.

We achieved the highest amount of free cash flow in our Company's history, generating over TRL 1 billion of free cash on a consolidated basis.

We continue to apply the sustainability approach in all our business processes from suppliers to sales. In 2016, in accordance with our social responsibility perspective, we continued on the one hand to support local development by creating sustainable models in the fields of agriculture and tourism, and on the other, to uphold social and cultural development through our activities in fields such as theater, cinema and sports. As for environmental sustainability, we made significant progress towards building a sustainable future through the projects we develop within the company and around our operations, in crucial areas such as water consumption, energy and emissions management, and recycling activities. We put our signature under collaborative efforts such as the UN Global Compact and The CEO Water Mandate, thereby carrying our environmental commitment to the international level. Furthermore, in 2016, we maintained our position in the BIST Sustainability Index that features 43 companies, thus adding value to our shareholders' savings.

New collaborations, dynamic organizational structure...

In 2016, we continued to take steps forward to make our success sustainable through new collaborations and restructuring efforts. After AB InBev acquired SABMiller, which is our shareholder with a 24% stake, we laid the foundation for a new, strong partnership. Efes Russia Managing Director John Gavin Hudson, a standout with his work that creates added value, was appointed as the Beer Group President and Anadolu Efes CEO as of January 2017. I believe that Mr. Hudson, who has an important role in the successful operations of our company in Russia, will undertake critically important work in his new position.

We look to the future with our deep corporate experience...

At Anadolu Efes, we will continue our production and sales activities in the coming period in a highly dynamic geography, with Turkey positioned at the center, with the same enthusiasm and motivation. Our deep expertise in our core business lines, widespread brand awareness, and strong growth potential due to low per capita consumption in our business geography comprise the main starting point for our future breakthroughs.

I would like to extend my thanks to all our stakeholders, who have accompanied us on our journey to sustainable corporate development. In the coming year, I hope that our achievements will rise ever higher.

Best regards,

Tuncay Özilhan
Chairman

BOARD OF DIRECTORS

Tuncay Özilhan
Chairman

Tuncay Özilhan was born in Kayseri in 1947. Mr. Özilhan studied at Saint-Joseph High School then graduated from the Faculty of Economics at İstanbul University. He has 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 the Anadolu Group.

Mr. Özilhan was appointed as the CEO of the Anadolu Group in 1984 and he has been Chairman of the Anadolu Group since May 2007. He has also been serving as Chairman of Anadolu Foundation as well as various Group companies.

Mr. Özilhan served as TÜSİAD (Turkish Industrialists' and Businessmen's Association)'s Chairman 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 the Anadolu Efes Sports Club. Tuncay Özilhan holds "The Order of the Rising Sun, Gold and Silver Star," constituting one of the most important orders awarded by the Japanese government.

Stuart Murray MacFarlane
Member

Stuart Murray MacFarlane is AB InBev's Zone President Europe. Mr. MacFarlane received a degree in Business Studies from Sheffield University in the UK and is also a qualified Chartered Management Accountant. He joined AB InBev in 1992 and since then has held senior roles in Finance, Marketing, Sales, and was Managing Director for AB InBev's business in Ireland. Mr. MacFarlane was appointed President of AB InBev UK & Ireland in January 2008, and in January 2012, became AB InBev's Zone President Central & Eastern Europe. In January 2014, he was appointed as Zone President Europe to lead combined the European Zone of AB InBev.

Dr. Yılmaz Argüden
Member

Dr. Argüden is the Chairman of ARGE Consulting, a management consulting firm known for value creating strategies and institution building. He is also the Chairman of Rothschild investment bank in Turkey. His career spans the private sector, public sector, multinational institutions, NGOs, and academia. Dr. Argüden served on the boards of more than 50 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 Advisory Group of the IFC's Global Corporate Governance Group; he is also the Vice-Chairman of the Public Governance Committee of the Business and Industry Advisory Committee (BIAC) to the OECD. He is the founder of the non-profit Argüden Governance Academy. As the elected Chair of Local Networks Advisory Group, he represented the National Networks 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. Dr. Argüden was selected by the World Economic Forum as a "Global Leader for Tomorrow" for his commitment to improving the state of the world.

Mehmet Cem Kozlu
Member

Born in 1946, Dr. Cem Kozlu completed middle and high school at Robert College after which he received his bachelor’s degree from Denison University, MBA from Stanford University and PhD from Boğaziçi University. Dr. Kozlu lectured in International Marketing and Export Administration at Boğaziçi University from 1978 to 1981 and was a visiting Professor in the Department of Economics at Denison University in 1985. After holding executive positions in various domestic and international companies, Dr. Kozlu was appointed General Manager and Chairman of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chairman of the Association of European Airlines (AEA) in 1990. Cem Kozlu remained in public service as a Member of the Turkish Parliament from 1991 to 1995 and Chairman of the THY Board of Directors from 1997 to 2003. Dr. Kozlu has held different positions in The Coca-Cola Company since 1996. He assumed the posts of Turkey, Caucasia and Central Asian Republics Executive Director and the Vienna-based Central Europe, Eurasia and Middle East Group President, retiring in April 2006. Currently, he is the Chairman of the Board of Directors of Singapore based Evyap Asia. Cem Kozlu also serves as member of the Boards of Directors of İstanbul based Coca-Cola Satış ve Dağıtım A.Ş., Anadolu Endüstri Holding A.Ş., Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Airlines, and DO & CO Aktiengesellschaft (Vienna) and Global Relations Forum, as a member of Koc University Maritime Council Forum and as member of the Boards of Trustees of Anadolu-Johns Hopkins Sağlık Merkezi (Anadolu-Johns Hopkins Health Center) and İstanbul Modern Sanatlar Vakfı (İstanbul Modern Arts Foundation).

Mehmet Hurşit Zorlu
Member

Born in 1959, Mr. 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. Mr. 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. Mr. Zorlu held the position of Chief Financial Officer (CFO) of Efes Beverage Group between 2000-2008 and the position of CFO for Anadolu Group between 2008-2013. Appointed as Deputy CEO of Anadolu Group in January 2013, Hurşit Zorlu became CEO of Anadolu Group as of February 1, 2017. Currently serving as Board member in various Anadolu Group companies, Mr. Zorlu is also the Chairman of the Turkish Corporate Governance Association (TKYD) and a Board member of the Turkish Investor Relations Society (TUYİD).

Salih Metin Ecevit
Member

Born in 1946, Metin Ecevit graduated from the Faculty of Political Sciences in 1967. He also received a master’s degree in Economics from Syracuse University in 1976. From 1967 to 1980, he worked as a Government Auditor and served as Deputy General Manager of the General Directorate of Revenues at the Ministry of Finance. Mr. Ecevit joined Anadolu Group in 1980 and worked in various roles, serving as General Manager, Executive Director, and Chairman of the Board of Directors in automotive companies of the Anadolu Group. He retired in 2006 while he was serving as the 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 member of the Board of Directors of many Anadolu Group companies and serves as the Chairman of the Board of Directors at Yazıcılar Holding A.Ş.

BOARD OF DIRECTORS

Ahmet Boyacıoğlu
Member

Born in 1946, Ahmet Boyacıoğlu holds a bachelor's degree in Business Administration from the Middle East Technical University. Mr. 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. Mr. Boyacıoğlu was appointed as the President of the Efes Beer Group in May 2005 and retired on 1 February 2007. Currently, he sits on the Boards of Directors of some Anadolu Group companies.

Ahmet Cemal Dördüncü
Independent Member

Born in 1953 in Istanbul, Mr. Ahmet Cemal Dördüncü graduated from the Business Administration Department of Çukurova University, and pursued graduate studies at the University of Mannheim and the University of Hannover. Having started his professional career at Claas OHG company in Germany, he then worked at Mercedes Benz A.Ş. in Turkey from 1984 to 1987. He joined Sabancı Group in 1987, and held various managerial positions at Kordsa A.Ş. until 1998. From 1998, he worked at the Group's DUSA Company, serving in the positions of Managing Director/President of DUSA South America and subsequently of DUSA North America. After his appointment to the position of Executive Vice President of Strategic Planning and Business Development at H.Ö. Sabancı Holding in 2004, he functioned as the CEO at H.Ö. Sabancı Holding from 2005 through 2010. Having joined the Akkök Group on 3 September 2012 as a member of the Executive Board, Mr. Dördüncü currently serves as the CEO of the Group, a position he has held since January 2013. He also serves as a member on the Boards of Directors of some other public and non-public Group companies including Aksa Akrilik Kimya Sanayii A.Ş., Akenerji Elektrik Üretim and Akiş REIT. Ahmet Dördüncü is also an independent Board member at Anadolu Isuzu, Coca-Cola İçecek, and the International Paper company registered with the U.S. Securities and Exchange Commission (SEC).

Kamil Ömer Bozer
Independent Member

Born in 1958 in İstanbul, Ömer Bozer holds a bachelor's degree in Business Administration from the Middle East Technical University and received his MBA from Georgia State University. Mr. Bozer began his professional career in Koç Group as an MT and served as Deputy Chief Executive at Maret and General Manager at Düzey Pazarlama, respectively. He was appointed as General Manager of Migros in 2002. Ömer Bozer worked at the Koç Group as the President of Food, Retailing and Tourism Group (2005-2006), President of the Food and Retailing Group (2006-2008) and once again as President of the Food, Retailing and Tourism Group (2008- 2011).

Mehmet Mete Başol
Independent Member

Born in 1957, Mete Başol graduated with a BSc degree from Arizona State University, Department of Economics, and started his career in banking at Interbank in 1984. In 1988, he transferred to the Turkish Merchant Bank, which was an investment bank established jointly by Bankers Trust Co. New York and İşbank, as the Treasury, Fund Management and Foreign Relations Manager. In 1992, he also assumed the responsibility for the Capital Markets Group as the Assistant General Manager. In 1995, upon the purchase of the bank completely by Bankers Trust, he was elected to the membership of the Board of Directors and the Credit Committee. He assumed the offices of Chairman of the Board of Directors and the General Manager of Bankers Trust A.Ş., and Deutsche Bank A.Ş. during 1997-2001. During the period 2001-2003, he participated as Executive Director in the joint Board of Directors of the public banks, which were established pursuant to the law (T.C. Ziraat Bankası, T. Halk Bankası, T. Emlak Bankası). Subsequently, he formed Tridea Consulting with two other partners, where he advised small to medium sized companies on financial and managerial issues. After 2009, he continued similar work under his own entity. He also served as a Member of the Board of Directors of Galatasaray Sportif A.Ş. (2011-2012), T. İş Bankası A.Ş. (2011-2014), Dedeman Holding A.Ş. (2008-2014), Dedeman Turizm Otelcilik Yatırım A.Ş. (2012- 2014). Currently, he is serving on the Boards of Enerya Gaz Dağıtım A.Ş., Enerya Gaz Ticaret A.Ş. (2015) and Nurol Investment Bank Inc. (2014). In addition, he has served as an independent member of the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. and Coca-Cola İçecek A.Ş. since 2012.

İzzet Karaca
Independent Member

Born in 1954, Mr. İzzet Karaca graduated from Boğaziçi University, Industrial Engineering Department in 1977. Having started his professional career in 1977 at Koç Research and Development Center, he held Industrial Engineer and IT Manager positions until 1985. Between 1985-1988, Mr. Karaca worked as Systems and Organization Director at Ford Otosan. Since 1988, he has held several positions at Unilever in Germany, Turkey and the Baltic States including Internal Audit Group Manager, Logistics Manager, Commercial Director and Managing Director. In addition, between 2011- 2013, İzzet Karaca served as the Chairperson at YASED (International Investors Association). After serving as Executive Chairman at Unilever Turkey and Unilever NAMET RUB (North Africa, Middle East, Russia, Ukraine and Belarus) and being a member of the Unilever CEO Forum, Mr. Karaca retired from his duties as of 31 December 2013. In 2015, he published his first book called “The New CEO is... You”.

STATEMENTS OF INDEPENDENT STATUS

In Anadolu Efes Biracılık ve Malt Sanayii A.Ş.:

- 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 six 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,

- I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

1 February 2016

Ahmet Cemal Dördüncü

In Anadolu Efes Biracılık ve Malt Sanayii A.Ş.:

- 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,

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- I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

1 February 2016

Mehmet Mete Başol

STATEMENTS OF INDEPENDENT STATUS

In Anadolu Efes Biracılık ve Malt Sanayii A.Ş.:

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- I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

1 February 2016

Kamil Ömer Bozer

In Anadolu Efes Biracılık ve Malt Sanayii A.Ş.:

- 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,

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1 February 2016

İzzet Karaca

ORGANIZATION CHART

Beer Group President / Anadolu Efes CEO
Robin Michael Goetzsche*

Chief Financial Officer
Onur Çevikel

Market Development Director
Kamil Yazıcı

Efes Russia Managing Director
John Gavin Hudson*

Efes Kazakhstan Managing Director
Ömer Öğün

Corporate Functions Director
Tuğrul Ağırbaş

Efes Turkey Managing Director
Altuğ Aksoy*

Efes Georgia Managing Director
Cüneyt Arat

Efes Moldova Managing Director
Gökçe Yanaşmayan

* *Robin Michael Goetzsche, who has been serving as the President of the Beer Group and the CEO of Anadolu Efes since November 2015, resigned from our Company effective from December 31, 2016. John Gavin Hudson, who has been serving as the Efes Russia Managing Director since January 2015, was appointed as the Beer Group President and Anadolu Efes CEO as of January 1, 2017. Mr. Altuğ Aksoy, Managing Director of our Turkey Beer operations, resigned from this post effective from January 1, 2017 to take on different responsibilities within Anadolu Group while aforementioned position has been undertaken by Mr. John Gavin Hudson, the President of Anadolu Efes Beer Group and the CEO of Anadolu Efes.*

Coca-Cola İçecek
CEO
Burak Başarır

Turkey General Manager
Lisani Atasayan*

Supply Chain Services Director
Ali Hüroğlu

Human Resources Director
Rengin Onay***

General Counsel
R. Ertuğrul Onur

Chief Financial Officer
N. Orhun Köstem**

Region Director, Central Asia
Osman Kazdal*

Corporate Affairs Director
Atilla D. Yerlikaya

Internal Audit Director
Gökhan İzmirli

Region Director, Middle East & Pakistan
John Seward**

Commercial Excellence Director
Tugay Keskin*

Strategic Business Development Director
Meltem Metin

Chief Information Officer
Gökhan Kıpçak

* *Lisani Atasayan, who has been serving as the General Manager of Turkey since January 2014, was appointed as the Director of the Central Asia Region as of January 1, 2017. Osman Kazdal, who has been the Regional Director of Central Asia since January 2014, was appointed as the Director of Commercial Excellence. Working as the Director of CCI's Commercial Excellence since January 2014, Tugay Keskin was appointed as the General Manager of Turkey.*

** *N. Orhun Köstem, who has been serving as CCI's Chief Financial Officer has been assigned as the Regional Director of the Middle East and Pakistan as of 1 January 2017. John Seward, who has been the Regional Director of the Middle East and Pakistan since May 2015, has left CCI as of January 1, 2017. Having previously served as CCI's Chief Financial Officer, Michael Coombs has become CCI's Chief Financial Officer.*

*** *As of January 1, 2017, Rengin Onay has resigned from her post and Ebru Özgen replaced her duty.*

SENIOR MANAGEMENT BEER GROUP

Robin Michael Goetzsche*

Beer Group President and Anadolu Efes CEO

Robin Michael Goetzsche holds a bachelor's degree in business economics and marketing from Wits University. Having joined SABMiller Ltd. in 1987 as Brand Manager, he then served as Brand Group Manager, District Manager Soweto & Chamdor (West Johannesburg), National Trade Marketing Manager, Kwa-Zulu Natal Region General Manager, Chamdor Region General Manager, Sales & Distribution Director, and Central and West Africa Operations Director at SABMiller Africa. Mr. Goetzsche worked as the Managing Director of Tanzania Breweries Ltd. and as the Director of Operations of SABMiller East Africa from 2008 to 2014. Having worked as Efes Russia Managing Director since May 2014, Robin Michael Goetzsche was appointed Beer Group President and Anadolu Efes CEO as of November 1, 2015.

Onur Çevikel

Chief Financial Officer

Onur Çevikel received his degree in Business Administration from Istanbul University. Mr. Çevikel began his professional career with the Efes Beer Group as Finance Specialist in 1995. From 1996 to 2011, he held various positions including Finance Manager of Coca-Cola Kuban Bottlers, Finance Manager of Coca-Cola Rostov Bottlers, as well as Finance Manager, Finance Director and Operations Director of Efes Russia. Following the announcement of the strategic alliance with SABMiller Plc. in 2011, Mr. Çevikel was appointed as Integration Director leading the integration team coordinating the integration activities in Russia. Mr. Çevikel was appointed Anadolu Efes Chief Financial Officer effective as of 1 January 2013.

Tuğrul Ağırbaş

Corporate Functions Director

Tuğrul Ağırbaş received his bachelor's degree in Business Administration from Istanbul University and joined Efes Beverage Group in 1990. From 1990 to 2001, Mr. Ağırbaş worked as Project Development Specialist, Marketing Specialist, Istanbul Region Sales Supervisor, New Product Development Supervisor, Group Product Manager, Sales Manager of Marmara Region and Marketing Manager of Miller. Mr. Ağırbaş was appointed as the Marketing Director of Efes Russia in 2001 and Managing Director of Efes Russia in June 2005. He assumed the post of Efes Turkey Managing Director on 1 January 2010. Mr. Ağırbaş was reappointed as Managing Director of Efes Russia on 1 November 2011. Having served as Anadolu Efes Eastern Europe and the CIS Group Managing Director since May 1, 2014, Tuğrul Ağırbaş was appointed Head of Corporate Functions effective from June 1, 2016.

* Robin Michael Goetzsche has resigned from our Company as of December 31, 2016.

John Gavin Hudson*
Efes Russia Managing Director

Mr. John Gavin Hudson is an accomplished business executive with over 24 years of experience in Marketing, Sales, Distribution and various General Management roles within SABMiller, both in South Africa, Latin America and more recently as Managing Director of Efes Russia with a very successful and proven track record of delivering results through disciplined processes, people management and an innovative approach to leading the organization. He obtained his MBA through the Open University, London in 2000.

T. Altuğ Aksoy**
Efes Turkey Managing Director

T. 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. Mr. 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 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, Mr. Aksoy was appointed Director of Supply Chain of Efes Beer Group in June 2008. Mr. Aksoy served in this position until 1 November 2011, when he was appointed Efes Turkey Managing Director.

Ömer Öğün
Efes Kazakhstan Managing Director

Ömer Öğün holds a bachelor's degree from the Department of Geophysical Engineering at Yıldız Technical University. Mr. Öğün began his professional career at Anadolu Group as Service Representative at Çelik Motor in 1992, where he later worked as a Sales Supervisor. He served as Planning and Logistics Manager at Coca-Cola Russia (Rostov) Operations from 1998 to 1999 and Operations Manager at Efes Russia Rostov Brewery from 2000 to 2006. Mr. Öğün was appointed as Operations Director of Efes Russia in 2006. He served as Efes Kazakhstan Managing Director from May 2008 until March 2012, until he was appointed Efes Ukraine Managing Director. As of 1 June 2015, Mr. Öğün was appointed Efes Kazakhstan Managing Director while he is also assuming the role of Efes Ukraine Managing Director.

*John Gavin Hudson was appointed as Anadolu Efes CEO, Beer Group President and Managing Director of Turkey Beer Operations as of January 1, 2017.
**Mr. Altuğ Aksoy, Managing Director of Turkey Beer Operations, resigned from this post effective from January 1, 2017 to take on different responsibilities within Anadolu Group while the aforementioned position has been undertaken by Mr. John Gavin Hudson who is the President of Anadolu Efes Beer Group and the CEO of Anadolu Efes.

SENIOR MANAGEMENT BEER GROUP

Gökçe Yanaşmayan
Efes Moldova Managing Director

Mr. Gökçe Yanaşmayan graduated from Dokuz Eylül University, Department of Economics in 2000. He worked as an Assistant Auditor at Arthur Andersen from 2000 to 2002 and as Senior Auditor at Ernst & Young from 2002 to 2004. After starting his career at Anadolu Efes in 2004 as Efes Kazakhstan Reporting and Budgeting Manager, he worked as Finance and Administration Manager at EBI Holland Office from 2006 until 2010 and as Finance Director at Efes Kazakhstan from 2010 until 2012. Having worked as the Finance Director at Efes Ukraine from 2012, Mr. Yanaşmayan has served as Efes Moldova Managing Director since 1 December 2014.

Cüneyt Arat
Efes Georgia Managing Director

Having graduated from Boğaziçi University, Department of Business Administration in 1992, Mr. Arat began his career as International Marketing Specialist at Bekoteknik A.Ş. After working at STFA Dış Tic. A.Ş. as International Marketing Coordinator, Mr. Arat continued his career at General Elektrik A.Ş. as Sales & Marketing Specialist between 1994-1996. Then he served, respectively, between 1996-2006 at Nestle Türkiye as Import & Export Manager, Distribution & Warehousing Manager, Logistic Manager, National Distribution Manager; at Nestle Azerbaijan as Business Development Manager; and at Nestle Türkiye as Sales Operations Manager (Foodservices Division). Having served as Supply Chain Director at Kimberly-Clark Türkiye between 2006-2009, Mr. Arat joined our Group as Iraq General Manager at Coca-Cola İçecek A.Ş. in 2010. He served, respectively, as North and South Iraq General Manager, South Iraq General Manager and Middle East Regional Director at Coca-Cola İçecek A.Ş. until 2015. As of 1 May 2015, Mr. Arat was appointed Efes Georgia Managing Director.

Kamil Yazıcı
Market Development Director

Kamil Yazıcı holds a bachelor's degree in business administration from Emory University in the US. He began his career in 2000 as a Finance Specialist and then worked as a Human Resources Specialist. Mr. Yazıcı worked as Marketing Specialist at Efes Russia from 2003 to 2005, during which he pursued MBA studies at AIBEC (American Institute of Business and Economics). He was appointed as New Product Development Manager at Efes Russia in February 2005. After serving as Logistic Systems Manager in Russia from 2006 to 2008, Mr. Yazıcı was appointed as Supply Chain Director of Efes Russia in November 2008. After carrying on with his career at the Group as Efes Russia Development Director from 2010, Mr. Yazıcı served as Efes Moldova Managing Director as of November 2011. Effective from 1 December 2014, Mr. Kamil Yazıcı was appointed Anadolu Efes Market Development Director.

SENIOR MANAGEMENT SOFT DRINKS GROUP

Burak Başarır
CEO

Burak Başarır was appointed CEO on January 1, 2014. He joined CCI in 1998 and assumed increasing managerial responsibilities in finance and commercial functions. He was named CFO in 2005 and played an integral role during CCI's IPO process, while effectively managing the financial integration of Efes Invest with CCI in 2006. He was honored as the 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 and 2013. Mr. Başarır holds a BA in business administration and a minor in computer sciences from American River College. He studied management at California State University-Sacramento between 1990 and 1992 and received a BS degree in Business Administration from Middle East Technical University in 1995. Mr. Başarır has more than 20 years of work experience and prior to joining CCI, he worked for Arthur Anderson as a Senior Auditor. He is the President of the Corporate Volunteers Association (ÖSGD) and a member of the Turkish Industry and Business Association (TUSIAD).

N. Orhun Köstem*
Chief Financial Officer

N. Orhun Köstem holds a B.Sc. in Mechanical Engineering and an MBA from Middle East Technical University, as well as an M.A. in Economics Law from Bilgi University. He joined Anadolu Group in 1994 and assumed various managerial positions such as Corporate Finance and Investor Relations Director, Finance Director of Efes Breweries International, Corporate Finance Coordinator of the Anadolu Group and Coca-Cola İçecek Chief Financial Officer. Mr. Köstem is one of the two Turkish executives who took part among Europe's first 20 executives in the Investor Relations peer group in the European Investor Relations Survey in 2007. He was also awarded as Best CFO in Turkey at the Turkey Investor Relations Awards in 2011 and 2013. Mr. Köstem is one of the three authors of the book "A Window to Capital Markets: The A to Z of Public Offerings and Investor Relations" published in 2009.

Ali Hüroğlu
Supply Chain Services Director

Ali Hüroğlu has served as CCI Group Supply Chain Services Director for Turkey and International Operations since 2001. He joined the Coca-Cola system as the plant manager of the former Trabzon production facility under the responsibility of the Black Sea Sales Center in 1990. Following this, Mr. Hüroğlu worked on the construction of the Mersin production facility and was responsible for the South and Southeast Sales Center. In 1995, he was transferred to the Operations Department, assuming the position of Operations Manager of the Mersin plant in 1996; later, he was promoted to Ankara Plant and East Region Group Operation Manager. Prior to joining the Coca-Cola system, he worked for HEMA Gear manufacturing as a process engineer from 1983 to 1985 and for General Dynamics Forth Worth-Texas as a trainee from 1985 to 1986. He then returned to Turkey in 1986 and worked on an F-16 aircraft design and manufacturing project at Turkish Aerospace Industries in Ankara until 1990. Mr. Hüroğlu holds both Bachelor of Science and Master of Science degrees in Mechanical Engineering from Black Sea Technical University and he is a Board member of the Association of Beverage Producers (MEDER). Since 2008, he has been an Executive Committee member of the Coca-Cola Global Supply Chain Council. Mr. Hüroğlu has 35 years of professional experience.

* As of January 1, 2017, Orhun Köstem was appointed as the Soft Drinks Operations Regional Director of Middle East and Pakistan.

Rengin Onay*
CCI Human Resources Director

Rengin Onay has held the Group Human Resources Director at Coca-Cola İçecek A.Ş. position since May 2012. She started her career in 1986 at The Shell Company of Turkey Limited where she held various human resources roles until her appointment to Public Relations Manager in 1995. In 1999, she joined The Coca-Cola Company as Training and Development Manager, then as HR Manager for the Turkey Region and eventually as Eurasia Division Human Resources Director, responsible for 36 countries. In 2007, she joined Vodafone Turkey as Human Resources and Property Director in tandem with her role as the Chairwoman of Vodafone Turkey Foundation. In October 2010, she re-joined The Coca-Cola Company as Human Resources Director for the Turkey, Caucasus and Central Asia Business Unit and Eurasia and Africa Group Office. Ms. Onay is a Board member of Coca-Cola Hayata Artı Foundation, Private Sector Volunteerism Association and a founding Board member of Common Purpose Turkey and member of Women Corporate Directors (WCD) Turkey Chapter. She chaired the Employment and Education Group of International Investors Association (YASED) between 2011 and 2013. Ms. Onay is a graduate of Marmara University, Faculty of English Language and Literature and holds a certificate diploma in Personnel Management from Kingston Business School, London, UK.

Atty. R. Ertuğrul Onur
General Counsel

Atty. R. Ertuğrul Onur has served as the General Counsel of CCI since 2007. He is also currently the Head of the CCI Ethics and Compliance Committee. He established the CCI Compliance & Ethics Program and served as CCI Ethics and Compliance Officer between 2013 and 2016. He graduated from Istanbul University's Law Faculty in 1988. Following the completion of his traineeship at the Konya Bar Association, he worked as a research assistant in the same Law Faculty. Mr. Onur served as Legal Counsel for Mobil Oil Türk A.Ş. and BP Petrolleri A.Ş. between 1995 and 2000. He also worked as BP Turkey Employee Representative, BP Oil Europe Works Council Member and BP Oil Europe Works Council Link Committee Member. Prior to joining the Coca-Cola system, he set up the Legal Department at Pfizer İlaçları and served as Assistant General Manager and Legal Director. Mr. Onur implemented various compliance programs as the Compliance Liaison Officer at Pfizer Turkey. Mr. Onur has 25 years of work experience and is a member of the Istanbul Bar Association.

Atilla D. Yerlikaya
Corporate Affairs Director

Atilla D. Yerlikaya holds a BA in Economics from Boğaziçi University. After having worked as a journalist and publisher for more than ten years, he took on senior managerial positions at Philip Morris SA and Shell. He joined Coca-Cola İçecek in 2007 as Group Corporate Affairs Director. Mr. Yerlikaya is currently the Chairman of the Turkish-Pakistan Business Council at DEIK (Turkish Foreign Economic Relations Board), Board Member of the Turkish-Azerbaijan Business Council and Turkish-Kyrgyzystan Business Council at DEIK, Deputy Chairman of UN Global Compact Turkey Network, and Chairman of the Public Affairs Institute.

* As of January 1, 2017, Rengin Onay has resigned from his post and Ebru Özgen replaced his duty.

SENIOR MANAGEMENT SOFT DRINKS GROUP

Gökhan İzmirli
Chief Audit Executive

Gökhan İzmirli received his BS degree in Business Administration from Bilkent University and his MBA degree from Sabancı University. Mr. İzmirli is a Certified Public Accountant and holds both Certified Internal Auditor (CIA) and Certification in Risk Management Assurance (CRMA) certifications. Starting his career as an auditor at KPMG, Mr. İzmirli worked as Financial Coordination Manager at Akbank between 2003 and 2007 and joined Anadolu Group in December 2007. Since this date, he has served as Internal Audit Manager at Anadolu Group, Audit Manager in Efes Russia and Internal Audit Manager in Efes Russia, respectively. He was appointed Group Internal Audit Director of CCI as of 1 January 2013.

Meltem Metin
Strategic Business Development Director

Meltem Metin, a graduate of Istanbul University with a major in Business Administration in English, started her career at Pamukbank as a management trainee. She transferred to Anadolu Group to work as a specialist in the Financial Control Directorate in 1995. She became a Financial Controller at Anadolu Endüstri Holding before being transferred to Efes Sınai Yatırım Holding in 1998, working first as a Financial Controller, then as the Regional Finance Manager. In May 2000, she was appointed as the Finance Manager of Efes Sınai's Kazakhstan operations (CCAB); in 2005, she additionally assumed the role of Finance Manager for its Kyrgyzstan operations (CCBB). Subsequently, she was appointed General Manager of CCAB in February 2002; she was additionally appointed to the same position for CCBB in June 2005. With 19 years of professional experience, Ms. Metin has served as the Group Strategic Business Development Director in CCI since May 2009.

Tugay Keskin*
Commercial Excellence Director

Tugay Keskin was appointed as Coca-Cola İçecek Turkey General Manager as of 1 January 2017. Mr. Keskin joined CCI in 1993 and served in different positions in the Turkey sales function until his appointment as Turkey Sales Director in 2007. He worked as Turkey Sales Director between 2007-2011 and Turkey Commercial Director between 2011–2014. Having served as CCI Commercial Excellence Director between 2014 and 2016, Mr. Keskin is a graduate of Ankara University, Faculty of Political Science.

* As of January 1, 2017, Tugay Keskin was appointed as the Coca-Cola İçecek Turkey General Manager.

Gökhan Kıpçak
Chief Information Officer

Gökhan Kıpçak received his BS degree in Mechanical Engineering and MS degree in Industrial Engineering from Istanbul Technical University in 1990. He started his career at Elginkan Group as Information Systems Engineer responsible for production and sales systems. He joined the Coca-Cola system in Turkey in 1991 and held various positions in the Information Technology function until 1998. He then worked for The Coca-Cola Company and Coca-Cola Amatil to establish IT systems for the Coca-Cola bottling operation in South Korea. He came back to CCI in 2000 and led the implementation of core Sales, Finance and Supply Chain information systems in all CCI operations. He was appointed Group Chief Information Officer of CCI as of 2007. Mr. Kıpçak was as Turkey's Best CIO in 2012 by the CIO Magazine.

Lisani Cenk Atasayan*
Turkey General Manager

Lisani Atasayan graduated from Boğaziçi University with a major in Economics and later went on to study Business Administration and Computer Science at the University of Guelph, before obtaining an MBA degree from the University of Windsor in Canada. Mr. Atasayan began his career in Coca-Cola İçecek as a Financial Analyst in 1997, continuing as the Financial Analysis and Planning Manager between 1999 and 2004. He was appointed Finance Manager for Coca-Cola İçecek's Marmara Region in 2004 and later as the International Operations Finance Director with increasing management responsibilities in 2006. Between 2010 and 2013, he made important contributions to the growth of Coca-Cola İçecek in Azerbaijan where he served as the General Manager. Between 2014 and 2016, he served as CCI Turkey General Manager. As of 2017, Mr. Atasayan was appointed CCI Central Asia Regional Director responsible for Kazakhstan, Kyrgyzstan, Azerbaijan, Turkmenistan and Tajikistan.

* As of January 1, 2017, Mr. Atasayan was appointed Regional Director of Central Asia responsible for Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Azerbaijan.

SENIOR MANAGEMENT SOFT DRINKS GROUP

John Michael Seward
Region Director, Middle East & Pakistan

Mr. Seward joined the Coca-Cola system in 1997 as the Managing Director of Coca-Cola Hellenic's Nigeria operation. In 2004, he moved to Coca-Cola Bottling Indonesia & PNG, which is a subsidiary of Coca-Cola Amatil, as the Managing Director in charge of the operations in Indonesia, Papua New Guinea, the Solomon Islands and East Timor. In 2010, he was appointed Head of Commercial in Coca-Cola Amatil, Australia. He joined Coca-Cola İçecek in 2011 as the General Manager of Coca-Cola Beverages Pakistan and assumed his current role of Regional Director Middle East & Pakistan in May 2015. Mr. Seward is a graduate of University College Cork, Science & Technology and completed his graduate degree in Business at Stanford University, California.

Before joining the Coca-Cola system, John Seward served several years for different companies in various roles including Production Manager at Sligo Dairies, Ireland; CEO at Almarai, a big integrated dairy company in Saudi Arabia; Vice President Sales & Marketing at Masstock, based in Atlanta, Commercial Director at Elopak, UK; Technical Director and Operations Director at Express Dairies, UK.

Osman Kazdal[**]
Region Director, Central Asia

Osman Kazdal was appointed Commercial Excellence Director at Coca-Cola İçecek as of 1 January 2017. He started his career in CCI in 1990. He assumed several senior leadership roles in the commercial function until 2010. He served as the General Manager of CCI Kazakhstan between 2010-2014 and as the Central Asia Regional Director responsible for CCI Kazakhstan, Kyrgyzstan, Azerbaijan, Turkmenistan and Tajikistan between 2014 and 2016.
Mr. Kazdal holds a BA degree in Economics from Uludağ University and an MBA degree from Marmara University. He is married and has three children.

[*] As of January 1, 2017, John Seward resigned from his position.
[**] As of January 1, 2017, Osman Kazdal was appointed Commercial Excellence Director at Coca-Cola İçecek.


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MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

Among Anadolu Efes' subsidiaries are EFPA (sales and distribution of beer products in Turkey), Efes Breweries International (EBI - International Beer Operations), CCI (domestic and international Coca-Cola operations), Cypex and Efes Deutschland.

The company's consolidated financial statements have been drawn up in accordance with the provisions of the Capital Markets Board of Turkey (Sermaye Piyasası Kurulu - "SPK") Communiqué Serial: II-14.1 on Principles of Financial Reporting in the Capital Market published in the Official Gazette issue 28676 dated 13 June 2013, and has been based on the Turkish Accounting Standards ("TMS") enforced by the Public Oversight, Accounting and Auditing Standards Authority (Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu - "KGK") in accordance with Article 5 of the Communiqué. TMSs consist of Turkish Accounting Standards, Turkish Financial Reporting Standards (TFRS) and supplements and comments in relation thereto.

In addition to Anadolu Efes' independently-audited and TFRS-compliant financial statements for 2016 and 2015 that have been drawn up in accordance with the SPK legislation, we are also presenting the summaries of the results of our Turkish beer operations, our international beer operations, and our consolidated Coca-Cola operations, which together make up our consolidated financials, as additional information for the benefit of domestic and international individual and institutional investors.

The consolidated financial statements comprise the financial statements of the company (Anadolu Efes) and of its subsidiaries and joint ventures drawn up as at the same date. The purchase method of accounting is used for acquired businesses. Subsidiaries, joint ventures, and investments in associates acquired or disposed of during the year are included in the consolidated financial statements as of the date of acquisition or until the date of disposal, as appropriate.

A "subsidiary" is a company that is subject to Anadolu Efes' control. "Control" in this context means that Anadolu Efes is exposed to various consequences arising in such companies, that it is entitled to receive some of their earnings, and that it has the power to influence their management. Among Anadolu Efes' subsidiaries are EFPA (sales and distribution of beer products in Turkey), Efes Breweries International (EBI - International Beer Operations), CCI (domestic and international Coca-Cola operations), Cypex and Efes Deutschland.

A "joint venture" is a company in which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Anadolu Efes and one or more enterprising partners. Under the change introduced by TFRS 11, joint ventures were accounted for using the equity method starting from 1 January 2013.

Statement of general information concerning the consolidated financial results for the period ending 31 December 2016

In addition to our consolidated financial statements dated 31 December 2016 that have been drawn up in accordance with the accounting principles published by the Capital Markets Board ("SPK") and for the purpose of informing domestic and foreign investors, individuals, and organizations, we are providing the summarized consolidated operational results of the Turkish beer operations, the international beer operations, and the soft drinks operations which constitute our consolidated financial statements. Figures showing Anadolu Efes', Turkish Beer Operations' and EBI's consolidated operating profit before non-recurring items ("BNRI") are also separately reported.

FY2016 HIGHLIGHTS

- Consolidated sales volume up 1.5% to 87.5 mhl (excl. Ukraine up 1.8%)
- Consolidated net sales revenue up 2.1% to TRL 10,420.3 million
- Consolidated EBITDA Before Non-Recurring Items (BNRI) up 0.3% to TRL 1,771.9 million
- Consolidated Free Cash Flow was TRL 1,030.4 million versus TRL 637.8 million in FY2015

FOURTH QUARTER HIGHLIGHTS

- Consolidated sales volume up 4.5% to 17.0 mhl (excl. Ukraine up 4.5%)
- Consolidated net sales revenue up 10.8% to TRL 2,155.3 million
- Consolidated EBITDA (BNRI) up 24.5% to TRL 224.0 million

AEFES CONSOLIDATED (TRL MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (mhl)	16.3	17.0	4.5%	86.1	87.5	1.5%
Net Sales	1,945.2	2,155.3	10.8%	10,205.1	10,420.3	2.1%
Gross Profit	720.3	779.7	8.2%	4,186.7	4,090.6	-2.3%
EBIT (BNRI)	-29.2	8.6	n.m.	948.5	943.1	-0.6%
EBITDA (BNRI)	180.0	224.0	24.5%	1,766.1	1,771.9	0.3%
Net Income/(Loss)*	-18.6	-435.0	-2,242.4%	-197.8	-70.8	64.2%
		Change (bps)				Change (bps)
Gross Profit Margin	37.0%	36.2%	-85	41.0%	39.3%	-177
EBIT (BNRI) Margin	-1.5	0.4%	190	9.3%	9.1%	-24
EBITDA (BNRI) Margin	9.3%	10.4%	114	17.3%	17.0%	-30
Net Income Margin*	-1.0%	-20.2%	-1,923	-1.9%	-0.7%	126

* Net income attributable to shareholders.

MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

Anadolu Efes successfully delivered strong y-o-y consolidated sales volume growth of 4.5% in the last quarter of 2016, through the strong performance of soft drinks and international beer operations. Accordingly, consolidated sales volume in FY2016 was up by 1.5% to 87.5 mhl in accordance with our guidance.

Consolidated net sales revenue was up by 10.8%, the highest rise among all quarters, and reached TRL 2,155.3 million in 4Q2016. Accordingly, FY2016 topline reached TRL 10,420.3 million with a 2.1% y-o-y increase. International beer operations' consolidated revenue grew by 15.3% in 4Q2016. Higher volume, which was assisted by our intense marketing and sales execution activities, was the primary reason for the strong revenue growth in international beer, while a stronger ruble also positively contributed. Beer Group revenue growth was 16.1% in 4Q2016. CCI also contributed positively to the topline growth of Anadolu Efes in the quarter.

Consolidated EBITDA (BNRI) was TRL 224.0 million in 4Q2016, up by 24.5% compared to 4Q2015. Accordingly, EBITDA (BNRI) increased to TRL 1,771.9 million in FY2016. Consolidated EBITDA margin was recorded as 17.0% in FY2016 with a slight decline of 30 bps vs last year, in line with our guidance. As a result of our diversified business structure, EBITDA margin expansion in international beer operations mitigated the declines in EBITDA margins of Turkey beer and consolidated soft drink operations.

Consolidated net loss was recorded as TRL 70.8 million in FY2016 on the back of TRL 641.0 million non-cash FX-loss in FY2016 due to long term hard currency borrowings. The net loss was TRL 197.8 million in FY2015.

Anadolu Efes recorded an all-time high FCF of TRL1,030.4 million in 2016 through strong contribution from both lines of our business. Tight working capital management despite cycling a low base both in beer operations and soft drinks as well as lower capex compared to last year, particularly in CCI, were contributors to the strong improvement in FCF. The third consecutive year of strong FCF helped to decrease our consolidated net leverage ratio to 1.9x as of December 31, 2016 vs 2.0x as of December 31, 2015 despite 21% devaluation of TRL versus USD in 2016 vs the previous year.

SUMMARY FINANCIALS

AEFES CONSOLIDATED (TRL MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (mhl)	16.3	17.0	4.5%	86.1	87.5	1.5%
Net Sales	1.945.2	2,155.3	10.8%	10,205.1	10,420.3	2.1%
Gross Profit	720.3	779.7	8.2%	4.186.7	4.090.6	-2.3%
EBIT (BNRI)	-29.2	8.6	n.m.	948.5	943.1	-0.6%
EBITDA (BNRI)	180.0	224.0	24.5%	1,766.1	1,771.9	0.3%
Net Income/(Loss)*	-18.6	-435.0	-2,242.4%	-197.8	-70.8	64.2%
			Change (bps)			Change (bps)
Gross Profit Margin	37.0%	36.2%	-85	41.0%	39.3%	-177
EBIT (BNRI) Margin	-1.5%	0.4%	190	9.3%	9.1%	-24
EBITDA (BNRI) Margin	9.3%	10.4%	114	17.3%	17.0%	-30
Net Income Margin*	-1.0%	-20.2%	-1,923	-1.9%	-0.7%	126

BEER GROUP (TRL MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (mhl)	4.2	4.3	3.0%	20.7	19.9	-3.8%
Net Sales	671.8	780.1	16.1%	3,481.3	3,370.1	-3.2%
Gross Profit	342.4	368.9	7.7%	1,862.2	1,708.1	-8.3%
EBIT (BNRI)	-12.8	35.6	n.m.	326.3	317.9	-2.6%
EBITDA (BNRI)	79.2	127.8	61.3%	714.5	679.1	-5.0%
Net Income/(Loss)*	-18.8	-252.4	-1,240.8%	-198.9	-35.1	82.4%
			Change (bps)			Change (bps)
Gross Profit Margin	51.0%	47.3%	-368	53.5%	50.7%	-281
EBIT (BNRI) Margin	-1.9%	4.6%	647	9.4%	9.4%	6
EBITDA (BNRI) Margin	11.8%	16.4%	459	20.5%	20.1%	-37
Net Income Margin*	-2.8%	-32.4%	-2,955	-5.7%	-1.0%	467

TURKEY BEER (TRL MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (mhl)	1.5	1.4	-6.8%	6.6	6.0	-9.9%
Net Sales	314.7	330.5	5.0%	1,484.8	1,438.6	-3.1%
Gross Profit	181.0	197.7	9.3%	908.1	853.5	-6.0%
EBIT (BNRI)	22.2	51.7	132.6%	291.5	246.6	-15.4%
EBITDA (BNRI)	58.6	90.5	54.4%	437.9	408.3	-6.8%
Net Income/(Loss)*	78.6	-215.1	n.m.	-49.1	-129.0	-162.9%
			Change (bps)			Change (bps)
Gross Profit Margin	57.5%	59.8%	232	61.2%	59.3%	-183
EBIT (BNRI) Margin	7.1%	15.6%	857	19.6%	17.1%	-249
EBITDA (BNRI) Margin	18.6%	27.4%	876	29.5%	28.4%	-111
Net Income Margin*	25.0%	-65.1%	-9.003	-3.3%	-9.0%	-566

* Net income attributable to shareholders

MANAGEMENT'S FINANCIAL REVIEW AND EXPECTATIONS

INTERNATIONAL BEER (USD MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (mhl)	2.7	2.9	8.1%	14.1	13.9	-0.9%
Net Sales	115.1	132.7	15.3%	725.1	630.6	-13.0%
Gross Profit	51.3	47.2	-7.9%	345.7	275.4	-20.3%
EBIT (BNRI)	-8.0	1.6	n.m.	31.2	42.6	36.4%
EBITDA (BNRI)	10.6	17.7	67.5%	118.5	107.8	-9.0%
Net Income/(Loss)*	-30.5	-3.3	89.3%	49.7	52.8	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	44.6%	35.6%	-896	47.7%	43.7%	-401
EBIT (BNRI) Margin	-6.9%	1.2%	811	4.3%	6.8%	245
EBITDA (BNRI) Margin	9.2%	13.4%	417	16.3%	17.1%	75
Net Income Margin*	-26.5%	-2.5%	2.402	-6.9%	8.4%	1,523

COCA-COLA İÇECEK (TRL MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (million U/C)	213.4	224.0	5.0%	1,151.9	1,189.1	3.2%
Net Sales	1,273.4	1,375.2	8.0%	6,723.9	7,050.2	4.9%
Gross Profit	385.0	413.3	7.3%	2,334.4	2.392.5	2.5%
EBIT	-12.1	-22.9	-89.7%	639.5	640.7	0.2%
EBITDA	100.6	96.4	-4.2%	1,051.5	1,092.9	3.9%
Net Income/(Loss)*	4.3	-360.1	n.m.	117.2	-28.4	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	30.2%	30.1%	-18	34.7%	33.9%	-78
EBIT Margin	-1.0%	-1.7%	-72	9.5%	9.1%	-42
EBITDA Margin	7.9%	7.0%	-90	15.6%	15.5%	-14
Net Income Margin*	0.3%	-26.2%	-2,652	1.7%	-0.4%	-215

* Net income attributable to shareholders.

BEER GROUP

MANAGEMENT COMMENTS

“We are happy to deliver 2016 results in line with our guidance in such a challenging year. We achieved 1.5% sales volume growth and 2.1% revenue growth on a consolidated basis while our consolidated EBITDA (BNRI) margin was flattish in 2016. More importantly, in 2016 our consolidated FCF exceeded TRL 1 billion, a historical high, showing once again our ability to generate cash in tough operating conditions,” commented Mr. Gavin Hudson, Anadolu Efes CEO and Beer Group President.

“2016 turned out to be tougher than expected in some of our markets. The existing challenges in our Turkey beer operations escalated towards the end of the year, impacting not only consumer sentiment but also putting pressure on our operational profitability. On the other hand, our Russian beer operations beat our expectations set at the beginning of the year both in terms of top line and profitability growth.

As always, brands have been the primary key to our success. We relied upon our strategy of building brands by constantly optimizing our portfolio while addressing affordability and addressing the changing preferences of our consumers.

2016 was especially tough for our Turkey beer operations. Notable here was the social unrest together with the existing political, geographic and macro-economic challenges, significantly lower tourism activity and the deterioration in the affordability of beer throughout the year. Despite the slowdown in the rate of decline through the quarters, Turkey beer volume was slightly weaker than our guidance for 2016 mainly because of the sooner-than-scheduled implementation of the higher-than-inflation excise tax increase in December.

As for Russia, improving consumer sentiment with a recovering economy, favorable weather conditions and the postponement of PET size restrictions helped the market perform better than expectations. At the same time, our strong performance in recent quarters continued into the last quarter with double digit growth helping us beat the market as guided. In the meantime, we managed to grow our volumes without compromising profitability. Not only did we gain market share in the Upper Mainstream segment and in the growing Modern Trade channel, we maintained our strong presence in the Premium segment as well. We were able to increase our YTD average market share to 14.0% in 2016 vs 13.4% in 2015.

On a total beer group basis, we grew our volumes by 3.0% in the last quarter thanks to the significant contribution of our international beer operations. Thus, the beer group volume decline in 2016 was limited to 3.8%. Excluding Ukraine, however, total beer volumes was only down by 2.6%, a result in line with our guidance of a low single digit decline. Despite lower volumes, we managed to sustain our profitability margins at flattish levels compared to 2015 while creating strong free cash flow of close to TRL 400 million.

In 2017, we expect to grow our consolidated sales volumes by low to mid-single digits through positive contribution from both lines of our business, beer and soft drinks. We expect to deliver consolidated revenue growth ahead of volumes and EBITDA growth parallel to or higher than that of revenue. Tight balance sheet management will continue to be a priority; accordingly, we expect to continue delivering strong FCF generation. On the beer side, we expect to deliver low single digit volume growth and revenue growth ahead of volumes. EBITDA margin is expected to stay flattish despite the increasing share of structurally lower margin international beer business. Our strong free cash flow generation is to continue in 2017 as well.

I am very pleased to be taking over the leadership at Anadolu Efes. The company has strong underlying fundamentals and a clear strategy of leveraging on our brands, excelling in execution and improving efficiency. I will make sure that I contribute to this long standing strategy while also trying to bring further synergy to our Turkey beer operations by capitalizing on my experience in the beer businesses across the world. Furthermore, I will intend to secure FCF generation in challenging periods which I consider a defining characteristic of our company. We will do our best to bring out the full potential of the company and maintain its financial flexibility in the years to come.“

BEER GROUP

TURKEY BEER OPERATIONS

TURKEY BEER (TRL MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (mhl)	1.5	1.4	-6.8%	6.6	6.0	-9.9%
Net Sales	314.7	330.5	5.0%	1,484.8	1,438.6	-3.1%
Gross Profit	181.0	197.7	9.3%	908.1	853.5	-6.0%
EBIT (BNRI)	22.2	51.7	132.6%	291.5	246.6	-15.4%
EBITDA (BNRI)	58.6	90.5	54.4%	437.9	408.3	-6.8%
Net Income/(Loss)*	78.6	-215.1	n.m.	-49.1	-129.0	-162.9%
			Change (bps)			Change (bps)
Gross Profit Margin	57.5%	59.8%	232	61.2%	59.3%	-183
EBIT (BNRI) Margin	7.1%	15.6%	857	19.6%	17.1%	-249
EBITDA (BNRI) Margin	18.6%	27.4%	876	29.5%	28.4%	-111
Net Income Margin*	25.0%	-65.1%	-9,003	-3.3%	-9.0%	-566

* Net income attributable to shareholders.

Turkey beer volume was 6.0 mhl in 2016, down by 9.9% on a year-on-year basis, a result slightly weaker than our guidance due to slower December sales on the back of the early implementation of a higher than inflation 10% excise tax increase. In 2016, the beer market in Turkey was estimated to be down by low single digits.

Tough market conditions mentioned in previous quarters continued into the 4Q2016 with further political and macroeconomic challenges which resulted in weakened consumer confidence. Moreover, the affordability of beer was negatively affected by higher than inflation increases in excise taxes, the last of which was implemented in December 2016 against the expected schedule of January 2017. The slowdown in the rate of decline in the last three quarters continued into the last quarter of 2016 as a result of our strategy of building brands by introducing new tastes to consumers with an optimized SKU portfolio involving new launches and re-launches while addressing affordability. Accordingly, Turkey beer's domestic volume was down by 5.9% to 1.3 mhl in 4Q2016 y-o-y.

Revenue per liter grew by 12.6% in 4Q2016 vs the same quarter of the previous year, while on an absolute basis revenue grew by 5.0% to TRL 330.5 million in the same period, benefitting from an 8.6% price increase that we made at the beginning of December in order to reflect the 10% excise tax increase as well as cost inflation. Full year revenues of Turkey beer operations reached TRL1,438.6 million in FY2016 compared to TRL1,484.8 million in FY2015, growing by 7.5% on a per liter basis.

Cost of goods sold as a percentage of net sales revenue declined by 232 bps in 4Q2016 vs 4Q2015. The impact of higher FX rates and cost base was mitigated by our hedging initiatives as well as price increases implemented during the quarter. As a result, gross profitability increased by 9.3% y-o-y, ahead of revenue growth, bringing our gross margin to 59.8% with an increase of 232 bps versus the same quarter of 2015. FY2016 gross margin was 59.3%.

As a result of our strict expense management, selling and marketing expenses in the 4th quarter was lower as a percentage of net sales revenue. Accordingly, EBIT margin increased by 857 bps to 15.6% benefiting also from the expansion in the gross margin in the period. By the same token, EBITDA margin expanded by 876 bps in 4Q2016, bringing the FY2016 margin decline to 111 bps, as guided before.

The bottom line was impacted negatively by non-cash FX losses incurred in the 4th quarter due to 21% devaluation of USD TRL vs the end of 3rd quarter. As a result, Turkey beer reported a net loss of TRL 129.0 million in FY2016.

INTERNATIONAL BEER OPERATIONS

TURKEY BEER (TRL MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (mhl)	2.7	2.9	8.1%	14.1	13.9	-0.9%
Net Sales	115.1	132.7	15.3%	725.1	630.6	-13.0%
Gross Profit	51.3	47.2	-7.9%	345.7	275.4	-20.3%
EBIT (BNRI)	-8.0	1.6	n.m	31.2	42.6	36.4%
EBITDA (BNRI)	10.6	17.7	67.5%	118.5	107.8	-9.0%
Net Income/(Loss)*	-30.5	-3.3	89.3%	49.7	52.8	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	44.6%	35.6%	-896	47.7%	43.7%	-401
EBIT (BNRI) Margin	-6.9%	1.2%	811	4.3%	6.8%	245
EBITDA (BNRI) Margin	9.2%	13.4%	417	16.3%	17.1%	75
Net Income Margin*	-26.5%	-2.5%	2,402	-6.9%	8.4%	1,523

* Net income attributable to shareholders.

EBI's consolidated sales volume grew by a remarkable 8.1% in 4Q2016, a performance significantly above expectations given all the ongoing macroeconomic and geopolitical challenges in EBI countries. Accordingly, EBI's consolidated sales volume for the full year recorded a flattish performance vs. 2015 with 13.9 mhl in 2016, a 0.9% decline vs 2015. Excluding Ukraine, however, EBI managed to record 0.8% growth in 2016.

The Russian market in 2016 looks to have finished only marginally down on 2015, thereby beating our early expectations. This performance comes mainly from the postponement of PET restrictions from July 2016 to January 2017. Improved macro-economic conditions which helped consumer confidence and favorable summer weather conditions also made a contribution. We managed to grow our volumes in Russia by double digits in 4Q2016 without compromising value as a result of our strategy to position our portfolio to the more premium end of the market. We gained market share in the upper mainstream segment and in the growing Modern Trade channel while continuing to hold our strong position in the Premium segment. In the rest of our international operations, we continued to maintain our market leadership position by our ability to rapidly adapt to changes in consumer preferences and our well established executions colored with freshness.

EBI's net sales revenue increased by 15.3% to USD 132.7 million in 4Q2016 benefitting from higher volumes and the positive translation effect of the ruble to USD in the quarter. In FY2016, net sales reached USD 630.6 million with a 13.0% decline y-o-y, due to devaluations of other local currencies against EBI's reporting currency USD. On a constant currency basis, EBI's net sales revenue was up by 1.8% in FY2016 vs FY2015.

Gross profit was USD 47.2 million in 4Q2016 with 35.6% gross margin, down 896 bps. As guided previously, F/X based raw materials and higher procurement prices put pressure on cost of goods sold but the full impact of these was partially mitigated by tight cost management and effective hedging. For the full year, gross profit was USD 275.4 million, giving a 43.7% margin vs 47.7% in FY2015.

EBI's EBIT margin expanded by a strong 811 bps in 4Q2016 and by 245 bps in FY2016 due to tightly managed OPEX, especially G&A. Higher volumes also helped profit margins to expand this quarter. The reflection of the improvement in EBIT (BNRI) to EBITDA (BNRI) was less in 4th quarter because of lower capex this year and also the F/X conversion impact. EBI's EBITDA (BNRI) margin was 17.1% in FY2016.

EBI recorded a net FX gain of USD 25.4 million on a consolidated basis in FY2016 vs a net FX loss of USD 81.7 million in FY2015, due to non-cash FX gains recorded in Russia from shareholder loans. This, combined with higher operational profitability in FY2016, turned the bottom line to positive with USD 52.8 million net income which compares to a loss of USD 49.7 million in FY2015.

SOFT DRINK OPERATIONS (CCI)

MANAGEMENT COMMENTS

Burak Başarır, Chief Executive Officer of Coca-Cola İçecek, commented: "CCI's performance in 2016 reflects its strength and ability to deliver solid results despite challenging macroeconomic and political conditions. In Turkey, our business was impacted by sharp exchange rate fluctuations and low consumer confidence in 2016. In Central Asia, the macroeconomic environment remained tough and in the Middle East, regional conflicts continued. Nevertheless, we took effective measures to drive volume, revenue and EBITDA growth.

During 2016, we continued to focus on disciplined financial management, allowing us to significantly improve our working capital and drive further productivity savings. Moreover, given relatively lower capital expenditure, we generated substantial free cash flow.

In 2017, we expect our Turkey operations to deliver improved top-line growth and operating profitability, on the back of successful revenue growth management initiatives, coupled with effective cost management.

In Pakistan, we expect double digit volume growth to continue in 2017. We plan to build new plants and add new production lines in the coming years to ensure that we capture the significant growth potential in the country. In this context, Faisalabad and Islamabad are among the potential regions for greenfield investments.

In Central Asia, severe currency devaluation weighed heavily on consumer sentiment and overall economic activity in 2016. In 2017, we expect economic recovery to support top-line growth in most of the countries in that region. I am pleased to note that our volume growth has already turned positive in the last quarter of 2016.

In Iraq, our operations continue to perform below potential due to ongoing regional conflicts. We expect this operating environment to remain challenging in 2017. We do however plan to deliver volume growth in both South and North Iraq.

Despite the current headwinds, we do not foresee any significant negative changes in the growth prospects of our markets. I am confident that CCI will capitalize on this growth potential through its sustainable business model and strong partnership with The Coca-Cola Company".

COCA-COLA İÇECEK (TRL MILLION)	4Q2015	4Q2016	CHANGE %	FY2015	FY2016	CHANGE %
Volume (million U/C)	213.4	224.0	5.0%	1,151.9	1,189.1	3.2%
Net Sales	1,273.4	1,375.2	8.0%	6,723.9	7,050.2	4.9%
Gross Profit	385.0	413.3	7.3%	2.334.4	2.392.5	2.5%
EBIT	-12.1	-22.9	-89.7%	639.5	640.7	0.2%
EBITDA	100.6	96.4	-4.2%	1,051.5	1,092.9	3.9%
Net Income/(Loss)*	4.3	-360.1	n.m.	117.2	-28.4	n.m.
			Change (bps)			Change (bps)
Gross Profit Margin	30.2%	30.1%	-18	34.7%	33.9%	-78
EBIT Margin	-1.0%	-1.7%	-72	9.5%	9.1%	-42
EBITDA Margin	7.9%	7.0%	-90	15.6%	15.5%	-14
Net Income Margin*	0.3%	-26.2%	-2,652	1.7%	-0.4%	-215

* Net income attributable to shareholders.

Consolidated sales volume increased by 5.0% in 4Q2016, while volume growth for FY2016 was 3.2%, in line with company guidance. The share of Turkey operations within total sales volume remained the same vs a year ago, at 51%.

Turkey operations delivered 1.4% volume growth in FY2016 as sales volume grew by 1.8% in 4Q2016. The sparkling category volume contracted by 5.9% in 4Q16, compared to strong growth of 13.7% in 4Q15. The growth in the number of transactions lagged behind volume growth in 4Q2016 and FY2016, attributable to promotions supporting future consumption (FC) packages. Sparkling volume declined by 1.8% in FY2016, reflecting weak consumer sentiment during most of the year and weaker tourism activity throughout the high season. The stills category contracted by 2.3% in 4Q2016, led mainly by juice and water, while ice tea continued to post double digit growth. On the other hand, the category delivered 6.9% volume growth in FY2016, mainly driven by water and ice tea. The non-ready-to-drink (NRTD) tea category posted 28.4% and 3.5% volume growth in 4Q2016 and FY2016, respectively.

International operations delivered 8.7% volume growth in 4Q2016 as Pakistan operations continued to post double digit volume growth and Central Asia operations turned positive, cycling 12.2% volume contraction in 4Q2015. Hence, sales volume of international operations posted 5.2% growth in FY2016. In Pakistan, volume growth was 13.1% in 4Q2016, bringing the FY2016 figure to 18.6%. Following five consecutive quarters of volume contraction, Central Asia posted 7.6% volume growth in 4Q2016. Recovery in oil prices and the low base of 4Q2015 supported volume growth in the last quarter of 2016 while FY2016 volume ended down by 9.6%. Sales volume in Kazakhstan, CCI's flagship market in the region, was up by 14.3% in 4Q2016, bringing the FY2016 figure to 6.6% contraction. Azerbaijan, on the other hand, continued to post double digit contraction due to the weak macroeconomic backdrop. Across the Middle East, the sales volume grew by 2.8% in 4Q2016. Volumes contracted by 0.6% in FY2016, mainly due to lower performance in South Iraq. Given the macroeconomic and political challenges in South Iraq and ongoing security issues in North Iraq, total Iraq volume contracted by 2.0% in FY2016, with 3.0% volume growth in the last quarter. Jordan was able to post low single digit volume growth in 4Q2016, bringing overall growth of 7.6% in FY2016.

Consolidated net revenue increased by 8.0% in the quarter, mostly reflecting the positive impact of USD/TRL conversion from international operations. FY2016 net revenue totaled TRL 7,050.2 million, up by 4.9% on the back of Turkey's revenue growth and positive conversion impact. Net revenue per unit case increased by 1.6% to TRL 5.93 in FY2016, on a consolidated basis. In Turkey, net revenue slightly increased in 4Q2016. However, net revenue per unit case declined by 1.4% which was mainly attributable to volume mix, reflecting some dilutive impact of the higher share of non-ready-to-drink tea and FC (future consumption) packages. On the other hand, annual growth in the net revenue per unit case was 5.5%, driven by price increases on selective future consumption packages in early FY2016. Nonetheless, the latest price increase on immediate consumption packages was in November 2016, which is expected to support revenue growth in 2017.
In our international operations, net revenue increased by 3.8% in 4Q2016, following the sharp contraction in the first nine months. On the other hand, net revenue per unit case was down by 4.5% to USD 1.94. In FY2016, net revenue per unit case declined by 12.0% to USD 1.94. In Pakistan, the packaging mix was unfavorable due to consumer promotions for future consumption packages. In Central Asia, price increases were behind the currency devaluations, as we mainly focused on protecting our consumer base by keeping our products affordable. In Iraq, net revenue per case declined due to higher discounts.

Cost per case on a consolidated basis was up by 3.1% in 4Q2016, reflecting the unfavorable foreign currency impact on packaging materials and one-off costs related to the collective bargaining agreement in Turkey. On the other hand, international operations' cost per case was lower both in 4Q2016 and in FY2016, on the back of favorable raw material prices. Hence, the consolidated gross margin remained almost flat in 4Q2016 while it contracted by 80 bps in FY2016. Operating expenses per case were up by 11.1% in 4Q2016, mainly due to higher marketing expenses in international operations, whereas operating expenses per case was almost flat in Turkey. In FY2016, operating expenses per case was up by 2.5% on a consolidated basis, mainly driven by higher selling, distribution and marketing expenses in Turkey. On the other hand, operating expenses per case were down by 10.5% in international operations. In FY2016, the contraction in Turkey operations' EBITDA margin was partly offset by the expansion in international operations. Consequently, the consolidated EBITDA margin remained almost flat at 15.5% in 2016, in line with our guidance.

Net financial expense was TRL 489.8 million in FY2016 compared to TRL 426.9 million in FY2015 due to higher net FX losses. Accordingly, CCI recorded TRL 28.4 million net loss in FY2016 vs TRL 117.2 million net income in FY2015. This number also includes an impairment of our South Iraq goodwill of TRL 54 million, reflected on financial tables as of 31 December 2016. Excluding this one-off number, net income would be TRL 26 million in 2016.

Given lower capital expenditure and improvements in net working capital, free cash flow increased from TRL 45.8 million in 2015 to TRL 641.6 million in FY16.

The net debt/EBITDA ratio was 2.1x.

CONSOLIDATED FINANCIAL PERFORMANCE

EBITDA (TRL MILLION)	FY2015	FY2016
Profit/loss from operations	928.9	939.9
Depreciation and amortization	737.2	790.7
Provision for retirement pay liability	17.6	20.1
Provision for vacation pay liability	5.2	9.8
Foreign exchange gain/loss from operating activities	54.0	3.9
Rediscount interest income/expense from operating activities	0.0	0.0
Other	3.6	4.3
EBITDA	**1,746.5**	**1,768.7**
EBITDA (BNRI*)	**1,766.1**	**1,771.9**

* Non-recurring items amounted to TRL 19.6 million in 2015 and TRL 3.2 million in 2016.

FINANCIAL INCOME / (EXPENSE) BREAKDOWN (TRL MILLION)	FY2015	FY2016
Interest income	81.6	81.1
Interest expense	-220.1	-211.6
Foreign exchange gain /(loss)	-842.2	-641.0
Other financial expenses (net)	-27.4	-26.5
Gain/(loss) on derivative transactions	-0.7	-4.2
Net Financial Income /(Expense)	**-1,008.8**	**-802.2**

ANADOLU EFES FREE CASH FLOW (TL MILLION)	FY2015	FY2016
EBITDA	1,746.5	1,768.7
Change in Working Capital	152.2	172.5
Income Taxes & Employee Benefits Paid	-157.5	-133.4
CAPEX, net	-1.058.2	-707.8
Net Financial Income /(Expense)	-45.2	-69.6
FCF	**637.8**	**1,030.4**
Other investing activities (Acq., Disp., Min. Buy-Out and SC Increases)	96.9	-14.1
FCF (after investing activities)	**734.7**	**1,016.3**

TRL MILLION	CONSOLIDATED GROSS DEBT	CASH & CASH EQUIVALENTS	NET CASH/(DEBT) POSITION
AEFES Consolidated	6,183.3	2,756.3	-3,427.0
Beer Group	2,413.1	1,279.2	-1,134.0
CCI	3,770.1	1,477.1	-2,293.0

NET DEBT / EBITDA (BNRI)	2015YE	2016YE
Anadolu Efes Consolidated	2.0	1.9
Beer Group	1.6	1.7

OUTLOOK

Sales Volume:

Low-to-mid single digit growth on a consolidated basis

Total Beer: Low single digit growth

Turkey Beer: Flattish vs a flattish market

Russian Beer: Outperformance of flattish beer market

Consolidated Soft Drinks: Mid-single digit growth

Turkey Soft Drinks: Low-single digit growth
International Soft Drinks: High-single digit growth

Revenue:

Outperform sales volume in all business lines

EBITDA Margin:

Flattish on a consolidated basis

Flattish EBITDA (BNRI) margin for beer group despite the growing share of structurally lower margin international beer business

Flat to slight improvement in EBITDA margin for soft drinks

Capex:

As a percentage of sales, high single digits on a consolidated basis

FCF:

Positive FCF in both beer and soft drinks

FORESEEABLE RISKS FOR 2017

Financial Markets Related: 2017 will continue to be a challenging year for emerging markets. Apart from specific country/region economic or political issues, increasing interest rates and recovery of growth in developed markets put pressure on emerging countries' economic activities and their local currencies. In addition, specific events/political tension may also bring additional volatility. The company has been taking actions to mitigate financial markets related risk as much as possible and manage volatility to some extent. With an accumulated experience of operating in highly volatile markets for many years, we have a successful track record of managing and mitigating risks.

Procurement Related: A significant portion of the our cost of sales relates to raw and packaging materials; many of these raw materials are commodities, or are priced based on commodities prices. The supply and price of raw materials used by us can fluctuate as a result of a number of factors. This risk is mitigated by our long term supply contracts and use of available hedging mechanisms to a meaningful extent.

Political Environment Related: Some of Anadolu Efes' operating markets have been under political tension for some time both on the beer and soft drink sides. Any further escalation of this tension may negatively impact our performance.

Consumption Related: With all sales generated from emerging and frontier markets, political or economic instability could deteriorate consumer sentiment.

ANADOLU EFES

Consolidated Income Statements for the Twelve-Month Period Ended 31.12.2015 and 31.12.2016 Prepared in accordance with IFRS as per CMB Regulations (TRL million)

	2015/12	2016/12
Sales Volume (mhl)	**86.1**	**87.5**
Sales Revenue	**10,205.1**	**10,420.3**
Cost of Sales (-)	-6,018.4	-6,329.6
Gross Profit from Operations	**4,186.7**	**4,090.6**
Selling, Distribution and Marketing Expenses (-)	-2,344.4	-2,393.8
General and Administrative Expenses (-)	-849.0	-841.2
Other Operating Income	160.7	288.3
Other Operating Expense (-)	-225.2	-203.9
Profit from Operations (BNRI)*	**948.5**	**943.1**
Income from Investing Activities	6.2	29.5
Expenses from Investing Activities (-)	-9.6	-90.8
Income/(Loss) from Associates	-15.7	-23.5
Operating Profit before Finance Income/(Expense)	**909.9**	**855.1**
Financial Income/Expense (Net)	-1,008.8	-802.2
Profit before Tax from Continuing Operations	**-99.0**	**53.0**
Continuing Operations Tax Income/(Expense)		
- Current Period Tax Expense (-)/Income	-111.6	-84.9
- Deferred Tax Expense (-)/Income	73.4	-8.1
Income/(Loss) for the Period	**-137.2**	**-40.1**
Attributable to:		
Non-Controlling Interest	60.6	30.7
Equity Holders of the Parent	-197.8	-70.8
EBITDA (BNRI)*	**1,766.1**	**1,771.9**

*Non-recurring items amounted to TRL 19.6 million in 2015 and TRL 3.2 million in 2016.

Note 1: EBITDA comprises Profit from Operations, depreciation and other relevant non-cash items up to Profit from Operations.

ANADOLU EFES

Consolidated Balance Sheets as of 31.12.2015 and 31.12.2016
Prepared in Accordance with IFRS as per CMB Regulations (TRL million)

	2015/12	2016/12
Cash & Cash Equivalents	1,891.5	2,745.3
Financial Investments	0.2	11.0
Derivative Instruments	0.3	1.5
Trade Receivables from Third Parties	1,033.4	1,188.1
Trade Receivables from Related Parties	106.1	131.5
Other Receivables	57.6	99.1
Inventories	1,102.9	1,031.0
Other Current Assets	750.7	801.2
Total Current Assets	**4,942.5**	**6,008.7**
Other Receivables	21.0	14.5
Financial Investments	0.8	0.8
Investments in Associates	66.7	58.4
Property, Plant and Equipment (incl. inv. properties)	6,388.2	7,396.6
Other Intangible Assets	8,841.0	9,964.1
Goodwill	1,334.7	1,675.2
Deferred Tax Assets	228.9	274.3
Other Non-Current Assets	220.2	236.0
Total Non-Current Assets	**17,101.5**	**19,619.9**
Total Assets	**22,044.1**	**25,628.6**

	2015/12	2016/12
Current Portion of Long Term Borrowings	478.8	383.1
Short-term Borrowings	265.8	117.8
Derivative Instruments	11.3	0.1
Current Trade Payables to Third Parties	1,000.0	1,258.3
Trade Receivables to Related Parties	22.3	25.9
Other Current Payables	646.8	661.6
Provision for Corporate Tax	8.2	1.4
Provisions	92.0	129.6
Other Liabilities	100.0	108.6
Total Current Liabilities	**2,625.2**	**2,686.5**
Long-term Borrowings	4,638.6	5,682.4
Non-Current Trade Payables	21.3	26.4
Other Non-Current Payables	264.6	301.5
Deferred Tax Liability	1,679.0	1,831.5
Other Non-Current Liabilities	241.9	283.2
Total Non-Current Liabilities	**6,845.4**	**8,125.1**
Total Equity	**12,573.5**	**14,817.0**
Total Liabilities	**22,044.1**	**25,628.6**

Note 1: Financial Investments in Current Assets, includes time deposits with original maturity more than three months.

TURKEY BEER OPERATIONS

Highlighted Income Statement Items for the Twelve-Month Period Ended 31.12.2015 and 31.12.2016 Prepared in Accordance with IFRS as per CMB Regulations (TRL million)

	2015/12	2016/12
Sales Volume (mhl)	**6.6**	**6.0**
Net Sales	**1,484.8**	**1,438.6**
Gross Profit from Operations	908.1	853.5
Profit from Operations (BNRI)*	**291.5**	**246.6**
Income/Expense from Investing Activities (Net)	3.5	2.7
Financial Income/Expense (Net)	-363.3	-404.4
Continuing Operations Profit before Tax	-73.1	-155.1
Tax Income/(Expense)	24.1	26.2
Profit for the Year	**-49.0**	**-128.9**
EBITDA (BNRI)*	**437.9**	**408.3**

*Non-recurring items amounted to TRL 4.9 million in 2015.
Note : EBITDA comprises Profit from Operations (excluding other operating income/expense arising from Anadolu Efes' holding nature), depreciation and other relevant non-cash items up to Profit From Operations.

TURKEY BEER OPERATIONS

Highlighted Balance Sheet Items as of 31.12.2015 and 31.12.2016 Prepared in Accordance with IFRS as per CMB Regulations (TRL million)

	2015/12	2016/12
Cash, Cash Equivalents and Investment in Securities	363.9	384.1
Trade Receivables from Third Parties	411.2	524.7
Trade Receivables from Related Parties	86.8	150.8
Inventories	247.2	134.9
Other Current Assets	285.2	285.7
Total Current Assets	**1,394.3**	**1,480.2**
Investments in Associates	5,878.4	5,892.5
Property, Plant and Equipment	488.3	492.0
Other Non-Current Assets	195.7	245.1
Total Non-Current Assets	**6,562.4**	**6,629.6**
Total Assets	**7,956.7**	**8,109.8**
Trade Payables to Third Parties	88.6	145.7
Trade Receivables to Related Parties	5.6	8.0
Other Current Payables	397.7	317.3
Current Portion of Long Term Borrowings	167.9	10.7
Short-term Borrowings	0.0	0.0
Other Liabilities	33.5	31.6
Total Current Liabilities	**693.2**	**513.3**
Long-term Borrowings	1,603.6	2,126.4
Other Non-Current Payables	264.5	301.7
Other Liabilities	76.7	110.0
Total Non-Current Liabilities	**1,944.8**	**2,538.1**
Shareholders' Equity	**5,318.6**	**5,058.3**
Total Liabilities and Shareholders' Equity	**7,956.7**	**8,109.8**

Note: Anadolu Efes subsidiaries, excluding brewing and malt production subsidiaries in Turkey and EFPA - the marketing and distribution company of the Group are stated on a cost basis in order to provide more comprehensive presentation.

INTERNATIONAL BEER OPERATIONS (EBI)

Highlighted Income Statement Items for the Twelve-Month Period Ended 31.12.2015 and 31.12.2016 Prepared in Accordance with IFRS as per CMB Regulations (USD million)

	2015/12	2016/12
Sales Volume (mhl)	**14.1**	**13.9**
Net Sales	**725.1**	**630.6**
Gross Profit	345.7	275.4
Profit from Operations (BNRI)*	**31.2**	**42.6**
Income/Expense from Investing Activities	0.7	5.1
Financial Income/Expense (Net)	-80.6	30.4
(Loss)/Profit Before Tax	-54.1	77.1
Tax Income/(Expense)	4.4	-24.2
(Loss)/Profit After Tax	**-49.7**	**52.9**
Attributable to		
Minority Interest	0.1	0.1
Equity Holders of the Parent Company	**-49.7**	**52.8**
EBITDA (BNRI)*	**118.5**	**107.8**

*Non-recurring items amounted to USD 5.4 million in 2015 and USD 1.0 million in 2016.
Note 1: EBITDA comprises Profit from Operations, depreciation and other relevant non-cash items up to Profit from Operations.
Note 2: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS after CMB reclasses.

INTERNATIONAL BEER OPERATIONS (EBI)

Highlighted Consolidated Balance Sheet Items as of 31.12.2015 and 31.12.2016 Prepared in Accordance with IFRS (USD million)

	2015/12	2016/12
Cash and Cash Equivalents	168.9	243.6
Trade Receivables from Third Parties	62.0	69.1
from Related Parties	0.2	0.3
Inventories	80.8	106.5
Other Current Assets	15.0	23.4
Total Current Assets	**326.9**	**442.9**
Property, Plant and Equipment (incl. inv properties)	440.8	448.0
Intangible Assets (including goodwill)	663.6	768.0
Other Non-Current Assets	58.5	49.4
Total Non-Current Assets	**1,162.9**	**1,265.4**
Total Assets	**1,489.8**	**1,708.3**
Trade Payables, Due to Related Parties and Other Payables	169.5	203.6
Short-term Borrowings (including current portion of long-term debt and lease obligations)	2.2	33.0
Total Current Liabilities	**171.7**	**236.6**
Long-term Borrowings (including lease obligations)	77.1	43.0
Other Non-Current Liabilities	66.3	78.5
Total Non-Current Liabilities	**143.4**	**121.5**
Total Equity	**1,174.7**	**1,350.1**
Total Liabilities and Shareholders' Equity	**1,489.8**	**1,708.3**

Note 1: Figures for EBI are obtained from consolidated financial statements prepared in accordance with IFRS.
The functional currency of International Beer Operations (EBI) is USD. In order to present the relevant numbers in terms of TRL in 31.12.2015 and 31.12.2016 consolidated financial statements, balance sheet items were converted using the period-end exchange rate and income statement items were converted using the twelve month average exchange rates for both periods.

SOFT DRINK OPERATIONS (CCI)

Highlighted Income Statement Items for the Twelve-Month Period Ended 31.12.2015 and 31.12.2016 Prepared in Accordance with IFRS as per CMB Regulations (TRL million)

	2015/12	2016/12
Sales Volume (million U/C)	**1,151.9**	**1,189.1**
Net Sales	**6,723.9**	**7,050.2**
Cost of Sales	-4,389.5	-4,657.8
Gross Profit	2,334.4	2,392.5
Operating Expenses	-1,666.0	-1,763.5
Other Operating Income/(Expense) (Net)	-28.9	11.8
EBIT	**639.5**	**640.7**
Gain/(Loss) from Associates	-0.9	-1.2
Income/(Expense) from Investing Activities, Net	-7.7	-79.0
Financial Income/(Expense), Net	-426.9	-489.8
Income Before Minority Interest & Tax	203.9	70.8
Tax Income/(Expense)	-77.3	-48.4
Income before Minority Interest	**126.7**	**22.4**
Attributable to, Minority Interest	9.5	50.8
Net Income Attributable to Shareholders	**117.2**	**-28.4**
EBITDA	**1,051.5**	**1,092.9**

Note 1: EBITDA comprises profit from operations, depreciation and other relevant non-cash items up to EBIT.
Note 2: Figures for CCI are obtained from consolidated financial results prepared in accordance with IFRS as per CMB regulations.

SOFT DRINK OPERATIONS (CCI)

Highlighted Balance Sheet Items as of 31.12.2015 and 31.12.2016 Prepared in Accordance with IFRS as per CMB Regulations (TRL million)

	2015/12	2016/12
Cash and Cash Equivalents	1,002.2	1,466.1
Financial Investments	0.2	11.0
Derivative Instruments	0.3	1.1
Trade Receivables and Due from Related Parties	557.9	604.3
Inventory (Net)	620.8	521.3
Other Receivables	34.0	41.4
Other Current Assets	442.9	487.6
Total Current Assets	**2.658.3**	**3,132.8**
Property, Plant and Equipment	4,366.7	5,084.8
Intangible Assets (Including goodwill)	1,760.8	2,077.7
Other Non-Current Assets	160.0	160.6
Total Non-Current Assets	**6,287.5**	**7,323.1**
Total Assets	**8,945.8**	**10,456.0**

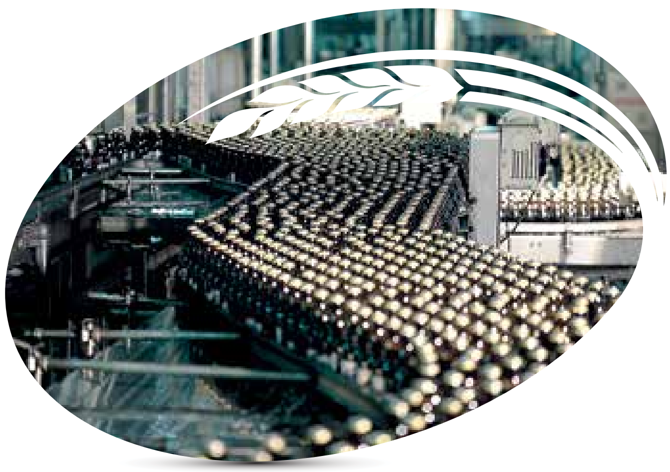
	2015/12	2016/12
Short-term Borrowings	252.8	109.2
Current Portion of Long-term Borrowings	310.2	256.3
Trade Payables and Due to Related Parties	673.5	773.5
Other Payables	173.9	211.7
Provision for Corporate Tax	0.5	0.0
Short-term Provisions	47.8	82.3
Employee Benefits Payable	21.9	31.5
Other Current Liabilities	41.4	33.1
Total Current Liabilities	**1,522.0**	**1,497.6**
Long-term Borrowings	2,810.9	3,404.7
Non-Current Trade Payables and Due to Related Parties	21.3	0.7
Non-Current Provisions	52.4	65.2
Deferred Tax Liabilities	281.8	353.9
Other Non-Current Liabilities	115.8	136.9
Total Non-Current Liabilities	**3.282.3**	**3,961.4**
Total Equity	**4,141.5**	**4,997.0**
Total Liabilities and Shareholders' Equity	**8,945.8**	**10,456.0**

Note 1: Figures for CCI are obtained from consolidated financial results prepared in accordance with IFRS as per CMB regulations.

SUSTAINABILITY BEER GROUP

Anadolu Efes defines sustainability as supporting both the growth of Anadolu Efes and development of the societies in which it operates.

An important element of Anadolu Efes's sustainability management work is the principle of acting together with local and international initiatives.



Sustainability Management

The premise of Anadolu Efes' activities is founded in the principle of sustainability. Defining sustainability as supporting both the growth of Anadolu Efes and development of the societies in which it operates, through a business model that respects human beings and the environment, Anadolu Efes creates new ideas to respond more accurately to stakeholders' expectations by rapidly adapting to today's changing conditions.

Anadolu Efes initiated the Anadolu Efes Positive Impact Plan in 2011 in order to support the security of both its own corporate structure and the future of the society with a responsible and profitable business model. Developed in line with the Company's sustainability priorities, which are shaped by the "Sustaining a Better Life" slogan, the Plan has ensured a significant improvement both in managerial approaches, and in our performance in social, economic and environmental areas. The company aims to continue to develop with the society, without compromising its sustainability vision and targets in the second five-year period towards 2020.

An important element of the company's sustainability management work is the principle of acting together with local and international initiatives. In this regard, UN Global Compact, of which the company became a signatory in 2011, and its extension UNGC CEO Water Mandate, which Anadolu Efes was the first Turkish company to endorse, are the main initiatives the company abides by. The Sustainability Development Goal (SDGs) launched during the reporting period is also among the joint action platforms Anadolu Efes supports within the context of its activities.

30%

The water consumption and wastewater discharge target for 2020 is set as a 30% reduction compared to 2008 figures.

Performance Evaluation

Anadolu Efes conducts performance measurement, evaluation and reporting activities regarding material issues that it manages within the Positive Impact Plan in accordance with indicators defined by the GRI G4 Reporting Framework. The outcomes are shared with stakeholders through Anadolu Efes' corporate website, sustainability reports and various other publications.

Most of these indicators being monitored also make up part of the main components of the corporate performance evaluation process. Therefore, sustainability targets, which are drawn upon within the scope of the performance based remuneration system, play a significant role in individual and corporate performance evaluations.

Detailed information on the Anadolu Efes Positive Impact Plan and sustainability management is available at www.anadoluefes.com.

Protection of Water Resources

"Anadolu Efes manufactures more beer by using less water."

The protection of water resources is evaluated among the main risk elements as part of Anadolu Efes' risk management model due to both its social and operational importance and is considered as a continuous improvement area under the company's Water Policy. In its first phase of the Positive Impact Plan, Anadolu Efes aimed to reduce its water consumption and wastewater discharge per product in its brewery production facilities by 35% compared to 2008 values. Despite the significant performance achieved, the changes in market structure during the period has negatively affected the targets. Nevertheless, Anadolu Efes' water consumption target was realized at 68% and wastewater discharge target at 86% as of 2015.

The water consumption was less by 23% in beer production and by 24% in malt production, compared to 2008. Besides, wastewater produced was lower by 29% in beer production and by 25% in malt production. Having published its Water Policy, Anadolu Efes determined its water consumption and wastewater discharge target for the year 2020 as a 30% reduction compared to 2008 values, in line with developments in the market conditions.

Environment and Climate

"Anadolu Efes reduces its carbon footprint by using its energy resources more efficiently."

There are three main documents used in managing environmental and climate issues by Anadolu Efes: Anadolu Efes Working Principles, Environmental Policy, Energy and Climate Policy. The company sets out all of its responsibilities and action principles with these documents to fulfill legal regulations primarily in these areas. The studies realized in this context are carried out in line with ISO14001 and ISO50001 standards. As of 2015, of all the operating facilities of Anadolu Efes, 56% have been certified in accordance with ISO14001 and 50% with ISO50001 standards.

In 2015, over USD 4.1 million of funds were transferred for the environmental management and necessary improvement investments by Anadolu Efes. Compared to 2008, energy consumption was less by 11%, with CO_2 emission per product less by 8% in beer production. In addition, in 2015 use of energy was reduced by 43 TJ, greenhouse gas emissions by 3,213 tons of CO_2, while recycling was realized at 96.6% in solid waste and by-products. In 2020, it is aimed to reduce energy consumption and greenhouse gas emissions per product produced in beer production facilities by 17% compared to 2008 and to increase the rate of re-use, recovery or elimination as by-product.

SUSTAINABILITY BEER GROUP

More than 7,000 product and service, 100 barley malt, and 400 hop suppliers make up the supply chain of Anadolu Efes.

Value Chain Partnerships

"Anadolu Efes enhances its value chain in order to achieve higher added value."

The company aims to increase the value created, by establishing long term business partnerships with stakeholders investing in the future of Anadolu Efes, such as suppliers, dealers, distributors and sales points. In order to achieve this, various development activities are being carried out for the development of business partners in terms of working principles and business conditions as well as business success. In the reporting period, more than 7,000 product and service, 100 barley malt, and 400 hop suppliers exist in the supply chain of Anadolu Efes. Long term relationships based on mutual benefit are developed with suppliers, thereby increasing the achieved value added.

Anadolu Efes Supplier Working Principles were published in 2015. This policy sets out the main principles that Anadolu Efes suppliers should follow in their activities and underlines the responsibilities that suppliers must take in social, environmental and economic areas. In order to observe the compliance of suppliers to these principles, also supplier audits are conducted. Under this study carried out for raw material and primary packaging producers, 28 supplier audits were undertaken during the reporting period.

Agricultural support programs in Turkey and Moldova

Anadolu Efes has developed barley malt and hop varieties since 1982 to date, under the Agricultural R&D Program. As a result of these studies using natural methods, Anadolu Efes has developed and registered 15 new barley malt and seven hop varieties. In this context, it has focused on developing drought resistant varieties requiring less water, energy, pesticide, and fertilizer use, fertile in production but natural, and with reduced environmental impacts.

One of the other main activities carried out by Anadolu Efes within the framework of activities supporting agriculture and farmers is the Contractual Purchase Program. With the Contractual Purchase Program implemented as an extension of R&D work, the barley malt and hops producers are supported financially, operationally, materially and in terms of information. Having reached out to approximately 8,000 farmer families, Anadolu Efes carried this practice, which started in Turkey, also to Moldova in 2012. Having observed, as a result of the studies carried out, that winter barley varieties give better results under Moldova's climate conditions, the trials for this type have been intensified. In 2015, 5,128 tons of barley were produced.

Our Work Force

"A fair work environment, where employees' skills are valued, with the aim of becoming a preferred employer"
Anadolu Efes considers labor practices as an indispensable part of sustainability performance and aims to be the most preferred employer by providing a fair and safe working environment, where productivity and creativity are supported, and skills are developed. Under the UN Global Compact signed in 2011 and Women Empowerment Principles signed in 2014, the value assigned to diversity and equal opportunity, and the support given to human rights, are underlined. On the other hand, the studies in the area of labor practices continued in 2015 and 26.4 hours of training per employee was realized, reducing loss of labor by 27%. With 6,386 employees in six countries as of the end of 2015, Anadolu Efes aims to increase its success through its work force consisting of creative, hardworking, well-educated and talented individuals.

Product Responsibility

"We are working to form a consumer base that consumes beer in a responsible manner."
For Anadolu Efes, product responsibility is one of the main ways of generating positive value for stakeholders. The main principle of producing value with the understanding of product responsibility is to produce high quality beer and to act responsibly in the marketing processes. The reason of the existence of Anadolu Efes products is to bring people together, enable the sharing of happy moments of life, as well as adding value to social life. For this reason, studies are being carried out to develop a conscious consumption culture on one hand, while offering high-quality products that respond to consumer expectations on the other hand.

Anadolu Efes follows food safety management systems- such as ISO22000 and HACCP and international systems and standards such as ISO9001 Quality Management System- in order to secure the quality of its production processes. Through the audits conducted by independent organizations, it is registered that the production at the facilities is carried out according to these standards. As of 2015, all the production volume of Anadolu Efes has been produced in facilities certified by food safety management systems such as ISO22000 or HACCP, while the rate of facilities certified by ISO9001 Quality Management System has increased from 89% to 94%. Anadolu Efes published the Anadolu Efes Quality Policy in 2015 to institutionalize the understanding of quality it has developed over the years, and further improve it in the future periods.

Anadolu Efes believes that creating a responsible consumption culture is possible with producers, who are loyal to responsible marketing principles. Anadolu Efes fulfills its responsibilities in this direction. As a concrete manifestation of this understanding, Anadolu Efes Marketing Communication Policy, which has been prepared in order to ensure that Anadolu Efes marketing communication activities are carried out within the framework of responsibility, was published during the reporting period. In this direction, various studies are being carried out in order to raise awareness of consumers for responsible consumption in the Russia, Moldova and Kazakhstan operations.

Social Development

"Anadolu Efes takes into consideration the expectations of the communities in which it operates and supports their development."
Anadolu Efes aims to contribute to increasing the welfare level of the societies in which it has been operating and to create a positive effect on the social development with the added value it generated. It aims to realize this through local development support programs and social investments. Employment is an important source for the revitalization of the local economy. With a very high multiplier effect in terms of employment, the brewing sector, in particular, is a direct source of employment. Additionally, it is also an important source of indirect employment, primarily in the labor-intensive service sectors through the sub business lines it supports. This employment, being local in nature, creates further economic value. For this reason, local employment is among the fundamental elements of Anadolu Efes' human resources policy. In this respect, the vast majority of the workforce employed in Anadolu Efes operations is composed of local employees. During the reporting period, 93% of more than 7,500 suppliers involved in purchasing activities were local.

On the basis of expenses, purchases made from local suppliers accounted for 81% of the purchasing operations conducted.

Anadolu Efes Turkey has been carrying out "The Future is in Tourism" project since 2007 in order to support local development. In this context, each year, three sustainable tourism projects are provided with funding support as well as execution support such as training, planning, technical support, communication and consultancy.

In addition, local development is supported through the "Urban Landscaping Project" in Russia, and the "Heart of Moldova Project" in Moldova.

Anadolu Efes supports programs in the fields of sports, culture and arts, taking social expectations and needs into consideration in its operating countries, and carries out social investments. As of the period covered by the report, Anadolu Efes Turkey maintained its support to sports for 39 years, cinema for 28 years, theater for 23 years and tourism development projects for eight years.

SUSTAINABILITY SOFT DRINKS GROUP

CCI, which prioritizes corporate governance, environmental footprint, workplace rights, and social acceptance focus areas under the society category, has set strong sustainability targets in these areas.

CCI was named one of the climate leaders in Turkey with its performance in this area in 2016.

Sustainability Approach

CCI, which carries out all its activities taking into consideration its social responsibilities, has positioned "Society" as one of its three main strategic priorities in line with its 2025 Vision. The company, which prioritizes corporate governance, environmental footprint, workplace rights, and social acceptance focus areas under the society heading, has set strong sustainability targets in these areas.

Sustainability Strategy Compliant with the Coca-Cola System

Having adopted the common sustainability framework applied throughout the entire Coca-Cola system, CCI implements comprehensive sustainability practices, which focus on long-term goals under the headings of "Me", "We", "World". Positioned as a bottler, which has an annual sales volume of over 1 billion unit cases, CCI classifies its actions for more health for the individuals, under the "Me" heading; its studies to create more powerful societies, under "We" heading; and its sustainability practices for the environmental protection, under the "World" heading. Integrating innovative applications effectively into its business processes in areas such as customer satisfaction, effective resource utilization and minimizing carbon footprint within the framework of its sustainability strategy, the company has continued consistently to add value to its sustainability-oriented activities.

Sustainability Organization within CCI

The main responsible body in determining the sustainability strategy within CCI, which takes sustainability strategy into account during all business processes, is the Corporate Governance Committee. The implementation of the Sustainability Strategy is under the responsibility of the CCI Executive Board chaired by the CEO, and the Sustainability Steering Committee formed in 2015.

While the Executive Committee is composed of senior managers, Finance, Corporate Affairs, Legal, Human Resources and Supply Chain Directors are in charge of the Sustainability Steering Committee. The Sustainability Committee is supported by the "Energy Management and Climate Protection" and "Water Management and Environment" working groups. In addition to the plant energy coordinators, the function managers of Logistics, Cooling Equipment, Purchasing, Quality, Sustainability, Administrative Relations and TCCC Technical and Public Affairs also take charge in Turkey.

Strong Communication Channels for Stakeholder Participation

Developing relationships based on mutual communication and respect with its stakeholders, CCI has formed stakeholder engagement channels in compliance with the AA1000 Accountability Principles. The company, which presents its sustainability reports to the Independent External Report Review Committee within the framework of the continuous development policy, effectively evaluates the feedback submitted by its stakeholders.

Value Chain Growth Is the Main Target

As one of TCCC's 250 bottling business partners worldwide, CCI carries out the production, packaging as well as distribution of the final branded beverages to its customers, who then sell them to consumers. More than 380 million consumers use CCI products in 10 countries, where CCI has operations with access to approximately 750,000 sales points through its extensive sales and distribution network. Focusing on creating higher added value with the participation of its stakeholders, the company purchases beverage and packaging materials from the "strategic suppliers" selected and authorized by the TCCC, and buys the concentrates, beverage bases, and syrups from the TCCC. In addition to the high quality standards set by the TCCC, CCI successfully adapts to the cultural characteristics of the countries in which it operates and encourages its suppliers and dealers to operate at TCCC standards.

Continuous Improvement towards Operational Excellence

Carrying out bottling (production) and distribution operations in 24 facilities in 10 countries, CCI perceives maximum compliance with the law, and continuous development, as its fundamental priorities in line with its operational excellence target. CCI has achieved significant success in reducing error and waste rates to the minimum, as well as improving quality and efficiency, in line with its target of "Creating Operational Excellence Culture that encourages continuous improvement in our processes and systems".

Excellence Studies in CCI Plants

TCCC regularly audits all of its CCI plants in terms of compliance with the "KORE" requirements, participation to the relevant and valid certification and approved excellence programs. The results of these assessments are consolidated on a "Maturity Continuum" consisting of five categories, namely: risk, compliance, process, improvement and excellence. Each plant in the TCCC system is categorized according to the Maturity Continuum within the scope of their progress towards these requirements.

CCI Facility Certification

As of the end of 2016:

- All CCI facilities in Azerbaijan, Jordan, Kazakhstan, Kyrgyzstan, Turkmenistan, North Iraq, South Iraq, Pakistan and Turkey have ISO 9001, ISO 14001, OHSAS 18001 and FSSC 22000 Standard Certificates.
- 96% of all CCI factories have ISO 9001, ISO 14001, OHSAS 18001 and FSSC 22000 Standard Certificates. The certification of our Tajikistan-Dushanbe facility, which started production in 2015, is aimed to be completed in 2017.
- All CCI facilities producing preform have PAS 223 Packaging Certification.
- All of the company's facilities in Turkey, sales operations and offices are certified within the framework of the ISO 50001 Energy Management System and ISO 14064-1 GHG Standard. In 2015, the Burundai facility in Kazakhstan also received ISO 50001 Certification.
- In 2016, the new Multan facility in Pakistan has been granted the LEED 2009 - Leed Green for New Building - SILVER Certificate in the new building category.
- In 2014, the Elazığ facility in Turkey received the LEED v2009 Gold Certificate in the existing building category and became the first facility to have been granted this certificate in the TCCC system.
- In 2013, the laboratory in the Azerbaijan Baku facility has been granted ISO 17025 Certification.

CCI Has Been Included in the World's Leading Sustainability Indices

Included on the BIST 50 Sustainability Index since 2015, CCI has been adding value to the investment of its shareholders. CCI is the first company to have received an AA rating and listed on the Global Sustainability Index, which was formed in 2016 by the Morgan Stanley Capital Index, one of the world's leading indices; and it is the only company in Turkey to have been selected and listed on the UNGC 100 Index since 2013. CCI was also listed on the FTSE4GOOD 'Emerging Markets Index' initiated by the FTSE for the first time this year. Having defined as the Responsible Investment Index and being initiated in December 2016 by FTSE Russell, which prepares the data and indices used by investors all over the world, this index identifies high performance companies in the area of environment, society and governance and brings them to investors' attention. In addition, CCI has gained the right to be selected to the ECPI Sustainability Index with its 2015-2016 sustainability performance.

SUSTAINABILITY SOFT DRINKS GROUP

Having close to 750 thousand sales points including supermarkets, restaurants, grocery stores, hotels, and other retail outlets in the countries where it operates, CCI conducts satisfaction surveys to increase customer satisfaction.

Climate Change Leader of Turkey's Carbon Disclosure Project and Experienced Participant of the Water Programs

The environmental sustainability practices of CCI, which has been participating in the Climate Change Program under the CDP (Carbon Disclosure Project) since 2011 and the Water Program since 2014, have the qualification of reference for its stakeholders. Having qualified for Turkey's Carbon Disclosure and/or Performance Leadership Awards between 2011 and 2014, CCI was selected as one of Turkey's Climate Leaders through its performance in the area of climate in 2016.

Steps toward Increasing Suppliers' Sustainability Performance

Taking advantage of TCCC's international experience, CCI is in an incentivizing position to increase its suppliers' sustainability performance. In this context, the company uses various tools and methods ranging from the Supplier Guideline Principles to the international standards.

Effective Compliance Process for the Suppliers

It is obligatory that CCI's strategic suppliers have at least one of the certifications approved by the Global Food Safety Initiative (GFSI). All authorized strategic suppliers of the company have FSSC 22000 Certification in food safety, as well as ISO 9001 Quality Management Systems Certification.

Important Link of the CCI Sales Operations: Dealers

CCI perceives its dealers, who take critical roles in its sales operations, as strategic business partners, who are open to continuous development. Systematic studies are being carried out to increase the service quality of the dealers, which undertake the distribution function of the company.

Customer Satisfaction Studies to Enhance the Value Chain

Having close to 750 thousand sales points including supermarkets, restaurants, grocery stores, hotels, and other retail outlets in the countries where it operates, CCI conducts satisfaction surveys to increase customer satisfaction. In countries such as Turkey where dealer channels are strong, the company also takes into account the evaluations of the customers regarding the dealers.

CORPORATE GOVERNANCE AND ETHICS

Corporate Governance

CCI conducts all of its operations within the framework of existing regulations and the "Corporate Governance Principles" as outlined by Turkey's Capital Markets Board. In line with these principles, the company publishes an annual Corporate Governance Principles Compliance Report which includes information corresponding to each item of the Corporate Governance Principles.

Risk Management

Risk Management and the Internal Control System are under the responsibility and control of CCI's management. Enterprise Risk Management (ERM), which directly reports to the Early Detection of Risk Committee, acts as a facilitator and provides assurance and consultancy services in the risk management area.

Information Security

CCI places utmost importance on information security. In 2014, the company developed an official CCI policy on information security and started conducting a number of actions to increase employee awareness on this topic, including hanging posters and distributing leaflets.

Code of Ethics

The CCI Code of Ethics, which provides guidance to uphold CCI's corporate values, highlights four main principles:

- Act with integrity and honesty.
- Safeguard business and financial records and keep them accurate, complete and correct.
- Safeguard the interests of CCI and avoid any conflicts of interest.
- Deal with everyone we encounter fairly and in accordance with the law:
    - Take particular care when evaluating a third party who might interact with a government authority on behalf of the company.
    - No pecuniary or non-pecuniary interest may be offered to a government official.
    - Bribes are certainly prohibited.

Business Continuity

CCI implements TCCC's Incident Management and Crisis Resolution (IMCR) Program, which is designed to create and maintain an efficient and integrated structure for preventing and managing incidents. Through the IMCR Program, the company builds and maintains a robust capability to protect its tangible assets.

CCI's Sustainability Framework and Core Sustainability Areas

ME - Enhancing personal well-being

Product Safety and Quality:
CCI aims to maintain high safety and quality requirements with our products.

Consumer Well-Being:
CCI is committed to offering low- or no-calorie beverage alternatives in its markets, providing transparent nutrition information and marketing responsibly.

Active, Healthy Living:
CCI is committed to helping people get moving by supporting physical activity programs.

WE - Building stronger communities

Workplace:
CCI aims to provide a happy, safe and motivating workplace where its employees can fulfill their true potential.

Community:
CCI strives to build stronger communities wherever it operates and builds local partnerships focusing on social needs, such as women empowerment, youth development and environmental protection.

WORLD - Protecting the environment

Energy Management and Climate Protection:
CCI strives to reduce its energy consumption and GHG emissions, and to contribute to global efforts to combat climate change.

Water Management:
CCI strives to protect watersheds, reduce risks to water supplies and move towards balancing our water use through reducing, recycling and replenishing.

Sustainable Packaging and Waste:
CCI aims to minimize the environmental impact of packaging and to achieve its ultimate goal of "zero waste to landfill."

CODE OF BUSINESS CONDUCT AND ETHICS

Integrity and honesty constitute the basis of sustainable business success and the outstanding reputation of Anadolu Efes.

Anadolu Efes complies with all applicable laws and legal regulations in the countries where it operates. In addition, company policies, strategies and business processes are devised carefully in accordance with internationally accepted norms and the company ensures that its employees comply with the same.

Having embraced the corporate governance concept and core values of the Anadolu Group, of which it is a member, Anadolu Efes has developed structures and principles that will optimally serve the interests of its shareholders and all its stakeholders, and has produced a detailed "Code of Business Conduct and Ethics" ("the Code").

The set of rules captured in this document, which is also made public on the corporate website, is based on the Corporate Governance Principles introduced for publicly-held joint stock companies by the Capital Markets Board of Turkey (CMB), other applicable CMB legislation, and the ethical values and corporate culture of Anadolu Efes.

This Code of Business Conduct and Ethics (the "Code") is applicable for all company operations and binding for all Anadolu Efes employees including Board members. In addition, distributors, suppliers, and other business partners are all expected to comply with the Code.

Anadolu Efes Code of Business Conduct and Ethics

Human Rights, Discrimination and Harassment
In its operations, Anadolu Efes respects internationally recognized human rights, related International Labour Organization (ILO) articles, and the UN Universal Declaration of Human Rights.

Environmental Responsibility
Placing environmental sustainability at the core of its business, Anadolu Efes continues to be committed to reducing its impact on the environment. As a signatory to the UN Global Compact and CEO Water Mandate, Anadolu Efes has undertaken to abide by the core elements of the Mandate.

Responsible Marketing
Producing and selling its products in a geography where they are enjoyed by millions of consumers, Anadolu Efes complies not just with laws and regulations, but also adheres to the general principles of fair competition and good business practices.

Occupational Health and Safety
Anadolu Efes implements an effective health and safety management system to provide a safe, healthy and incident-free workplace for all employees, contractors and visitors.

Responsible Drinking
Anadolu Efes supports moderate and responsible consumption of alcoholic beverages with due observance of applicable legislation.

Anadolu Efes has developed structures and principles that will optimally serve the interests of its shareholders and all its stakeholders, and has produced a detailed "Code of Business Conduct and Ethics" ("the Code").

Business and Financial Records
All business and financial records, accounts and financial statements of Anadolu Efes are kept accurately and in reasonable detail. These records duly represent the company's operations, and ensure that the company timely meets its legal and regulatory obligations.

Company Assets
Company assets and resources are used in an efficient, careful and professional manner and for their intended business purpose only.

Social Media
In line with the corporate culture of Anadolu Efes, employees must not share on their personal accounts on social media/networks any confidential or strategic information including but not limited to trade secrets of the company, or any negative content that might damage the company's reputation.

Confidential Information
Unauthorized disclosure of confidential information, strategic plans and/or information, which is not generally available to the public, is strictly prohibited.

Insider Trading
At Anadolu Efes, which is a publicly traded company, all employees are prohibited from engaging in insider trading or from using or disclosing confidential information of the company to derive any financial or commercial benefits.

Conflicts of Interest
Anadolu Efes has taken all necessary measures to prevent personal interests and relationships within the company from creating an obstacle against the ability to take the decisions that will produce the optimum results to the company's benefit, and to preclude conflicts of interest.

Anti-Bribery and Anti-Corruption
Anadolu Efes has a zero tolerance policy towards bribery and corruption. This attitude extends to all businesses and transactions in all countries in which it operates.

Gifts, Entertainment and Hospitality
Anadolu Efes considers offering or receiving gifts, entertainment or hospitality as customary courtesies designed to build goodwill among business partners. However, the company urges avoidance of such behaviors if they tend to give rise to the perception that the same is unfairly influencing a business relationship.

Political Contributions
Anadolu Efes does not make any donations to politicians or political parties, nor does it allow company assets to be used for political activities.

Relations with Business Partners
Anadolu Efes expects that its suppliers and business partners will take no action contrary to the business principles it has established and that they will comply with the company guidelines with respect to society, environment and ethics.

Competition Compliance
Having adopted and internalized fair competition, Anadolu Efes abides by all applicable competition laws in the countries of operation.

For further details, please visit:
www.anadoluefes.com

INVESTOR AND SHAREHOLDER RELATIONS

Disclosure Policy

Anadolu Efes treats all shareholders and other stakeholders equally, adhering to the principles of accuracy, impartiality, consistency and timeliness. The fundamental principle is to make the disclosures in a timely, accurate, complete, clear and analyzable manner, easily available to all at low-cost and in a fashion considering the company's own rights and responsibilities, as well. The Disclosure Policy formulated in this context is available on the corporate website.

Shareholders' and other stakeholders' requests for information and meetings are dealt within the frame of the Disclosure Policy and no additional information is divulged beyond which has already been publicly disclosed.

Shareholders' and/or investors' requests for information about undisclosed topics are dealt within the same manner. All shareholders and investors are simultaneously informed by means of special case announcements and/or press releases.

Investor Relations

Anadolu Efes maintains active and transparent communication with all stakeholders–including, but not limited to, domestic and international shareholders, stakeholders, investors, and capital market institutions. The company's investor relations are conducted by the Investor Relations and Treasury Department, which operates under the Finance Directorate. The Investor Relations and Treasury Department takes an active role in the protection of shareholder rights and in the facilitation of their exercise.

During 2016, a total of 261 meetings took place with domestic and international institutional and private investors and shareholders, addressing the company's business results, performance, and other developments in the reporting period.

Anadolu Efes regularly takes part in domestic and international investor conferences and other meetings that are intended to provide shareholders and investors with information about the company. Company representatives attended 11 conferences in Turkey and abroad and one roadshow was organized during 2016.

Anadolu Efes' operating results, performance and other developments during the reporting period, along with all sorts of information and announcements that are of a nature to affect the exercise of shareholding rights are made available to shareholders in an up-to-date manner on the corporate website.

The company's corporate website (www.anadoluefes.com) serves as a bilingual communication channel provided in the Turkish and English languages as required by the CMB's Corporate Governance Principles. Public disclosures made by the company and a copy of each of the presentations used in domestic and overseas meetings are available on the corporate website. Also accessible on the website are the quarterly financial results and notes thereto, and the annual reports published in both Turkish and English.

Various communication tools are also used for public disclosure purposes in addition to conventional information distribution channels. Accordingly, public disclosures made by the company are sent by electronic mail directly to those stakeholders who make a specific request and convey their contact information via the website or other means.

CREDIT RATINGS

International credit rating agencies closely watch Anadolu Efes' financial and operational performance. Both Standard & Poor's and Moody's, two that regularly keep track of our operations and performance, announced that based on their analysis, our company successfully maintained its investment-grade rating in 2016.

Moody's affirmed Anadolu Efes' long-term corporate credit rating as "Baa3" and its outlook as "Negative," also in 2016. Moody's acknowledged the strong liquidity profile as well as the ability of Anadolu Efes to generate free cash flow despite adverse market conditions by affirming its current "Baa3" credit rating through the Credit Outlook Report, which was published on September 27, 2016. In its press release, Moody's also emphasized Anadolu Efes' long debt maturity profile as well as the substantial cash balance which is mainly held in hard currency.

On its evaluation dated August 2, 2016, Standard & Poor's ("S&P") affirmed the long-term corporate credit rating and outlook of Anadolu Efes as "BBB-/Stable". The rating affirmation came as a result of Anadolu Efes' ability to continue to satisfy S&P's liquidity stress test in line with its methodology. In its review report, S&P mentions that the liquidity position of Anadolu Efes benefits from large hard currency cash balances, limited short-term debt maturities and an ability to generate a significant portion of its earnings in foreign currencies.

During its annual review dated October 7, 2016 regarding the corporate credit rating, S&P continued to maintain Anadolu Efes' corporate credit rating as "BBB-" and its outlook as "Stable".

Anadolu Efes' strong position in the Turkish beer market with growth in the soft drink segment, moderate leverage together with sound debt maturity, good investment discipline as well as conservative financial policy with healthy free cash flow generation were the positive factors when assessing the rating. S&P stated that the rating also takes into account the volatility in emerging markets, geopolitical risks, the company's debt exposure to foreign exchange and some other industry specific issues.

The stable outlook reflects S&P's view of Anadolu Efes' strong and resilient free cash flow generation along with the assumption that the company will maintain a conservative financial profile.

CREDIT RATING AGENCY	LATEST REVIEW	RATING TYPE	CREDIT RATING	OUTLOOK
Moody's	27.09.2016 (affirmation)	Long-term Issuer Rating	Baa3 (Investment grade)	Negative
Standard and Poor's	07.10.2016 (affirmation)	Long-term Corporate Credit Rating	BBB-(Investment grade)	Stable

ANADOLU EFES CORPORATE GOVERNANCE COMPLIANCE REPORT

Adopting the corporate governance understanding as an indispensable component in its activities, Anadolu Efes works within the framework of all existing regulations and the "Corporate Governance Principles", which are prepared by CMB, and adopts these principles as an important part of its management understanding. Furthermore, our Company aims to develop structures and principles that are appropriate for the conduct of our business and which will serve best for the benefit of our shareholders and other stakeholders.

As a result of the studies conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. (SAHA - Corporate Governance and Credit Rating Services Inc.), Anadolu Efes received a Corporate Governance Rating of 81.0 and qualified for listing in the BIST Corporate Governance Index in 2008. In the subsequent years, SAHA's studies indicated a steady increase in the Corporate Governance Rating of Anadolu Efes and the Corporate Governance Rating of our company was finally revised up to 95.8 as of 18.05.2016.

The rating mentioned above was determined by attaching specific weights to the rating under four sub-categories. In this context, below is the distribution of the Corporate Governance Rating according to main categories.

MAIN SECTIONS	WEIGHT	NOTE
Shareholders	25%	95.3
Public Disclosure & Transparency	25%	98.5
Stakeholders	15%	99.5
Board of Directors	35%	92.6
Total	**100%**	**95.8**

The Corporate Governance Rating Reports, which have been published by SAHA, are available on the Company's website, www.anadoluefes.com.

SECTION I. Corporate Governance Principles Compliance Disclosure

Anadolu Efes conducts all of its operations within the framework of all existing regulations and the “Corporate Governance Principles”, which are prepared by CMB. The Corporate Governance Compliance Report includes information regarding the application of each item of the Corporate Governance Principles by our company, as well as if there are principles which were not applied, the reasons for not applying these principles, the conflicts of interest arising from not applying these principles and whether there is a plan to change the company’s management applications in the framework of the principles.

Our Company has complied with the Corporate Governance Principles issued by CMB except for the below-mentioned provisions that were voluntary, in the period of 01.01.2016-31.12.2016. There are no conflicts of interest arising from the below-mentioned provisions that are not implemented.

- In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibilities are made public through our annual report. However, as it was done in the past, the declaration is not made separately for each person, but a cumulative number is given for all board members and managers having administrative responsibilities separately.

- Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.

- While our Company is insured against damages that may be caused due to the faults of the members of the Board of Directors during the execution of their duties, the total annual responsibility limit of the relevant insurance is below the amount stated in Corporate Governance Principles. The total annual responsibility limit is determined according to the management’s decision and currently the limit is expected to remain on its current levels.

İzzet Karaca
Corporate Governance Committee
Chairman

Mehmet Hurşit Zorlu
Corporate Governance Committee
Member

Recep Yılmaz Argüden
Corporate Governance Committee
Member

Kamil Ömer Bozer
Corporate Governance Committee
Member

Çiçek Uşaklıgil Özgüneş
Corporate Governance Committee
Member

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SECTION II - SHAREHOLDERS

2.1 Investor Relations Unit

Our company has adopted the principle of treating each shareholder equally, and the Investor Relations and Treasury Department, established within our Company's Finance Directorate, continued to conduct the relations with our shareholders in 2016.

The individuals in charge of Investor Relations in our Company's Investor Relations Unit in 2016, are provided below. Çiçek Uşaklıgil Özgüneş, Investor Relations and Treasury Director, is working full-time and directly reporting to Onur Çevikel, CFO. Investor Relations Manager. Aslı Demirel and Investor Relations and Treasury Supervisor Özgün Ökten are working full-time and reporting to Çiçek Uşaklıgil Özgüneş. Additionally, Çiçek Uşaklıgil Özgüneş is working as the member of the Corporate Governance Committee.

Onur Çevikel Chief Financial Officer
Tel: 0 216 586 80 00
Fax: 0 216 389 58 63
e-mail: onur.cevikel@anadoluefes.com

Çiçek Uşaklıgil Özgüneş
Investor Relations and Treasury Director
Tel: 0 216 586 80 37
Fax: 0 216 389 58 63
e-mail: cicek.usakligil@anadoluefes.com
Licenses: CMB Capital Market Activities Advanced Level License and CMB Corporate Governance Rating Specialist License

R. Aslı Kılıç Demirel
Investor Relations Manager
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e-mail: asli.kilic@anadoluefes.com
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Özgün Ökten
Investor Relations and Treasury Supervisor
Tel: 0 216 586 83 32
Fax: 0 216 389 58 63
e-mail: ozgun.okten@anadoluefes.com
Licenses: CMB Capital Market Activities Advanced Level License and CMB Corporate Governance Rating Specialist License

Investor Relations Unit plays an essential role in accordance with the protection of shareholders rights and making usage of these rights easier particularly the rights to obtain information and the rights to examine.

In accordance with the Disclosure Policy of our company, information regarding operations and performance of our company as well as other events is shared, through meetings with shareholders, investors, research specialists of intermediary institutions and other stakeholders. In addition, any type of information and explanation which may affect the exercise of the shareholders' rights are uploaded and updated on a regular basis on our website for the usage of the shareholders.

During 2016, 261 face-to-face meetings were conducted with local and international institutional and individual investors, shareholders, and analysts concerning issues related to the company's business results, performance, and other developments during the reporting period. Anadolu Efes participates in conferences in Turkey and abroad and other meetings to provide shareholders and investors information about the company. In this context, in 2016, company representatives took part in eleven conferences in Turkey and abroad and one roadshow was organized.

The Corporate Governance Committee is responsible for monitoring the activities of the Investor Relations Unit of our company. Within this context, the Committee determines the standards for all announcements and main principles of investor relations, reviews these standards and principles and compliance with these every year, and gives necessary advices to the Board of Directors. The report that is prepared by the Investor Relations Unit regarding its activities and submitted to the Corporate Governance Committee at every meeting held by the Committee is also submitted to the Board of Directors by the Committee. In 2016, eight Committee meetings were held, whose dates are provided in Attachment-1.

Details regarding the activities performed by this department in 2016 can be found in our Company's 2016 Annual Report.

2.2 Exercise of the Information Rights by Shareholders

Information requests of shareholders are evaluated in accordance with our company's Disclosure Policy. Additionally, as mentioned above, any type of information and announcement which may affect the exercise of the shareholders' rights are put and updated on a regular basis on our website and through our IR application for the usage of the shareholders. Our Disclosure Policy dictates equal treatment of all our shareholders and investors, and provides that accurate disclosure with similar content reaches to everyone at the same time.

While shareholder's right to get and examine information given by laws, is not abolished or limited by the articles of association or the decision of any bodies of the company; every mechanism has been set up in order to ensure that shareholders use this right fully.

The Company's articles of association do not include an article that obstructs special audit and the management avoids any action that makes special audit process difficult. Our company acts in accordance with the relevant articles of Turkish Commercial Law regarding the right to ask for a special audit. In 2016, there has not been any request by shareholders for the assignment of a special auditor.

2.3 General Assembly Meetings

The General Assembly meetings of our company are held in accordance with the principles of the Corporate Governance Principles' "General Assembly" section.

In its meeting dated 21.03.2016, our Board of Directors resolved to hold the Annual Ordinary General Assembly Meeting regarding the Company's 2015 calendar year operations on 14.04.2016 Thursday at 14:00 at the address "Esenkent Mahallesi, Deniz Feneri Sokak No:4 Ümraniye/ ISTANBUL" and this resolution was announced to public the same day through Public Disclosure Platform.

The newspaper announcements including our invitation to our shareholders were published on Dünya newspaper, dated 22.03.2016, and on the Trade Registry Gazette, dated 22.03.2016.

For the year 2015, the balance sheet and income statement, Annual Report of the Board of Directors and the Corporate Governance Compliance report as its attachment, dividend distribution proposal of the Board of Directors, Independent External Audit Report and an information document regarding the agenda were made ready for the evaluation of our shareholders at our headquarters and our website at www.anadoluefes.com, 21 days earlier than the date of the General Assembly. Also the proxy documents that were required for participation via proxy to the General Assembly were made available at our website in order to ease the participation to the meeting.

On the website of our company, in addition to the announcement of the General Assembly, disclosures and statements that are mandatory to be made according to the regulations, as well as all matters required to be announced according to Corporate Governance Principles, were disclosed to shareholders. Namely;

- Total number of shares which reflect the current shareholding structure of the company and the voting rights of shares were announced on our website on the date of announcement of the General Assembly meeting.

- The General Assembly information document regarding the items on the agenda prepared for the Ordinary General Assembly Meeting which included information about the candidates, who were nominated for the independent Board memberships in line with Corporate Governance Principles. The candidates for the independent board memberships submitted written statements to the Nomination Committee, at the time that they were proposed as candidates, regarding their independence within the framework of the law, Articles of Association and the Corporate Governance Principles.

- While preparing the agenda of the General Assembly, every proposal has been given in a separate heading and these headings were made clear in a way that would not cause different interpretations. Strict attention has been paid not to use expressions such as "other", "various (miscellaneous)" on the agenda. The information given before the general assembly has been given together with a reference to the related articles of the agenda.

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- While preparing the agenda of the Ordinary General Assembly Meeting, there has not been any written requests that the shareholders delivered to the Investor Relations Unit in writing to be included on the agenda. Likewise, shareholders, CMB or other government institutions, which are related to the company, have not delivered any written agenda item requests to be added to the agenda.

- In order to increase the attendance of the shareholders to the General Assembly, it is aimed to hold the meetings without causing any inequalities between shareholders and enable shareholders to attend these meetings with a minimum cost. In this context, the 2015 Ordinary General Assembly Meeting was held on 14.04.2016 in İstanbul where the headquarters of the company is registered, also in accordance with the articles of association.

- The Chairman of the meeting has obtained the required information and has done the necessary preparations in order to conduct the General Assembly as per the Turkish Commercial Code, related laws and legislations.

- The chairman of the Ordinary General Assembly has taken specific care in conveying the information about the subjects on the agenda objectively and in a detailed, clear and unbiased way. The shareholders have been given opportunities under equal conditions in explaining their considerations and questions. The chairman of the General Assembly has made sure that the questions asked by the shareholders and the questions which were not considered as trade secret have been answered directly in the General Assembly meeting. During the Ordinary General Assembly Meeting, there has not been any question irrelevant to the topics on the agenda or extensive such that they cannot be answered immediately. Questions asked during the General Assembly meeting and responses to these were recorded in the meeting minutes.

- In accordance with the Corporate Governance Principle article 1.3.7., there has not been any transaction in which persons who have privilege to access company information, had done on their behalf within the company's field of activity.

- The board of directors and other related persons, the ones who have responsibility in preparing the financial reports, and auditors have been present in the General Assembly meeting in order to provide the necessary information and answer the questions about the important subjects on the agenda in particular.

- Although there is no such article on our articles of association, the General Assembly meetings of our company are open to public including the stakeholders and the media without having the right to speak. In the Ordinary General Assembly Meeting held in 14.04.2016, there were no attendances by any stakeholders or the media apart from Company representatives that are mentioned in the previous provision.

- There has not been any transaction that required the approval of the majority of the independent Board members for the Board of Directors to take a decision, and where the decision was left to be resolved by the General Assembly because this condition was not met.

- Shareholders who have a management control, members of the Board of Directors, managers with administrative responsibility and their spouses, relatives by blood or marriage up to second degree have not conducted a significant transaction with the company or subsidiaries thereof which may cause a conflict of interest, or/and conduct a transaction on behalf of themselves or a third party which is in the field of activity of the company or subsidiaries thereof, or become an unlimited shareholder to a corporation which operates in the same field of activity with the company or subsidiaries thereof. There were also no transactions conducted by persons who have the opportunity to access information of the company in a privileged way, on their behalf within the scope of the company's field of activity.

The 2015 Annual Ordinary General Assembly Meeting of our Company was held on 14.04.2016 with the participation of a total of 539,395,067.364 shares (91%) out of 592,105,263 shares constituting the capital amounting to TRL 592,105,263.00 of the Company.

Meeting minutes and List of Attendees were announced to public at the same day with the General Assembly through the Public Disclosure Platform. The General Assembly meeting minutes and Lists of Attendees are also available for the information of our shareholders at our website.

The following decisions were taken at the 2015 Ordinary General Assembly Meeting of our company:

The Annual Report of the Board of Directors and reports of Board of Auditors and the Independent External Audit Company, as well as the financial statements for the calendar year 2015, were discussed and approved.

The information was given to shareholders on the amounts and beneficiaries of donations and grants made by the Company in 2015; on any suretyship and guarantees granted or pledges including mortgages instituted by the Company in favor of third parties and related income and benefits.

TUNCAY ÖZİLHAN, SALİH METİN ECEVİT, YILMAZ ARGÜDEN, MEHMET CEM KOZLU, MEHMET HURŞİT ZORLU, , ALAN CLARK, AHMET BOYACIOĞLU, AHMET CEMAL DÖRDÜNCÜ (Independent member), ÖMER BOZER (Independent member), MEHMET METE BAŞOL (Independent member) and İZZET KARACA (Independent member) were appointed in lieu of the released Directors of the Board for one year term.

The selection of the Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the external audit company for 2016 fiscal year was approved.

The amendment to the Article 7: Capital of the Articles of Association as per the proposed amendment, pursuant to the received permissions from the Capital Markets Board and Ministry of Customs and Trade, was accepted after it was submitted for the approval of the General Assembly.

It was decided to distribute cash dividend of gross 0.245 TRL (net 0.20825 TRL) per each share with 1 TRL nominal value realizing a 24.5% gross dividend distribution, calculated for the period January-December 2015. The total proposed cash dividend of 145,065,789.44 TRL will be paid from extraordinary reserves starting from May 30, 2016 and will be distributed to 592,105,263 shares representing the paid-in capital of Anadolu Efes as of December 31, 2015.

2.4. Voting Rights and Minority Rights

While our company avoids practices which make the use of voting rights difficult, the mechanisms have been set in order to enable every shareholder, including the cross-border ones, to use their voting rights in a proper and simple way. In this context, according to the Article 26 of the articles of association of the company regarding "Participation to General Assembly via Electronic Means", shareholders having the right to attend the General Assembly can attend the meeting electronically in accordance with article 1527 of Turkish Commercial Law. In accordance with this article of articles of association, at the 2015 Ordinary General Assembly meeting, shareholders and their representatives were able to use their rights as mentioned in the regulation.

While utmost care is given to the use of minority rights, our articles of association regulates the usage of all minority rights in accordance with regulations. While, Corporate Governance Principles enables provision of minority rights to shareholders with less than 1/20 share in capital in the articles of association; articles of association of our company does not include any article broadening the extent of minority rights compared to Law.

There are no privileged shares among the shares representing the paid-in capital of our Company. There is no cross shareholding relationship with the majority shareholders of our Company.

As there is no cross-ownership associated within our Company, therefore there occurred no voting in the General Assemblies of such companies.

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2.5 Dividend Right

There is no privilege granted to shareholders regarding the distribution of dividends. Within the framework of compliance with Corporate Governance Principles, our Dividend Policy has been resolved to be handled as a written policy starting from 2005.

In line with our Dividend Distribution Policy, our Board of Directors resolved, in its meeting held on 03.03.2016, to submit a cash dividend proposal of gross 0.245 TRL (net 0.20825 TRL) per each share with 1 TRL nominal value, realizing a 24.5% gross dividend distribution, calculated for the period January-December 2015, which amounts to a total proposed cash dividend of 145.065.789,44 TRL to be paid from previous years' extraordinary reserves starting from May 30, 2016, for the approval of the General Assembly and this resolution was announced to public the same day through Public Disclosure Platform. The said resolution was approved in the Annual General Assembly Meeting held on 14.04.2016.

While dividend policy of our company is available on our website and annual report, detailed explanations and tables regarding the distribution of profit for the year 2016 are also provided in our Company's 2016 Annual Report.

2.6. Transfer of Shares

There are no provisions contained in the Company's Articles of Association restricting the transfer of shares, or provisions causing the transfer of shares difficult.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

Acting in compliance with the principles regarding Public Disclosure and Transparency of Corporate Governance Principles, our Disclosure Policy regulates such matters; information which will be disclosed apart from the ones pointed out in the legislation, how frequently and in what ways these information's shall be disclosed, how frequently the board and the managers shall meet with the media, how frequently meetings shall be arranged to inform the public, which method shall be followed in answering the questions to the company, etc.

The information which will be disclosed to the public should be helpful in decision making process of the persons and institutions and should be prepared on time, accurately, completely, comprehensibly, interpretably, and accessible with low costs with ease at "Public Disclosure Platform" (www.kap.org.tr), on our company's website and through our IR application for public use. Besides, Central Registry Agency's "e-GOVERNANCE: Corporate Governance and Investor Relations Portal" is used directly and effectively to give information to the shareholders.

During the year, 26 special case announcements were made in accordance with CMB regulations. All of the public disclosures were made on time and released on our website simultaneously.

While the Investor Relations and Treasury Directorate working within the Finance Directorate is responsible for pursuing the Corporate Disclosure Policy in co-ordination with the Corporate Governance Committee, the details of individuals in charge are presented under the section "Investor Relations Unit".

While announcing its year-end financial results, our company regularly discloses its expectations for the following year along with assumptions and the data on which these assumptions are based, through an information document available to public. During the year, in the case where estimates and the base for these expectations are not realized or it is understood that they are not going to be realized, the updated expectations are shared with public with the required explanation.

The Disclosure Policy is available at our Company website.

3.1 Corporate Website and Its Content
Our corporate website is at www.anadoluefes.com. In order for international investors to use it, in addition to Turkish, our website is prepared also in English. In public disclosure, our website is used actively and the information given on the website is updated on a regular basis. The information on our website is the same and consistent with the announcements which are done in accordance with the relevant regulation and it does not include conflicting or missing information. The letterhead of our company includes our website address. In our website, all information required as per Article no 2.1 in Section 2 of Corporate Governance Principles is available.

Announcements of financial statements, except for material events and footnotes which are mandatory to be disclosed to public in accordance with capital markets regulations, are simultaneously being disclosed at Public Disclosure Platform in English as well as in Turkish.

3.2. Annual Report
The annual report of our company is prepared in detail in a way that the public may access to the full and accurate information about the operations of our company, and includes information which is required by legislation and Article no 2.2.2 in Section 2 of the Corporate Governance Principles as well as the requirements specified in other Corporate Governance Principles.

SECTION IV - STAKEHOLDERS

4.1. Informing the Stakeholders
Stakeholders are persons, associations or interest groups such as employees, creditors, customers, suppliers, trade unions, several non-governmental organizations who are related to the matters on achieving the company's targets or that are related to the company's activities. Our company protects stakeholders' rights in transactions or activities conducted for the company which are set by the regulations or through the mutual contracts signed. If the rights of the stakeholders are not protected by regulations or with the mutual contracts, our company spends maximum effort to protect the rights of the stakeholders as much as possible in line with company means and within bona fide rules. Our Company acts in accordance with the Corporate Governance Principles regarding its relations with its stakeholders, and has established all necessary mechanisms. In the case of conflicts of interest that rise among the stakeholders or when a stakeholder is involved in more than one interest group; a balanced policy, as far as possible shall be followed with regard to protection of the vested rights and each right is aimed to be protected independently.

Anadolu Efes' Indemnity Policy as required by the non-mandatory Article no 3.1.2 of Corporate Governance Principles was approved by the Board on 19.03.2015, as provided below, and immediately came into effect and also disclosed at company website.

Indemnity Policy
In Our Company, provisions of the Labour Law numbered 4857 are applied regarding severance and notice payments. If there are amendments related to Labour Law numbered 4857, provisions of the relevant law that will come into force will be applied.

Within this context,

Regarding the claims for severance pay; provisions of the Labour Law numbered 4857 and Article 14 of the former Labour Law numbered 1475 (in accordance with the Temporary Article 6 of the Labour Law numbered 4857) are applied. However, if there is a collective bargaining agreement in force at the workplace, provisions of this collective bargaining agreement are to be implemented within the context.

Regarding notice period, collective job seeking permission is granted only if the employee presents a written request at the date of dismissal notice.

Creating timely and applicable solutions to problems related to the employees and other stakeholders, in order to maintain the satisfaction of all the stakeholders, is one of the key policies of the Company. Our employees, suppliers, customers and consumers are informed on matters related to them in different ways.

The Efes Communication Line that is currently active (444 EFES / 444 33 37) serves 6 days of the week excluding Sundays between 09:00-18:00. The incoming calls are immediately replied and are resolved within specific time periods by the pre-determined responsibles of relevant departments.

Information exchange with customers and suppliers is ensured by periodic dealer meetings as well as site meetings held by individuals in charge in relevant locations. Furthermore, customers and suppliers are capable of transmitting their problems to our Company via the dealer meetings and through oral or verbal applications submitted to the Company's management.

Meetings are held with our suppliers so as to improve the quality of the current materials as well as on other sectoral developments and pilot activities are conducted with respect to the co-produced projects.

Through the wide data information network established with its customers, the Company can exchange information on a real-time basis.

Our company conducts training programs to enhance the development of the employees. These development programs include class education, e-learning, on the job training and knowledge sharing. For this purpose, in-house developed systems using internet platforms are also used.

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The necessary mechanisms are formed by the Corporate Governance Committee in order for the stakeholders to communicate with the "Corporate Governance Committee" or the "Audit Committee" about Company's practices which are contrary to the legislation and unethical. On the other hand, according to its own charter, the Audit Committee 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. Additionally, the Audit Committee reviews whether the management monitors Company's compliance to code of business conduct and code of ethics, makes fraud risk assessments and gives code of business conduct and fraud and code of ethics trainings to Company employees.

Stakeholders are sufficiently informed about afore-mentioned Company policies, procedures etc. regarding the protection of their rights, via several channels including emails, corporate website etc.

4.2. Participation of the Stakeholders in Management

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

Employees are capable of transmitting their value adding suggestions to the management via our Bi-Fikir system, which is the Anadolu Group Innovation Portal. In addition, "Human Resources Request & Suggestion Line" that facilitates submission of requisitions and improvement requirements regarding the services provided by our Human Resources function is used effectively by our employees.

Periodically, a study for Measuring Employee Loyalty is conducted and employees can also transmit their requests and suggestions for improvement regarding the company they are involved in via this way.

In order to manage the relationships with our employees, as well as to manage the corporate information flow, we launched a web-based intranet system in 2009. As of 2013, our Human Resources Portal has been launched and our employees can obtain many human resources services via this portal which is an extensive self-service application.

As per our main system requirements, indicators designated under strategic planning process are reviewed through meetings held.

With the Efes Communication Line, complaints or claims from our customers, suppliers or consumers are replied and remedied within prescribed periods by designated officers in charge at relevant units and all incoming requests are stored in electronic media, allowing the monitoring and reporting of progress in customer satisfaction. In addition, the performance of our suppliers in terms of quality, price and delivery are monitored on our computer systems where they are scored and benchmarked on periodic basis.

In production processes, utmost care is given to quality standards and the quality of our products is under the guaranty of our company.

New product developments are steered by Customer-Consumer research results and product improvement and development work is conducted in accordance with the demand from the market with product, package and technology investments.

Within the context of trade secret, confidentiality of the information about the customers and the suppliers is taken care of. Regarding the important decisions that give rise to an outcome for the stakeholders, the opinion of the stakeholders is taken.

4.3. Human Resources Policy

Our company's human resources policy and practices in this area are in line with all of the principles of Section 3 Article no 3.3 of Corporate Governance Principles.

Our human resources mission is to develop human resources strategies and coordinate the application of human resources systems in our operations in line with our company's vision and mission and strategies in order to support our strategic growth and profitability strategies through increasing productivity of our employees, as well as establishing a qualified, motivated, loyal workforce. In line with our human resources mission our key strategy is to build up a satisfied, highly motivated and well-educated workforce that works as a team and continually develops, operates on knowledge and focuses on Company targets. Our human resources strategy is also disclosed publicly in our website.

The Human Resources Strategy of our company is designed in line with our vision and mission in order to support our strategic business plan and implemented under the following headings:

(1) Increasing organizational efficiency
(2) Centralized Strategy, Local Policy Development
(3) Right Person for the Right Position,
(4) Maintaining a Dynamic & Proactive Structure,
(5) An Unreplicated Human Capital that Creates Competitive Advantage.

Our Company gives great importance on training at all stages and at all levels in order to prepare our employees to the future. We "INVEST IN PEOPLE" through established systems where we present this importance in a transparent way. In this context, in order to develop leaders, to form a common management language and to strengthen our culture that supports continuous learning, corporate development practices have been in action since 2010.

In addition, through "Efes Akademi", an e-learning platform over the internet, it is aimed to improve the personal and occupational knowledge and skills of our employees. Via this platform, we are able to reach mass of employees in a short time period with the trainings which are designed interactively. The attendance is tracked on the system and exams are held in order to measure knowledge as well.

"Efes Quality Circle" project, whereby our employees voluntarily solve the problems in their respective work areas, enable a better environment for communication, creativity and innovation while contributing to our employees' personal development and hence increasing their motivation. Parallel to generating monetary benefits and improving business , "Efes Quality Circle" activities also provide abstract benefits like development of responsibility, proving oneself, innovation and creative thinking, as well as job satisfaction.

It is essential to implement fastidiously any resolution rendered by our Board of Directors in the pertinent field of activity. Monitoring of such applications is conducted within the framework of the designated Critical Performance Criteria focused not only on the operating performance but also profitability. The annual performance targets we have designated for our employees in line with the relevant criteria allow not only the qualitative measurement but also the indicator-based quantitative assessment of our management policies. There is no share purchase plan designed for employees.

One of our Group's commitments towards its employees in the course of every relationship, which is part of our working principles and followed strictly without any concession, is not to make any discrimination in terms of race, skin color, age, nationality, gender and religious beliefs. We take pride in different aspects and cultural diversification of our employees and consider such diversification a valuable tool for advancement towards a common objective.

In every Human Resources practice spanning from the initial recruitment to the training, compensation, career and financial means granted, equal opportunity is provided to all employees. No complaints, in particular on discrimination, have been raised by any of our employees within the period.

The new Anadolu Efes Code of Business Conduct and Ethics ("the Code") has been put into effect in 2015. The purpose of the Code is to guide the behavior of Anadolu Efes' employees and to explain the legal and ethical rules required to be followed. All our employees are provided the opportunity to communicate, on a confidential basis, their concerns regarding the breaches to Anadolu Efes Business Conduct via a line managed by an independent company. The said topics are examined by our Ethics Committee and actions are taken.

We are committed to respect and protect the rights granted to our employees by law and regulations.

Relations with blue-collar workers are regulated according to the collective bargaining agreement, and in the context of the agreement, 6 head representatives and 9 union representatives work in our 4 breweries and 2 malteries in Turkey. These representatives are responsible for communicating the requests, complaints and problems of our blue-collar workers to the senior management, following up the results of these, representing the employees in platforms such as Occupational Safety Board and Disciplinary Board and protecting their legal rights within the Collective Bargaining Agreement and the Legal framework. In addition, for both our blue-collar and white-collar workers, there is a Business Partnership organization deployed in our headquarters within our human resources structure and 6 regional human resources supervisors in total are affiliated to this organization. As a requirement of their job description, the afore-mentioned business partners and human resources supervisors are responsible for evaluating the requests, complaints and problems conveyed by employees and following up the results of the processes regarding these requests, complaints and problems, in coordination with the senior management.

In addition, representatives have been designated to conduct the relations with employees. For white-collar workers, a "Health and Security Worker Representative" has been selected to represent the workers on issues of occupational health and security. The duties and authorities of such representative that is selected by the workers at the workplace, as per Occupational Health and Safety Statute, are as follows:

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One or more workers act as the "Health and Security Worker Representative" and participate in studies for health and security in the workplace, monitor the studies, request for measures and precautions, give suggestions and represent workers in similar matters particularly on health and security.

For blue-collar workers, a "Trade Union Representative at the workplace" is present as set forth in the collective bargaining agreements.

The trade union representatives fulfill the following delegated tasks to ensure occupational peace, maintain and safeguard the balance between the worker and the employer:

a) Ensuring the cooperation and occupational peace between the worker and the employer at the workplace,

b) Examining the demands and complaints of workers, persuading the worker in withdrawing its unreasonable demand or complaint, reflecting any demand or complaint that it will find reasonable in his sole discretion to the employer (the representative may not be penalized for his/her discretion in this process.)

c) Striving to settle amicably, conflicts or disputes to arise between the worker and employer,

d) Seeking remedies for problems that may arise in connection with implementing these contractual provisions and if necessary, conveying the matter to the employer after consulting with workers.

e) Striving to prevent, to the extent of his/her authority, any illegalized attempt or behavior, refraining from getting involved in such attempts or behaviors,

f) Regulating the relationship of workers that are trade union members with the trade union,

g) Ensuring the uninterrupted execution of the contract,

h) Transmitting any matter that he/she could not settle at the workplace to his/her affiliated branch/department in writing,

i) Fulfilling all other liabilities imposed by the legislation.

While safe working environment and conditions are provided to the employees, General Occupational Health and Safety trainings, which require the participation of all employees, are organized by our company periodically.

Job descriptions of all employees of the company can be reached through the corporate portal. Performance evaluation is carried out through an online system, and evaluation and compensation criteria as well as expectations are shared with the employees in the system starting from the beginning of the year.

4.4. Ethical Rules and Social Responsibility

Ethical rules are highly respected within our Company and these merits have been exercised for years within the corporate culture of Anadolu Group, our parent company, and our all operations are performed within this context. Anadolu Efes Code of Business Conduct and Ethics, which form our ethical values, are disclosed publicly in our website, whereas the minimum ethical rules with respect to environment, discrimination, child employees and union rights have been included to public in our annual report and website.

The necessary mechanisms to monitor the compliance with Anadolu Efes Code of Business Conduct and Ethics Principles have been formed. In this context, details for the Code of Business Conduct and Ethics Communication Channels to be used by those who have any concern or become aware of any Code violation are made available at company website. These communication channels are operated by an independent company, and they are available 7/24 and it is possible to communicate a violation confidentially or anonymously.

Detailed explanations regarding the activities of our Company within the framework of social responsibility can be found in our Company's 2015 Annual Report.

SECTION V– BOARD OF DIRECTORS

5.1. Structure and Composition of the Board of Directors

Our Board which consists of at least 7, at most 13 members according to articles of association, currently is composed of one Chairman, and 10 members, totaling to eleven members.

Tuncay Özilhan	Chairman
Stuart Murray Macfarlane	Member
S. Metin Ecevit	Member
Dr. Yılmaz Argüden	Member
Mehmet Cem Kozlu	Member
Mehmet Hurşit Zorlu	Member
Ahmet Boyacıoğlu	Member
Ahmet Cemal Dördüncü	Independent Member
Kamil Ömer Bozer	Independent Member
Mehmet Mete Başol	Independent Member
İzzet Karaca	Independent Member

The curriculum vitae of the Board members which also include their responsibilities outside of our Company are provided both in 2016 Annual Report and the website of our Company. There are no rules established by our Company regarding the Board Members taking responsibilities outside of Our Company, however, the requirements of the Corporate Governance Principles are applied on this issue. In this respect, the positions held by the Board Members outside Anadolu Group are provided in the table below:

Board Member	Current Positions Held Outside the Company*
Dr. Yılmaz Argüden	Chairman - ARGE Consulting, Rothschild Turkey; Board Member - Doğuş Oto A.Ş., Borusan Lojistik A.Ş., Altınbaş Holding, Akiş GYO
Mehmet Cem Kozlu	Consultant - Yazıcılar Holding; Chairman - Evyap Asia (Singapour); Board Member - The Marmara Hotels&Residences and Pegasus Airlines, Advisory Board - İstanbul Turizm ve Otelcilik A.Ş.
Ahmet Cemal Dördüncü	CEO - Akkök Sanayi Yatırım ve Geliştirme A.Ş.; Board Member – Aksa A.Ş., Akenerji, Akkim, Akiş GYO, International Paper;
Kamil Ömer Bozer	Board Member - CarrefourSA.;
Mehmet Mete Başol	Board Member -, Nurol Yatırım Bankası, Enerya Gaz Dağıtım A.Ş., Enerya Gaz Ticaret A.Ş.

*Both the Board Members that are listed in the table above and some of the other Board Members hold seats at the boards of various Anadolu Group companies.

According to the articles of association, the Board elects among the members every year a Chairman and at least one Deputy Chairman to represent the Chairman at his absence. The chairman is responsible for managing the Board meetings, ensuring that negotiations are held in order and the discussions during the meetings are recorded. While authorization of the Chairman of the Board, Board members and company executives are defined in the articles of association, no one in the company is given an unlimited decision making power.

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According to the Corporate Governance Principles, our Board of Directors is required to be composed of at least four independent members. Similarly according to relevant regulations, in the case where a separate Nomination Committee cannot be established due to the Board structuring, the Corporate Governance Committee can fulfill the responsibilities of this committee. In this respect, the Corporate Governance Committee assessed the candidate proposals to become an independent member, including the ones proposed by the board and shareholders, by taking into consideration of whether or not the candidate meets the independency criteria and submitted this assessment as a report dated 01.02.2016 to the Board. The candidates for the independent board membership submitted their written statements to the Nomination Committee at the time they were proposed as candidates, that they are independent within the framework of the law, articles of association and the principles.

The written statement by all independent Board members declaring their independent status in the context of the principles in the regulatory framework, articles of association and the communiqué is as follows:

I hereby declare and state that;

• 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

• I am not registered nor declared on behalf of the corporate entity for which I will be elected as a Board Member

and thus I shall carry out the duties imposed upon me due to my being a board member as an independent member.

In accordance with the report of the Nomination Committee, the Board's decision to appoint Ahmet Cemal Dördüncü, Kamil Ömer Bozer, Mehmet Mete Başol and İzzet Karaca as independent Board members, was sent to CMB for opinion on 09.02.2016. CMB informed our Company that it delivers no negative opinion on independent membership of these candidates, via its written statement dated 16.02.2016.

Therefore, the precise independent Board membership candidates list and information about the candidates was disclosed to public through an information document released with the announcement of the General Assembly. Assignment of candidates whose curriculum vitae were submitted in the information document, was approved at the General Assembly dated 14.04.2016 and came into force.

Individuals who were elected as Independent Board Members were neither registered nor declared on behalf of a corporate identity.

In 2016, there arose no situation which revoked the independence of independent members of the Board of Directors.

Mr. Alan Jon Clark, who has been appointed as a Board Member in the Ordinary General Assembly Meeting held on 14.04.2016, resigned from his Vice Chairman and Board Member positions in Anadolu Efes Biracılık ve Malt Sanayii A.Ş.. His resignation was accepted in the Board Meeting held on 13.10.2016.

Mr. Stuart Murray Macfarlane has been appointed as the Board Member to be submitted for the approval of the first General Assembly meeting to be held.

There are currently no executive members in the Board of Directors. According to our articles of association, the office terms of Board members are up to three years, and it is possible for these members to be re-elected.

While our Company is insured against damages that may be caused due to the faults of the members of the Board of Directors during the execution of their duties, the total annual responsibility limit of the relevant insurance is below the amount stated in Corporate Governance Principles. The total annual responsibility limit is determined according to the management's decision and currently the limit is expected to remain at its current levels.

Although in the previous years, more than one woman member was present in our Board of Directors, currently, there are no women Board members. It is recommended by the Corporate Governance Committee to the Board of Directors to include women members in the Board in the coming years and our efforts continue within this regard.

5.2. Working Principles of the Board of Directors

The Board of our company executes its activities transparently, accountably, fairly and responsibly in accordance with the requirements set by the Corporate Governance Principles.

The Board has a leading role to protect the efficient communication and to eradicate and find solutions for disagreements between the company and the shareholders. For this purpose the Board conducts its roles with a close cooperation with the Corporate Governance Committee and Investor Relations Unit.

In accordance with Article no 4.4.1 of Corporate Governance Principles, the Board gathers as often so that it performs its duties effectively. The gathering procedures and frequency of Board meetings, meeting and resolution quorum, process of asserting objections and the validity of Board resolutions are explicitly laid down in our Company's Articles of Association. In this context, the Board holds its ordinary meetings five-six times a year and the Board members also convene upon any extraordinary situation and negotiate and render resolutions on critical agenda issues. In accordance with our Articles of Association, majority of the members of the Board of Directors participates to the Board meetings and board decisions are taken with the vote of the majority of the total members of the Board.

The average rate of participation of Board Members in these five meetings during the year 2016 has been 87% and Board members aim attending every meeting and present an opinion. When there are dissenting opinions on reasonable and detailed grounds regarding the questions asked or different opinions expressed by Board members, these are recorded in the meeting minutes.

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The agenda of Board meetings comprises of the agenda issues designated in the previous Board meeting for further negotiation in the next meeting along with the issues designated by the related Group President. However, before the meeting, a Board member may propose the Chairman of the Board to make a change in the agenda. The opinion of a member, who did not attend the meeting but submitted his opinion to the Board in written format, is also submitted for other member's review.

Dates of the Board meetings are determined at the beginning of the year and accordingly the Board members are notified of the meeting dates. Furthermore Board members are also notified by means of a formal memorandum and report at least one week prior to any meeting. A secretariat is established for the meetings and all questions raised during the meetings and all issues negotiated are recorded into meeting minutes.

Each member in the Board has one voting right and Board Members do not have the right of weighted vote and/or power of veto. Board meetings are held in accordance with Article no 4.4.6 of Corporate Governance Principles.

Meeting minutes that have the nature of trade secrets are not disclosed to the public. However all of the critical matters resolved are announced through public disclosures.

The Board resolutions related to the related party transactions of our Company are taken with the majority vote of the independent members; in accordance with the Corporate Governance Principles.

There were no transactions that are in the scope of the significant transactions as described in Article 1.3.9 of Corporate Governance Principles, in 2016.

5.3. Number, Structure and Independence of the Committees Established under the Board

According to Article no 4.5.1 of Corporate Governance Principles, in order the board to perform its duties properly, an Audit Committee, a Corporate Governance Committee, a Nomination Committee, an Early Determination of Risk Committee and a Remuneration Committee should be established, however, in case a separate Nomination Committee, Early Determination of Risk Committee and Remuneration Committee cannot be established due to the structure of Board, Corporate Governance Committee may fulfill the responsibilities of these committees. In this context, in addition to the Audit Committee and Corporate Governance Committee that were already present in our company, Committee for Early Detection of Risks was established according to the Board resolution dated 07.06.2012. Responsibilities of committees that are not present within Board of Directors are fulfilled by the Corporate Governance Committee according to Corporate Governance Principles.

According to Article no 4.5.2 of Corporate Governance Principles, the scope of duties, the working principles and the members of the committees' are identified and disclosed to the public by the Board. In this context, in line with the Principles, Charters regarding functions and working principles of Committees were approved on 29.06.2012 and disclosed to public on our company website at www.anadoluefes.com. Charters of the Audit Committee and Corporate Governance Committee that were updated in accordance with the revised Corporate Governance Principles were approved on 06.03.2014 and were made available to public at our corporate website. There arose no necessity to revise the Charter of the Committee for Early Detection of Risks.

Apart from this, Article no 4.5.3 of Corporate Governance Principles requires all members of the Audit Committee and the chairman of other committees to be selected from independent Board members. In this context, selection of chairman and members to Committees was done through Board resolution dated 05.05.2016 for one year, was in line with this Corporate Governance Principle. Likewise, in line with the Principles, the chief executive/general manager does not have a role in any of the committees. Except from Mehmet Hurşit Zorlu, who is a member of both Corporate Governance Committee and Early Determination of Risk Committee as his knowledge and experience is useful for both committees, and due to the same reason, Ahmet Cemal Dördüncü, who is a member in the Audit Committee as well as the Chairman of the Early Detection of Risk Committee; other Board members do not have a role in more than one committee.

Members of the committees* constituted within the Board are as follows:

	INDEPENDENT/ NOT INDEPENDENT	EXECUTIVE/ NON-EXECUTIVE
Audit Committee		
Mehmet Mete Başol-Chairman	Independent	Non-executive
Ahmet Cemal Dördüncü-Member	Independent	Non-executive
Corporate Governance Committee		
İzzet Karaca-Chairman	Independent	Non-executive
Mehmet Hurşit Zorlu-Member	Not Independent	Non-executive
Dr. Recep Yılmaz Argüden-Member	Not Independent	Non-executive
Kamil Ömer Bozer-Member	Independent	Non-executive
Çiçek Uşaklıgil Özgüneş-Member	Not Independent	Executive
Committee for Early Detection of Risks		
Ahmet Cemal Dördüncü-Chairman	Independent	Non-executive
Salih Metin Ecevit-Member	Not Independent	Non-executive
Mehmet Hurşit Zorlu-Member	Not Independent	Non-executive

*Following the Annual Ordinary General Assembly Meeting held on 14.04.2016, the appointment of relevant members to the committees listed above were made as per the Board Resolution dated 05.05.2015 and announced to the public on 06.05.2016.

Evaluation of the Board of Directors regarding the working principles and efficiency of Committees constituted within the Board is presented as attachment to Corporate Governance Compliance Report (Attachment 1).

5.4. Risk Management and Internal Control Mechanism

The aim of risk management and internal control mechanism is the protection of the value of the assets of the company, operational safety and pursuing sustainability. Intended for this aim, risk management and internal control mechanisms have been established within the Company and fundamental principles with respect thereto are being announced via our annual report and website.

Identification of all the existing and potential risks for the Company, development of practices for obtaining competitive advantage and sustainability by minimization of the identified risks and monitoring of such practices constitute the basic starting point of the risk management system.

The Committee for Early Detection of Risks is established within the Company for early detection of risks that might endanger the existence, development and perpetuation of the Company and to implement measures required against the risks determined as well as the management of risks. The Committee for Early Detection of Risks convenes as often as deemed necessary for the effectiveness of the work, at least two times per annum and regularly briefs the Board of Directors of the Company about its meeting resolutions, important sightings and recommendations. Thus, the Corporate Risk Management work is led and monitored by the top management.

Corporate Risk Management system enables managers at all levels to determine current as well as potential risks and opportunities to be encountered while achieving Company targets, evaluate their likely impacts based on the Company's risk-taking profile, as well as plan and implement necessary actions. The risks and action plans are integrated into strategic business plans to make the necessary resource allocations.

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Helped by the Corporate Risk Management software, which was initiated in all of our domestic and international operations, risk management system was made prevalent in whole company. Thus, participation to risk evaluation is achieved at every level. The outcomes are used in supporting business continuity studies as well as operational and strategic decisions.

Existing or potential risks for our Company are defined below:

Financial risk; assets and liabilities risk, credibility, equity/debt ratio, exchange rate risk and other factors that can affect the Company's financial status.

Strategic Risk; risk factors such as shareholders, investor relations, mergers and acquisitions that may affect the sustainable growth of the Company, corporate governance structure, company and brand value.

Operational risk; risks that may affect every part of the business from the suppliers to the customers, and so the processes including business continuity, compliance, reputation, occupational health and safety.

Environmental risk; risk factors such as fire, earthquake, etc. that can affect the Company's business continuity and safety.

Performance and risk indicators are used as early warning systems in order to trace risks and take necessary precautions on time. The SAP ERP system that is integrated to all procedures in the Company is an efficient technological decision support system that is used for this purpose.

SAP ERP supplies operational results in real time that eliminates the human error and makes early detection of risks possible and improves the efficiency of the internal control system. Software and technologies particularly used by sales teams in the field are constantly improved to make sure that teams can access correct information immediately for making quick and right decisions by which customer satisfaction and competitive advantage are aimed at. With the use of high level internal communication technologies, we aim to handle and solve the problems in a short time period.

Emergency situation management systems are established against potential natural risks while investments in backup systems are made to prevent systems from being affected and losing any data in case of an emergency situation. Additionally, all our facilities are insured in order to minimize the environmental risks.

Additionally, environmental factors and extraordinary situations are monitored on an immediate basis and investigations are made to take necessary measures to minimize risk.

Investments in line with annual budgets and business plans allow us to use the state-of-the-art technology in our facilities and the most up to date technology prevailing in the global brewing industry is utilized.

Training programs about leadership, management skills and competency improvement are made available to all employees. These programs are increasing employee engagement while having positive effects on business management and results.

Within the finance function, the actual results are compared to the budgeted figures on a regular basis and any deviations are analyzed.

The "Guarantee - Risk Management System" devoted to tracking customer risks has been put into service. Accordingly, purchasing limits applicable to our customers have been established and our systems are designed to prevent any product shipments in excess of prescribed limits.

Internal Control Mechanism can be defined as all practices aimed to eliminate circumstances that may affect reaching the goals of the Company negatively and/or reduce their effects and possibility. Standard definitions, policies and procedures, job descriptions and delegation structures regarding business processes constitute the basis of internal control system. In this context, holistic internal control systems including preventive and reformative ones have been established by the management, in order for the company to carry out Company's business effectively and efficiently.

Through internal control systems established within the company, it is aimed to provide effectiveness and efficiency of operations, trustworthiness of the financial reporting system, compliance with regulations, and assurance regarding these issues. The relevant internal control systems are also intended to protect the assets, reputation, sustainability and profitability of the company. An internal audit function has been established within the Company. This function is organized comprising of both the headquarters and our subsidiaries, and conducts process audits investigating the efficiency of the general control environment, corporate governance and risk management structures of our company, in accordance with the laws and regulations regarding International Audit Standards, also benefitting from the auditors of Anadolu Group, who are specialized in their areas.

The execution of the accounting system of the Company, the disclosure of financial information to the public, the external audit of the Company and supervision of the functioning and efficiency of the internal control system are mainly carried out by the Audit Committee established by the Board of Directors of the Company. While carrying out the relevant function, the Audit Committee utilizes the findings of the Independent Audit, and Certified Councillorship, Internal Audit Directorate and Risk Management Directorate of Anadolu Group.

The authorities and responsibilities are defined in writing in the internal control mechanism of the Company. Within this framework, the rules governing the fulfillment of tasks by functions in their respective business areas and the holders of such responsibilities are explicitly defined. The internal control mechanism is equipped with the following features:

• Purposes and principles of activities are explicitly defined.
• The current and potential risks of the Company are defined and constantly being monitored.
• Regular reporting is made to executives.

Issues to be approved as per chart of authorities are provided to executives electronically accompanied with detailed remarks and viewed, scrutinized and approved by several executives within pre-determined limits.

5.5. Strategic Objectives of the Company

While the authorization and responsibilities of the Board members are clearly listed in our articles of association, the duties and responsibilities that are carried out by Board members de facto include:

• Setting the vision and mission of the company,
• Setting the strategic targets of the company,
• Determining the human and financial resource needs of the company,
• Auditing the performance of the management,
• Approving the budget and working plans of the company,
• Checking whether the company reaches its targets, examine results of operations,
• Ensure that the operations of the company are in line with regulations, articles of association, internal rules and policies,
• Examine Corporate Governance Principles of the company and improve missing points,
• Form the committees of the Board and ensure their operability.

While The Board manages and represents the company and is particularly loyal to company's long-term interests by keeping the risk, growth and return balance of the company at the optimum level through taking strategic decisions and with rationalistic and prudent risk, it is responsible for the company to reach its preset and publicly disclosed operational and financial performance targets. In this context, related Directorships make annual budgets and business plans every year and submits them to the Board. As a result, the operating results which are held in accordance with the plans throughout the year are continuously compared with the budget that was approved by the Board of Directors and the reasons of the deviations are analyzed.

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5.6. Financial Benefits

In accordance with the decision taken on Annual Ordinary General Assembly, our company does not make any payment to Board members except for the independent Board members. On the Ordinary General Assemble dated 14.04.2016, it was decided to make an annual net payment of TRL 84,000 on a monthly basis, to each independent Board member aiming to secure their independency. Apart from this, there is no other payment or benefit made to the Board members. In accordance with the Article 4.6.5 of Corporate Governance Principles, the remunerations and all other benefits provided to Board members and managers having administrative responsibility are made public through our annual report. However, the declaration is not made separately for each member, but a cumulative number is given for all board members and managers having administrative responsibility separately.

The company has not lend any money, given any loan, extended the maturity of the loans or credits, improved the conditions of the loans, given any loan under the name of an individual loan through third parties or given guarantee such as bail to a Board member or to the managers having administrative responsibility.

According to Article no 4.6.2 of Corporate Governance Principles, the remuneration principles of the Board members and managers having administrative responsibility should be in written form and the shareholders should be enabled to give their opinion after submitting these written remuneration principles to their reviews with a separate article in the General Assembly. Our remuneration policy prepared in this context is also made available to public at our company website www.anadoluefes.com.

While there is no Nomination Committee established within the Board of Directors, in line with the Corporate Governance Principles, responsibilities of this committee are fulfilled by the Corporate Governance Committee.

Attachment 1

EVALUATION OF THE BOARD OF DIRECTORS REGARDING THE WORKING PRINCIPLES AND EFFICIENCY OF THE COMMITTEES FORMED WITHIN THE BOARD

After the selection of Chairman and members made in accordance with Corporate Governance Principles, with the Board resolution dated 05.05.2016, it has been decided to;

Appoint Board Member Mr. Mehmet Mete BAŞOL as the Chairman of the Audit Committee; Mr. Ahmet Cemal DÖRDÜNCÜ as a member of the Audit Committee,

Appoint Board Member Mr. Kamil Ömer BOZER as the Chairman of the Corporate Governance Committee, and Board Members Mr. Mehmet Hurşit ZORLU, Mr. Yılmaz ARGÜDEN and Mr. İzzet KARACA, and Ms. Sue CLARK and Çiçek UŞAKLIGİL ÖZGÜNEŞ as members of the Corporate Governance Committee,

Appoint Board Member Mr. Ahmet Cemal DÖRDÜNCÜ as the Chairman of the Early Detection of Risk Committee and Board Members Mr. Salih Metin ECEVİT and Mr. Mehmet Hurşit ZORLU and additionally Mr. Dieter Schulzeas the members of the Early Detection of Risk Committee. In its meeting held on 13.10.2016, our Board of Directors resolved to accept Ms. Sue Clark's resignation from Corporate Governance Committee membership, to appoint Mr. İzzet Karaca as the Chairman of the Corporate Governance Committee due to the resignation of Mr. Kamil Ömer Bozer from the same position while Mr. Kamil Ömer Bozer will continue as a member in the committee.

In its meeting held on 20.10. 2016, our Board of Directors resolved to accept the resignation of Mr. Dieter Schulze from Early Detection of Risk Committee membership.

Charters regarding functions and working principles of the three afore-mentioned Committees were approved on 29.06.2012 and disclosed to public on our company website at www.anadoluefes.com. Charters of the Audit Committee and Corporate Governance Committee that were updated in accordance with the revised Corporate Governance Principles were approved on 06.03.2014 and were made available to public at our corporate website. There arose no necessity to revise the Charter of the Committee for Early Detection of Risks.

In 2016, all committees constituted within the Board of Directors have performed their functions as required in Corporate Governance Principles and their own Charters, and performed efficiently.

In 2016, in compliance with the way required for the efficiency of their functions, their Charters and annual meeting schedules;

• Audit Committee met six times on 24.02.2016, 02.03.2016, , 24.05.2016, 27.07.2016, , 16.08.2016, and 14.12.2016,
• Corporate Governance Committee met seven times on, 24.02.2016, , 03.03.2016, 24.05.2016, 16.08.2016, 27.07.2016, 28.09.2016, and 14.12.2016,
• Corporate Governance Committee met once on 01.02.2016 in order to execute duties of the Nomination Committee,
• Early Detection of Risk Committee met four times on 24.02.2016, 24.05.2016, 27.07.2016 and 14.12.2016

and submitted reports to the Board, consisting of information on their work and results of the meetings held during the year. According to this,

• Audit Committee that is responsible for taking all necessary measures in order to ensure that internal and external auditing are carried out adequately and transparently, as well as efficient performance of internal control system; has submitted all of its suggestions on areas it is responsible for including its opinion and suggestions on the internal audit and internal control system.

• Corporate Governance Committee, that has been established to follow company's compliance to Corporate Governance Principles, develop improvement processes in this area and submit suggestions to the Board, has determined whether or not the Corporate Governance Principles were applied in the company, if not what is the reason, and also determined the conflict of interests occurred due to not complying with these principles totally and gave the Board advices that will improve the corporate governance practices; and monitored the works of the Investor Relations Unit.

• Early Detection of Risk Committee, that has worked on early determination of risks that will endanger the existence, development and sustainability of the company, has worked on the application of due precautions regarding the determined risks and has worked for the aim to manage the risks, scrutinized the systems of risk management of the company in accordance with Corporate Governance Principles and Charter of the Committee for Early Detection of Risks. The Committee also submitted risk assessment reports to the Board of Directors every two months in compliance with the Article 378 of the Turkish Commercial Code numbered 6102.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Old Version
CAPITAL

ARTICLE 7
The Company has accepted the registered capital system in accordance with the provisions of the 2499 Capital Market Law, and has shifted to this system by a permission, ref. 308, dated 25.06.1992, of the Capital Markets Board. The Company has a registered capital ceiling of TRL 900,000,000.-(nine hundred million Turkish Liras).

Company's issued capital is TRL 592,105,263 (five hundred ninety two million one hundred five thousand two hundred sixty three Turkish Liras) and the issued capital has fully been paid in cash free of any collusion.
Company's capital is comprised of 592,105,263 shares each with a nominal value of 1 (one) TRL. 142,105,263 of the shares are owned by SABMiller Harmony Limited and are registered shares, while 450,000,000 of the shares are bearer shares.

New shares cannot be issued unless the price of the issued shares is paid by being fully sold. Shares representing the capital are monitored on registered basis in accordance with registry principles.

Except for the cases specified below, each shareholder is entitled to claim new shares issued, pro rata their shares in the capital. In capital increases realized through shareholder's equity, new shares will be allocated to the existing shareholders pro rata their shares in the capital.

In conformity with the relevant provisions of the Capital Market Law, if required, the Company is authorized to increase its issued capital by issuing new shares up to the registered capital ceiling, to restrict the shareholder's right to purchase new shares and to issue new shares which are above the nominal values. Right to purchase new shares cannot be used in a way that will cause inequalities between shareholders.

The permission by the Capital Markets Board for the registered capital ceiling is valid for the years between 2012-2016 (five years). Even if the previously set capital ceiling is not reached as the end of year 2016, in order for the Board of Directors to increase capital, a new permission for a registered capital ceiling, either at the previously permitted amount or for a higher amount, should be taken from the Capital Markets Board as per a decision of the General Assembly. If the authorization of the Capital Markets Board is not obtained, then the Company will be excluded from the registered capital system.

Capital of the company can be increased or decreased in accordance with the Turkish Commercial Code and Capital Markets regulations when necessary.

New Version
CAPITAL

ARTICLE 7
The Company has accepted the registered capital system in accordance with the provisions of the 2499 Capital Market Law, and has shifted to this system by a permission, ref. 308, dated 25.06.1992, of the Capital Markets Board. The Company has a registered capital ceiling of TRL 900,000,000.-(nine hundred million Turkish Liras).

Company's issued capital is TRL 592,105,263 (five hundred ninety two million one hundred five thousand two hundred sixty three Turkish Liras) and the issued capital has fully been paid in cash free of any collusion.
Company's capital is comprised of 592,105,263 shares each with a nominal value of 1 (one) TRL. 142,105,263 of the shares are owned by SABMiller Harmony Limited and are registered shares, while 450,000,000 of the shares are bearer shares.

New shares cannot be issued unless the price of the issued shares is paid by being fully sold. Shares representing the capital are monitored on registered basis in accordance with registry principles.

Except for the cases specified below, each shareholder is entitled to claim new shares issued, pro rata their shares in the capital. In capital increases realized through shareholder's equity, new shares will be allocated to the existing shareholders pro rata their shares in the capital.

In conformity with the relevant provisions of the Capital Markets Law and relevant legislation, if required, the Company is authorized to increase its issued capital by issuing new shares up to the registered capital ceiling, to restrict the shareholder's right to purchase new shares and to issue new shares which are above the nominal values. Right to purchase new shares cannot be used in a way that will cause inequalities between shareholders.

The permission by the Capital Markets Board for the registered capital ceiling is valid for the years between 2016-2020 (five years). Even if the previously set capital ceiling is not reached as the end of year 2020, in order for the Board of Directors to increase capital, a new permission for a registered capital ceiling, either at the previously permitted amount or for a higher amount, should be taken from the Capital Markets Board as per a decision of the General Assembly. If the authorization of the Capital Markets Board is not obtained, then the Company cannot increase capital by a Board Resolution.

Capital of the company can be increased or decreased in accordance with the Turkish Commercial Code and Capital Markets regulations when necessary.

OTHER INFORMATION RELATED TO OPERATIONS

1. Anadolu Efes Biracılık ve Malt Sanayii A.Ş. Trade Registration

Trade name: Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi
Formation date: 26 June 2000
Registration number: 91324/36346
Address of record: Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4 Bahçelievler/Istanbul/Turkey
Number of issued shares and registered share capital: 592,105,263 shares each with a par value of TRL 1.00 (one Turkish lira). On this basis the company's issued share capital amounts to TRL 592,105,263.

2. Changes in the Articles of Association during the reporting period:

The changes in the Articles of Association are presented on page 110.

3. Capital Structure

As of 31 December 2016, the company's registered share capital ceiling was TRL 900,000,000 and its issued capital was TRL 592,105,263. During the reporting period there was no change in the company's capital structure.

4. Production and Sales

The production and sales amounts of beer, soft drinks and malt, as well as the domestic, international and consolidated net sales revenues for 2016, are given in the tables below.

A. PRODUCTION VOLUME

		2016	2015	Change (%)
Beer (Operations in Turkey)	Beer (mhl)	5.9	6.6	-10.6
	Malt (tons)	90,715	103,268	-12.2
Beer (International Operations)	Beer (mhl)	14.4	13.4	7.1
	Malt (tons)	79,863	75,133	6.3
Total Soft Drinks	Soft Drinks (million unit cases)	1,083	1,052	2.9

B. SALES VOLUME

		2016	2015	Change (%)
Beer (Operations in Turkey)	Beer (mhl)	6.0	6.6	-9.9
	Malt (tons)	-	-	-
Beer (International Operations)	Beer (mhl)	13.9	14.0	-0.9
	Malt (tons)	-	-	-
Total Soft Drinks	Soft Drinks (million unit cases)	1,189.1	1,151.9	3.2

OTHER INFORMATION RELATED TO OPERATIONS

C. NET SALES	TURKEY BEER	INTERNATIONAL BEER	SOFT DRINKS	OTHER [1] AND ELIMINATIONS	TOTAL
2016					
Sales	1,438,601	1,903,337	7,050,245	44,541	10,436,724
Intersegment Sales	(15,818)	(557)	(92)	-	(16,467)
Sales Revenues	1,422,783	1,902,780	7,050,153	44,451	10,420,257
2015					
Sales	1,484,802	1,971,636	6,723,866	40,434	10,220,738
Intersegment Sales	(14,893)	(599)	(100)	-	(15,592)
Sales Revenues	1,469,909	1,971,037	6,723,766	40,434	10,205,146

[1] Includes other subsidiaries included in the consolidation of Anadolu Efes and headquarters expenses.

5. Exports

Turkey-originated beer exports volume and CIF amounts in 2016, compared to 2015, are given in the table below.

EXPORTS	Amount (mhl)			CIF Amount (USD)		
	2016	2015	Change (%)	2016	2015	Change (%)
Exports	0.46	0.49	-6.4	33.9	35.5	-4.5

6. Capacity and Capacity Utilization Rates

Annual beer, malt and soft drinks production capacities and capacity utilization rates of the company's domestic and international, direct and indirect subsidiaries are as follows:

CAPACITY AND CAPACITY UTILIZATION RATES

	Capacity	Capacity Utilization Rate in 2016 (%)
Beer (Operations in Turkey) (mhl)	9.5	62*
Beer (International Operations) (mhl)	30.0	48*
Total (mhl)	39.5	51*
Malt (Operations in Turkey) (tons)	118,000	77*
Malt (International Operations) (tons)	130,000	61*
Soft Drinks (million unit cases)	1,461	74**

* Capacity Utilization Rate=Production Amount/Average Capacity.
** Annual production capacity calculations are based on the formula provided by The Coca-Cola Company to all bottlers of Coca-Cola products. Calculations are made according to high season capacity utilization rates. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted utilization. Because package mix and sales may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years even if the numbers of production lines are the same.

7. Investment Policy and Investment Expenditures

Anadolu Efes is a company which pursues sustainable growth, takes risks that are quantifiable and manageable, and adroitly shepherds its investments. Continuously undertaking investments in order to maintain both its organic and its inorganic growth and to expand the market and foster a beer-appreciative culture in the countries in which it operates, the company also invests without letup in order to keep pace with rising demand. Anadolu Efes carries out its international beer investments through EBI, a wholly-owned subsidiary based in Holland, while its soft drinks investments in the Turkish and international markets are carried out by CCI, in which it is the majority shareholder. CCI is an independent company whose operations are completely separate from the Anadolu Efes' beer operations. CCI provides for its own investment and working capital needs from its own cash flow and/or by borrowing and it makes no demands of Anadolu Efes on this account.

All of Anadolu Efes' investments and all investments related to all beer operations taking place under Anadolu Efes' responsibility are undertaken in line with Board of Directors-approved annual budgets and investment decisions as specified in business plans. Investments in beer operations are conducted as spelled out in the company's Investment Management Guide ("Guide"), whose aims are to ensure the appropriateness of investment decisions and to achieve standardization and consistency in investment activities. Every investment is carried out so as to be compatible with that specific operation's strategic business plan. Our most important priority is to make certain that only the most profitable and essential investments are undertaken in all beer operations. As a general principle, investment decisions must be based on the specific financial projections as spelled out in detail in the Guide and they must be documented in detail as also specified in the Guide.

The investment expenditures made by Anadolu Efes in recent years consist mainly of investments undertaken in three areas: investments related to the company's growth strategy; a variety of technical investments, which include those undertaken to make improvements and to comply with the requirements of laws and regulations in existing plants; marketing-related investments, such as investments in coolers aimed at increasing the cold-availability of products. In the near and medium terms, Anadolu Efes' investment expenditures are expected to be related mainly to equipment purchases needed for technical improvements, outlays to fulfill legal compliance requirements, and marketing-related cooler upgrades. However all of these outlays are associated exclusively with Anadolu Efes' beer operations and, as was pointed out above, CCI is entirely responsible for financing its own investment expenditures and for satisfying any other needs for working capital that it may have. Experience shows that there may be significant discrepancies between Anadolu Efes' investment outlay projections and the company's actual expenditures. This is because investment plans and their performance are influenced by several factors such as market conditions, demand for the company's products, funding resources, operational cash flows, and other contingencies that are partly or sometimes even entirely beyond the company's control.

Total investment-related cashflows amounted to TRL 722.0 million in 2016 as compared with TRL 961.3 million in 2015.

The company's TRL 722.0 million investment-related cash flow in 2016 consisted essentially of TRL 707.8 million paid for acquisitions of tangible and intangible non-current assets concerned with its soft drinks and beer operations. Of the remainder, TRL 14.1 million reflects share capital increases undertaken in jointly-managed partnerships and ventures and TRL 0.1 million reflects the minority buyout.

OTHER INFORMATION RELATED TO OPERATIONS

The company's TRL 961.3 million investment-related cash flow in 2015 consisted essentially of TRL 1,058.2 million paid for acquisitions of tangible and intangible non-current assets concerned with its soft drinks and beer operations. Of the remainder, TRL 8.9 million reflects share capital increases undertaken in jointly-managed partnerships and ventures and TRL 105.8 million reflects the cash inflow arising from the capital increases made by the non-controlling interests.

8. Investment Incentives

Anadolu Efes takes advantage of various "investment incentives" that are provided under Turkish laws and regulations whose intent is to encourage investment in designated regions of the country. Anadolu Efes also benefits from incentives under the Ministry of Economy's "Turquality" project, specifically under the headings of "International Branding of Turkish-Made Products" and "Entrenching the 'Made In Turkey' Logo".

9. Information Related to Employees

The average number of employees for the years ended on 31.12.2015 and 31.12.2016 are as follows (numbers represent the employees of the companies that are being consolidated):

2015: 17,429
2016: 15,724

Our Company agreed with Tek Gıda İş Labor Union on the terms of the collective bargaining agreement for the period 1 September 2015 - 31 August 2017; the agreement is concluded.
The main terms of the collective agreement are as follows;
• Gross wages of the union member employees increased by TRL 355 per person per month in the first year of the collective bargaining agreement,
• In the second year of the agreement, gross wages of the union member employees will be increased by the rate of increase in the Consumer Price Index announced by the State Statistical Institute plus by TRL 110 per person per month,
• The annual cumulative increase in wages and fringe benefits in the first year of the agreement is 13.81%.
• In the second year of the agreement, fringe benefits will be raised by the increase in the Turkish Statistical Institute Consumer Prices Index.

10. Donations and Assistance; Social Responsibility Project-Related Outlays; Benefits Provided to Company Directors and Senior Managers

In 2016, Anadolu Efes paid out a total of TRL 3,663,293 as charitable donations.

The consolidated value of Anadolu Efes' expenditures related to social responsibility projects was TRL 4.978.738.

Information about benefits consisting of salaries, bonuses, shares of profits, and similar forms of remuneration paid to members of the Company's Board of Directors and of its senior management is presented in the footnotes to the financial statements. The total value of all benefits provided to these persons as allowances (including travel, accommodation and representation allowances), as access to company-owned properties, as cash facilities, and as insurance and other guarantees was TRL 299,976 in 2016.

11. R&D

Anadolu Efes has been carrying out R&D work on barley, one of the most important inputs used in brewing, since 1982. The company has developed 15 barley cultivars, all of which are registered in its own name. This R&D work has resulted in such benefits as diversifying and improving plant breeds, increasing crop productivity by 30%, and improving product quality.

12. Organizational Structure

Togan Deryal - Commercial Director
Togan Deryal graduated from University of Colorado, Electrical Engineering in 1991, and completed his MBA at the University of Texas in 1993. After working as Marketing Manager at Kraft Foods (1994-2000) and at PepsiCo International and Pepsi Beverages Group (2000-2005), he served as Marketing Director at Efes Invest (2005-2006) and at Coca-Cola İçecek's international operations (2006-2014). He was Group Marketing and Commercial Development Director at Coca-Cola İçecek as of January 2014, until he transferred to the Beer Group as Anadolu Efes Commercial

*Togan Deryal resigned as of February 1, 2017.

Director in September 2014. Mr. Deryal was appointed as Anadolu Efes Turkey Commercial Director in September 2015.

Levent Tansi - OTC Director
Levent Tansi graduated from Ankara University, Department of Agricultural Engineering in 1989 and joined Anadolu Efes in 1992 as Regional Supervisor at Ege Biracılık in Ankara. He worked as a Sales Executive at EFPA Ankara (1996-1998), Assistant Sales Manager at EFPA İstanbul (1998-1999), Kadıköy Sales Manager at EFPA İstanbul (1999-2001), Mediterranean Sales Manager at EFPA İzmir (2001-2004), Key Accounts Manager at Turkey Beer Operations (2004-2006), Market Development Manager at Efes Turkey Head Office (2006-2011), Efes Turkey OTC Director (2011-2014) and Efes Turkey Sales Director (January 2014 - October 2015). Mr. Tansi has been serving as Turkey OTC Director since November 2015.

Burhan Tanık - Finance Director
Having graduated from Dokuz Eylül University Business Administration Department in 1998, Burhan Tanık worked as an auditor at Arthur Andersen between years 1998-2002, and at Ernst & Young between years 2002-2003. Mr. Tanık began his career in Anadolu Efes as Efes Beverage Group as Financial Controller in 2003. Between years 2003-2006, he served as Moscow Efes Breweries Budget and Planning Manager. Following that, he worked as Efes Russia Financial Control Manager between years 2006-2007, Efes Russia Finance Director between years 2007-2012 and Efes Russia Finance and Control Director between years 2012-2013. As of 1 November 2013, Mr. Tanık has been appointed as Efes Turkey Finance Director. Mr. Tanık is a Certified Public Accountant.

M. Can Karakaş - Corporate Affairs Director
M. Can Karakaş graduated from Ankara University, Faculty of Political Sciences Business Economics and Industrial Relations Department in 1988 and worked as a journalist and as Ankara office representative respectively for Nokta news magazine from 1986 to 1994. He served as editor and news director at Inter-STAR TV channel (1994-2000) and Corporate Affairs Manager at Japan Tobacco International (2000-2010). Mr. Karakaş joined Anadolu Efes in June 2010 as Corporate Affairs Director, a position he still holds.

Ayşegül Örs - Human Resources Director
Leyla Ayşegül Örs Bingöl graduated from Middlesex University, Human Resources Management Department in 2004. Before joining our Group, she was Assistant Personnel Manager at Sofra Restaurant in London (2001-2004), Researcher at Nicholson International Turkey (2004-2005) and Recruitment Manager at İzmir Tesco Kipa (2005-2006). She joined our Group in 2007, and worked as Human Resources Specialist at Anadolu Endüstri Holding (2007-2008), Human Resources Chief at Anadolu Endüstri Holding (2008-2011), Human Resources Manager at Çelik Motor (2011-2015), and Corporate Human Resources Manager at Anadolu Efes Group (March-October 2015). Leyla Ayşegül Örs Bingöl serves as Anadolu Efes Turkey Human Resources Director since 1 October 2015.

Gani Küçükkömürcü - Supply Chain Director
Gani Küçükkömürcü graduated from the Department of Chemical Engineering at the Middle East Technical University in 1993, and completed his master's degree in Brewing and Distilling at Heriot-Watt University in Scotland. He worked at Bossa T.A.Ş. as an Operation Engineer from 1993 to 1996 and began his career in Anadolu Efes as Production Engineer at Güney Bira in 1996. He worked as Beer Production Supervisor (1998-2003), Operations Manager at Lüleburgaz Plant (2003-2005), Technical Manager at İstanbul Plant (2005-2006), Country Technical Manager of Efes Kazakhstan (2006-2009) and Technical Director of Efes Turkey (2009-2102). Mr. Küçükkömürcü has been serving as Supply Chain Director of Efes Turkey since 2012.

13. Issues Related to Group Companies

Instances in which the company increased or reduced any direct or indirect stakes it owns in the capital of any associate, subsidiary, or joint venture during the reporting period are summarized below.

OTHER INFORMATION RELATED TO OPERATIONS

	EFFECTIVE RATE		
	31.12.2015	31.12.2016	
JSC Moscow-Efes Brewery	99.93%	100%	Use of call option
LLC Vostok Solod	99.93%	100%	Use of call option
LLC Efes Solo	99.93%	100%	Use of call option
Efes Vitanta Moldova Brewery S.A.	96.83%	96.85%	Share acquisiton
Anadolu Efes Technical and Management Consultancy N.V.	99.75%	100%	Share acquisiton
Efes Holland Technical Management Consultancy B.V.	99.75%	100%	Share acquisiton
Tarbes Tarım Ürünleri ve Besicilik Sanayi Ticaret A.Ş.	99.75%	0.00%	Merger of Tarbes and Anadolu Efes

14. Other Issues

The company acquired none of its own shares during the reporting period.

The company did not undergo any special audits during the reporting period. The company did undergo normal audits by public authorities as required by the laws and regulations to which it is subject.

As of the reporting date (31 December 2016), the company was not a respondent in any suit whose outcome would be capable of significantly affecting either the company's financial position or the conduct of its business.

As of the reporting date, no administrative or judicial action had been initiated against the company or any member of its Board on account of any violation of the requirements of law.

As of the reporting date, none of the members of the company's Board of Directors had demanded the issuance of any report as provided for under Article 199/4 of the Turkish Commercial Code.

The company's financial position is solid. There is no risk of its having insufficient capital or of its becoming insolvent.

None of the persons from the company's management has been engaged in business, on their own behalf or on behalf of someone else, that is in competition with the company, in accordance with the permission given by the general assembly.

In the Affiliate Report approved by the Board of Directors of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. concerning the company's dealings with members of its own corporate group it is stated that the company was involved in no dealings that were directed by a controlling shareholder or by any entity belonging to a controlling shareholder or by any other controlling entity and there were no dealings that were undertaken solely for the benefit of a controlling shareholder or any entity belonging to a controlling shareholder; that there were no measures that were either taken or refrained from solely for the benefit of a controlling shareholder or of any entity belonging to a controlling shareholder; that all the dealings in which the company was involved during 2016 with any controlling shareholder or with any entity belonging to a controlling shareholder were conducted on an arm's-length basis and the company was, to the best of our knowledge, adequately and appropriately compensated for each and every such transaction that it entered into at the time the transaction occurred; that there were no measures that were either taken or refrained from that would have benefited a controlling shareholder of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. or any entity belonging to a controlling shareholder while also causing the company to suffer a loss and that, for this reason, there were no transactions or measures whose consequences need to be compensated for.

Information about; I) the conflicts of interest between the Company and the corporations providing the Company with services such as investment consultancy and rating services, and II) the measures taken by the company to prevent such conflicts of interest: No conflicts of interest have been observed during the period.

Regarding the procurement of services such as investment consultancy and rating services, our Company complies with all legal provisions including the CMB legislation, and pays utmost attention to prevent any situation that could lead to a conflict of interest in this respect.

2016 DIVIDEND DISTRIBUTION PROPOSAL

Dear Shareholders,

1. Paid-in / Issued Capital			592,105,263.00
2. Total Legal Reserves (as per Statutory Records)			303,414,109.86
If there are privileges for distribution of profits according to the Articles of Association, information on such privileges.			
		As per CMB	As per Statutory Records
3.	Profit Before Tax	22,223,782.00	-226,454,430.18
4.	Provision for Taxes (-)	93,019,000.00	0.00
5.	**Net Income (=)**	**-70,795,218.00**	**-226,454,430.18**
6.	Previous Years' Losses (-)		177,025,088.20
7.	First Series of Legal Reserves (-)	0.00	0.00
8.	**NET DISTRIBUTABLE PROFIT (=)**	**-70,795,218.00**	**-403,479,518.38**
9.	Donations within the Year (+)	3,663,293.38	
10.	Net Distributable Profit including the Donations for the Calculation of First Dividend	-67,131,924.62	
11.	First Dividend to Shareholders (5% of the share capital)		
	- Cash		
	- Bonus Issue		
	- Total		
12.	Dividends to the Holders Preferred Shares		
13.	Dividends to Board Members, employees and others		
14.	Dividends to the Holders of Redeemed Shares		
15.	Second Dividend to Shareholders of Ordinary Share		
16.	Second Series of Legal Reserves	14,506,578.94	
17.	Statutory Reserves		
18.	Special Reserves		
19.	EXTRAORDINARY RESERVES		
20.	**Distributable Other Sources**	**145,065,789.44**	**145,065,789.44**
	- Previous Years' Profits	58,204,094.47	58,204,094.47
	- Extraordinary Reserves	86,861,694.96	86,861,694.96
	- Other Distributable Profit as per the law and Articles of Association		

ANADOLU EFES BİRACILIK VE MALT SANAYİİ A.Ş. DIVIDEND RATES TABLE				
	TOTAL DIVIDEND AMOUNT		TOTAL DIVIDEND AMOUNT / NET DISTRIBUTABLE PROFIT FORT HE PERIOD	DIVIDEND FOR A SHARE WITH A NOMINAL VALUE OF 1 TL
GROUP	CASH (TRL)	SHARES (TRL)	AMOUNT (TRL)	RATIO (%)
NET	123,305,921.02	-	-	0.20825

STATEMENT OF RESPONSIBILITY

BOARD OF DIRECTORS' RESOLUTION ON THE APPROVAL OF FINANCIAL STATEMENTS AND ANNUAL REPORT
RESOLUTION DATE: 02/03/2017 - 10/03/2017
RESOLUTION NUMBER: 2017 - 350/355

DECLARATION OF RESPONSIBILITY PURSUANT TO ARTICLE 9 OF THE SECOND SECTION OF THE CAPITAL MARKETS BOARD COMMUNIQUE ON PRINCIPLES PERTAINING TO FINANCIAL REPORTING IN CAPITAL MARKETS

Appended to this resolution are our financial statements and annual report for January-December 2016, which have been approved by our company's Board of Directors and Audit Committee, which have been prepared in compliance with Capital Markets Board ("SPK") Communique II-14.1 on principles pertaining to financial reporting in capital markets and with Turkish Accounting/Financial Reporting Standards ("TMS"/"TFRS") and in an SPK-compatible format, and which have been independently audited.

We hereby declare:

a) We have examined the consolidated financial statements and annual report dated 31 December 2016;

b) That, to the best of our knowledge within the framework of our duties and responsibilities at our company, neither the consolidated financial statements nor the annual report 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;

c) 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 the annual report honestly reflects our company's business and performance and honestly reflects our company's financial standing along with any material risks and uncertainties that confront it.

Mete Başol Chairman of the Audit Committee	**Ahmet Dördüncü** Member of the Audit Committee	**Onur Çevikel** Group CFO	**Burhan Tanık** CFO

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

pwc

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

Auditor's Report on the Board of Directors' Annual Report

1. We have audited the annual report of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the period ended 31 December 2016.

Board of Directors' responsibility for the Annual Report

2. The Group's management is responsible for the fair preparation of the annual report and its consistency with the consolidated financial statements in accordance with Article 514 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and for such internal control as management determines is necessary to enable the preparation of the annual report.

Independent Auditor's Responsibility

3. Our responsibility is to express an opinion on the Group's annual report based on the independent audit conducted pursuant to Article 397 of TCC and the Communiqué, whether or not the financial information included in this annual report is consistent with the Group's consolidated financial statements that are subject to independent auditor's report dated 2 March 2017 and presented fairly.

Our independent audit was conducted in accordance with Independent Auditing Standards that are part of the Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority. Those standards require that ethical requirements are complied with and that the independent audit is planned and performed to obtain reasonable assurance whether the financial information in the annual report is fairly presented and consistent with the consolidated financial statements.

An independent audit requires applying audit procedures to obtain audit evidence on the historical financial information. The procedures selected depend on the professional judgement of the independent auditor.

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

Opinion

4. Based on our opinion, the financial information in the annual report of Board of Directors of ABC A.Ş. is consistent with the audited consolidated financial statements and presented fairly, in all material respects.

Other Responsibilities Arising from Regulatory Requirements

5. Pursuant to subparagraph 3 of Article 402 of the TCC No. 6102, within the context of ISA 570 "Going Concern", we have not encountered any significant issue which we are required to be reported with regard to the inability of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. to continue its operations for the foreseeable future.

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

Baki Erdal, SMMM
Partner

Istanbul, 10 March 2017

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Consolidated Financial Statements

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

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

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

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

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

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

Other Responsibilities Arising From Regulatory Requirements

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

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

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

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

Baki Erdal, SMMM
Partner

Istanbul, 2 March 2017

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016
(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016
(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

					Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss				Accumulated Profit				
	Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Revaluation and Remeasurements Gain / (Loss) (**)	Currency Translation Differences	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Other Reserves	Prior Years' Profits or Losses	Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Beginning Balances as of January 1, 2015	**592.105**	**63.583**	**3.137.684**	**8.817**	**(10.480)**	**(498.289)**	**2.234**	**249.541**	**(235.742)**	**4.812.035**	**(512.233)**	**7.609.255**	**4.214.684**	**11.823.939**
Transfers	-	-	-	-	-	-	-	33.295	-	(545.528)	512.233	-	-	-
Total Comprehensive Income (Loss)	-	-	-	-	(4.648)	546.445	30.153	-	-	-	(197.759)	374.191	600.151	974.342
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	*(197.759)*	*(197.759)*	*60.605*	*(137.154)*
Other Comprehensive Income (Loss)	-	-	-	-	*(4.648)*	*546.445*	*30.153*	-	-	-	-	*571.950*	*539.546*	*1.111.496*
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	105.838	105.838
Dividends	-	-	-	-	-	-	-	-	-	(272.368)	-	(272.368)	(50.030)	(322.398)
Increase (Decrease) from Other Changes (*)	-	-	-	(3.022)	-	-	-	-	-	-	-	(3.022)	(5.194)	(8.216)
Ending Balances as of December 31, 2015	**592.105**	**63.583**	**3.137.684**	**5.795**	**(15.128)**	**48.156**	**32.387**	**282.836**	**(235.742)**	**3.994.139**	**(197.759)**	**7.708.056**	**4.865.449**	**12.573.505**
Beginning Balances as of January 1, 2016	**592.105**	**63.583**	**3.137.684**	**5.795**	**(15.128)**	**48.156**	**32.387**	**282.836**	**(235.742)**	**3.994.139**	**(197.759)**	**7.708.056**	**4.865.449**	**12.573.505**
Transfers	-	-	-	-	-	-	-	14.507	-	(212.266)	197.759	-	-	-
Total Comprehensive Income	-	-	-	-	(5.121)	1.735.361	25.938	-	-	-	(70.795)	1.685.383	690.013	2.375.396
Profit (Loss)	-	-	-	-	-	-	-	-	-	-	*(70.795)*	*(70.795)*	*30.740*	*(40.055)*
Other Comprehensive Income (Loss)	-	-	-	-	*(5.121)*	*1.735.361*	*25.938*	-	-	-	-	*1.756.178*	*659.273*	*2.415.451*
The effect of merger/divison/ liquidation (***)	-	-	-	-	-	-	-	6.071	-	(6.071)	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	(145.066)	-	(145.066)	(15.628)	(160.694)
Increase (Decrease) from Other Changes (*)	-	-	-	14.128	-	-	-	-	-	-	-	14.128	14.687	28.815
Ending Balances as of December 31, 2016	**592.105**	**63.583**	**3.137.684**	**19.923**	**(20.249)**	**1.783.517**	**58.325**	**303.414**	**(235.742)**	**3.630.736**	**(70.795)**	**9.262.501**	**5.554.521**	**14.817.022**

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

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

NOTE 1. GROUP'S ORGANIZATION AND NATURE OF ACTIVITIES

General

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

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

The Company, its subsidiaries and joint ventures will be referred to as the "Group". The average number of permanent personnel employed in the Group is 15.724 (December 31, 2015 – 17.429).

The condensed consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Onur Çevikel and Finance Director, Burhan Tanık were issued on March 2, 2017. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

Nature of Activities of the Group

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

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

List of Shareholders

As of December 31, 2016 and 2015, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

Shareholders

	2016		2015	
	Amount	**%**	Amount	%
Yazıcılar Holding A.Ş.	**139.787**	**23,61**	139.787	23,61
Özilhan Sınai Yatırım A.Ş.	**79.813**	**13,48**	79.813	13,48
Anadolu Endüstri Holding A.Ş. (AEH)	**35.292**	**5,96**	35.292	5,96
SABMiller Harmony Ltd.	**142.105**	**24,00**	142.105	24,00
Publicly traded and other	**195.108**	**32,95**	195.108	32,95
	592.105	**100,00**	592.105	100,00

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİ İ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016
(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

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

List of Subsidiaries

The subsidiaries included in the consolidation and their effective shareholding rates at December 31, 2016 and 2015 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding and Voting Rights % 2016	2015
Efes Breweries International N.V. (EBI)	The Netherlands	Facilitating foreign investments in breweries	International Beer	**100,00**	100,00
CJSC Moscow-Efes Brewery (Efes Moscow) (4)	Russia	Production and marketing beer	International Beer	**100,00**	99,93
CJSC Vostok Solod (4)	Russia	Production of malt	International Beer	**100,00**	99,93
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing beer	International Beer	**100,00**	100,00
International Beers Trading LLP (IBT)	Kazakhstan	Marketing of beer	International Beer	**100,00**	100,00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova) (5)	Moldova	Production and marketing of beer and low alcoholic drinks	International Beer	**96,85**	96,83
Euro-Asien Brauerein Holding GmbH (Euro-Asien)	Germany	Investment company of EBI	International Beer	**100,00**	100,00
JSC Lomisi (Efes Georgia)	Georgia	Production, marketing and sales of beer and carbonated soft drinks	International Beer	**100,00**	100,00
PJSC Efes Ukraine (Efes Ukraine)	Ukraine	Production and marketing of beer	International Beer	**99,94**	99,94
Efes Trade BY FLLC (Efes Belarus)	Belarus	Market development	International Beer	**100,00**	100,00
LLC Efes Solod (1) (4)	Russia	Production of malt	International Beer	**100,00**	99,93
LLC Efes Ukraine	Ukraine	Selling and distribution of beer	International Beer	**100,00**	100,00
Efes Pazarlama ve Dağıtım Tic. A.Ş. (Ef-Pa) (2)	Turkey	Marketing and distribution company of the Group	Turkey Beer	**100,00**	100,00
Tarbes Tarım Ürün. ve Bes. San. Tic. A.Ş. (Tarbes) (2)	Turkey	Providing hops (major ingredient of beer) to the breweries of the Group	Turkey Beer	**0,00**	99,75
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	**99,99**	99,99
Anadolu Efes Technical and Man. Cons. N.V. (AETMC) (6)	The Netherlands Antilles	Providing technical assistance	Other	**100,00**	99,75
Efes Holland Technical Man. Cons. B.V. (EHTMC)	The Netherlands	Providing technical assistance	Other	**100,00**	99,75
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	**100,00**	100,00
Coca-Cola İçecek A.Ş. (CCİ) (3) (Note 2.6)	Turkey	Production of Coca-Cola products	Soft Drinks	**50,26**	50,26
Coca-Cola Satış Dağıtım A.Ş. (CCSD)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft Drinks	**50,25**	50,25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	Turkey	Filling and selling of natural spring water	Soft Drinks	**50,26**	50,26
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC)	Kazakhstan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
Tonus Turkish-Kazakh Joint Venture LLP (Tonus)	Kazakhstan	Investment company of CCİ	Soft Drinks	**50,26**	50,26
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,19**	50,19
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC)	Krygyzstan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
CCI International Holland B.V. (CCI Holland)	The Netherlands	Investment company of CCİ	Soft Drinks	**50,26**	50,26
CC for Beverage Industry Limited (CCBL)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC)	Jordan	Production, distribution and selling of Coca Cola products	Soft Drinks	**45,23**	45,23
Coca-Cola Beverages Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**24,96**	24,96
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**29,90**	29,90
Waha Beverages B.V	The Netherlands	Investment company of CCİ	Soft Drinks	**40,22**	40,22
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**40,22**	40,22
Coca-Cola Beverages Tajikistan LLC(Coca Cola Tajikistan)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26

(1) Subsidiaries of Efes Moscow.
(2) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa and Tarbes.
(3) Shares of CCİ are currently traded on BIST.
(4) In July 2016, investment in Efes Moscow increased to 100% from 99,93%, as a result of exercising call option for Efes Moscow's 0,07% shares. Investment in LLC Vostok Solod and LLC Efes Solod also increased to 100% accordingly.
(5) In July 2016, investment in Efes Moldova increased to 96,85% from 96,83% as a result of shares purchase from other shareholders.
(6) In November 2016, the Company purchased non-controlling interest of Tarbes and its investment in Tarbes increased to 100% from 99,75% accordingly its investment in AETMC increased to 100% .
(7) The total shares of EHTMC are transferred to EBI from AETMC in November 2016. This transaction was accounted as business combinations under common control in the consolidated financial statements.
(8) Anadolu Efes and Tarbes have been merged with assets and liabilities fully transferred without increasing capital as of December 30, 2016. As a result of this merger, Tarbes does not exist as of 31 December 2016.

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

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

Certain countries, in which consolidated subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Accordingly, such markets do not possess well-developed business infrastructures and the Group's operations in such countries might carry risks, which are not typically associated with those in more developed markets. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the commercial activities of subsidiaries and joint ventures.

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

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

The consolidated financial statements of the Group are prepared as per the CMB announcement of 7 June 2013 relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's consolidated financial statements.

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

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

2.2 Functional and Reporting Currency

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİ İ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016
(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

Functional Currency of Significant Subsidiaries Located in Foreign Countries

Subsidiary	Local Currency	Functional Currency	
		2016	2015
EBI	EURO	**USD**	USD
Efes Moscow	Russian Ruble (RUR)	**RUR**	RUR
Efes Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Efes Moldova	Moldovan Leu (MDL)	**MDL**	MDL
Efes Georgia	Georgian Lari (GEL)	**GEL**	GEL
Efes Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
AETMC	EURO	**EURO**	EURO
EHTMC	EURO	**EURO**	EURO
Efes Germany	EURO	**EURO**	EURO
CCI Holland	EURO	**USD**	USD
Almaty CC	KZT	**USD**	USD
Azerbaijan CC	Azerbaijani Manat (AZM)	**USD**	USD
Bishkek CC	Kyrgyz Som (KGS)	**USD**	USD
CCBPL	Pakistan Rupee (PKR)	**PKR**	PKR
CCBL	Iraqi Dinar (IQD)	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**USD**	USD
Jordan CC	Jordan Dinar (JOD)	**USD**	USD
Turkmenistan CC	Turkmenistan Manat (TMT)	**USD**	USD
Coca-Cola Tajikistan	Somoni (TJS)	**USD**	USD

2.3 Changes in Accounting Policies

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

Adoption of new and revised International Financial Reporting Standards

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

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

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

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

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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

2.3 Changes in Accounting Policies (continued)

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

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

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

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

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

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

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

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

Standards, amendments and interpretations effective after 1 January 2017

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

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

2.3 Changes in Accounting Policies (continued)

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

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

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

• Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018.

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

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

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

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

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

2.3 Changes in Accounting Policies (continued)

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

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

• Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments', effective from annual periods beginning on or after 1 January 2018.

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

• Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

  • IFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.

  • IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

  • IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.

• IFRIC 22,' Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

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

2.4 Changes in Accounting Estimates

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

2.5 Offsetting

Financial assets and liabilities are offset and the net amount are reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liabilities simultaneously.

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

2.6 Basis of Consolidation

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

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

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

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

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

2.7 Cash and Cash Equivalents

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

2.8 Trade Receivables and Provisions for Doubtful Receivables

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

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

2.9 Related Parties

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

2.10 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity.

2.11 Financial Investments

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

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

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

2.12 Investment Properties

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

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

2.13 Property, Plant and Equipment

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

Estimated Useful Lives of PPE	
Buildings and land improvements	5-50 years
Machinery and equipment	2-20 years
Leasehold improvements	4-20 years
Furniture and fixtures	3-15 years
Vehicles	3-10 years
Returnable bottles and cases	5-10 years
Other tangible assets	2-12 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The increase is recognized in the consolidated income statement (Note 27).

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

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

2.14 Other Intangible Assets

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

Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill, if the fair value can be measured reliably. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. Intangible assets with indefinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment

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

2.14 Other Intangible Assets (continued)

a) Brands

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

b) Bottlers and Distribution Agreement

Bottlers and distribution agreements include

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

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

c) License Agreements

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

d) Rights

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

e) Software

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

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

2.15 Business Combinations and Goodwill

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

Acquisition-related costs are expensed as incurred.

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

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

2.16 Trade Payables

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

2.17 Borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the obligations related with the borrowings are removed.

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

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

2.17 Borrowings (continued)

a) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The initial direct costs attributable for the finance lease are added to the amount recognized as an asset. Capitalized leased assets are depreciated over the estimated useful life of the asset.

b) Operating Lease

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

2.18 Current Income Tax and Deferred Tax

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

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

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	2016	2015
The Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**15%**	15%
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Krygyzstan	**10%**	10%
Pakistan	**32%**	33%
Iraq	**15%**	15%
Jordan	**14%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**14%**	14%

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

2.18 Current Income Tax and Deferred Tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent of the probability that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

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

2.19 Employee Benefits

a) Defined Benefit Plans

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

b) Defined Contribution Plans

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

c) Long Term Incentive Plans

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

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

2.20 Provisions, Contingent Assets and Liabilities

a) Provisions

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

b) Contingent Assets and Liabilities

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

2.21 Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey and used by the Group's subsidiaries in Turkey as of respective year-ends are as follows:

Date	USD/TL(full)	EURO/TL(full)
December 31, 2016	**3,5192**	**3,7099**
December 31, 2015	2,9076	3,1776

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

2.22 Paid in Capital

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

2.23 Dividends Payable

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

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

2.24 Subsequent Events

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

2.25 Revenue

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

a) Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

b) Interest Income

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

c) Dividend Income

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

2.26 Borrowing Costs

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

2.27 Segment Reporting

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

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

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

2.28 Earnings per Share

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

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

2.29 Reporting of Cash Flows

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

2.30 Hedge Accounting

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

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

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

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

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

2.30 Hedge Accounting (continued)

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

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

Other derivatives not designated for hedge accounting

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

2.31 Use of Estimates

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

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

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

c) The Group performs impairment test for tangible assets, intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2015, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is the higher of net selling price and value in use.

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

2.31 Use of Estimates (continued)

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

The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors. Perpetuity growth rate used in impairment test in the operating units is between 0,86% - 3,00% (December 31, 2015 – 0,86% - 3,00%) and after tax discount rate is between 7,76% and 17,50% (December 31, 2015 – 9,57%- 17,46%).

d) The liability for the put option that has been measured by applying different valuation techniques and assumptions has been presented in "other non-current liabilities" in the consolidated balance sheet based on their remaining maturities (Note 21).

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

f) Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses. As of December 31, 2016, the estimations made to indicate that the Group will incur taxable profits in the future periods were reasonable and deferred tax asset was recorded (Note 31).

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2016

Tarbes Merger Through Acquisition

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

Transactions Related with 2015

None.

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

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

Non-controlling interest reflected to profit and loss statement in the period is amounting to TRL30.740 (December 31, 2015 – TRL60.605), of which TRL30.433 (December 31, 2015 – TRL60.358) is related with net income of CCİ attributable to non-controlling interests.

Non-controlling interest reflected to statement of financial position at the end of the period is amounting to TRL5.554.521 (December 31, 2015 – TRL4.865.449), of which TRL5.550.646 (December 31, 2015 – TRL4.862.512) is related with equity of CCİ attributable to non-controlling interests.

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

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

Summarized statement of cash flows of CCİ is given below:

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

NOTE 5. SEGMENT REPORTING

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

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

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NOTE 5. SEGMENT REPORTING (continued)

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

	Turkey Beer	International Beer	Soft Drinks	Other [2] and Eliminations	Total
1 January - 31 December 2016					
Revenues	1.438.601	1.903.337	7.050.245	44.541	10.436.724
Inter-segment revenues	(15.818)	(557)	(92)	-	(16.467)
Total Revenues	**1.422.783**	**1.902.780**	**7.050.153**	**44.541**	**10.420.257**
EBITDA	**408.336**	**322.197**	**1.092.858**	**(54.644)**	**1.768.747**
Profit / (loss) for the period	**(128.951)**	**159.534**	**22.391**	**(93.029)**	**(40.055)**
Capital expenditures	**148.861**	**99.035**	**517.063**	**(504)**	**764.455**
1 January - 31 December 2015					
Revenues	1.484.802	1.971.636	6.723.866	40.434	10.220.738
Inter-segment revenues	(14.893)	(599)	(100)	-	(15.592)
Total Revenues	1.469.909	1.971.037	6.723.766	40.434	10.205.146
EBITDA [1]	433.063	307.424	1.051.382	(45.410)	1.746.459
Profit / (loss) for the period	(49.041)	(135.096)	126.653	(79.670)	(137.154)
Capital expenditures	136.982	125.324	828.681	792	1.091.779

2016	Turkey Beer	International Beer	Soft Drinks	Other [2] and Eliminations	Total
Segment assets	**8.109.768**	**6.011.748**	**10.455.956**	**1.051.087**	**25.628.559**
Segment liabilities	**3.051.428**	**1.260.322**	**5.459.000**	**1.040.787**	**10.811.537**
Investment in associates	**-**	**-**	**-**	**58.406**	**58.406**
2015					
Segment assets	7.956.706	4.331.652	8.945.762	809.970	22.044.090
Segment liabilities	2.638.080	915.941	4.804.259	1.112.305	9.470.585
Investment in associates	-	-	-	66.685	66.685

[1] EBITDA calculation of CCI is revised in compliance with the CMB's communique No. II .14.1.
[2] Includes other subsidiaries and headquarter expenses included in the consolidation of the Group.

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NOTE 5. SEGMENT REPORTING (continued)

Reconciliation of EBITDA to the consolidated Operating Profit/Loss before Finance Income / Expense and its components as of December 31, 2016 and 2015 are as follows:

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

NOTE 6. CASH AND CASH EQUIVALENTS

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

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

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

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

NOTE 7. FINANCIAL INVESTMENTS

Short-term Financial Investments

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

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

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NOTE 8. SHORT AND LONG TERM BORROWINGS

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

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

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

NOTE 8. SHORT AND LONG TERM BORROWINGS (continued)

Repayments of long-term borrowings are scheduled as follows:

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

Lessee - Finance Lease

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

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

Lessee - Operating Lease

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

NOTE 9. DERIVATIVE INSTRUMENTS

As of December 31, 2016, CCİ has 4 aluminum swap transactions with a total nominal amount of TRL12.379 (December 31, 2015– TRL54.283) for 2.220 tones. The total of these aluminum swap contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flow for the highly probable purchases of can exposed to commodity price risk (Note 35).

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

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

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

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NOTE 9. DERIVATIVE INSTRUMENTS (continued)

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

NOTE 10. TRADE RECEIVABLES AND PAYABLES

a) Short-term Trade Receivables

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

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

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

a) Long-term Trade Receivables

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

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NOTE 11. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

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

b) Other Non-Current Receivables

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

c) Other Current Payables

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

d) Other Non-Current Payables

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

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NOTE 12. INVENTORIES

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

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

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

NOTE 13. PREPAID EXPENSES

a) Short Term Prepaid Expenses

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

b) Long Term Prepaid Expenses

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

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NOTE 13. PREPAID EXPENSES

c) Short Term Deferred Income

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

d) Long Term Deferred Income

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

NOT 14. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

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

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

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

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NOT 14. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (continued)

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

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

[1] SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.
[2] As of December 31, 2016, shareholder loans amounting to USD3 million (share of the Group amounting to USD1,5 million) , which is given by the shareholders of SSDSD according to their percentage of shares are deducted from the accumulated losses of SSDSD and converted into capital.
[3] Capital increase provided to Anadolu Etap.

NOT 15. INVESTMENT PROPERTIES

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

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

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NOTE 16. PROPERTY, PLANT AND EQUIPMENT

For the years ended December 31, 2016 and 2015, the additions and disposals on property, plant and equipment are as follows:

Cost	2015	Additions (**)	Disposals	Currency translation differences	Impairment / (Impairment Reversal), Net	Transfers (*)	2016
Land and land improvements	509.681	9.503	(79)	67.964	-	38.407	**625.476**
Buildings	1.837.018	22.404	(753)	386.795	-	136.473	**2.381.937**
Machinery and equipment	4.960.019	142.314	(138.883)	1.050.500	-	103.579	**6.117.529**
Vehicles	155.494	9.283	(26.017)	41.262	-	4.220	**184.242**
Other tangibles	2.493.449	308.689	(156.901)	288.604	-	49.009	**2.982.850**
Leasehold improvements	31.852	126	(6.732)	418	-	(3.619)	**22.045**
Construction in progress	291.724	232.704	(256)	29.652	-	(329.607)	**224.217**
	10.279.237	**725.023**	**(329.621)**	**1.865.195**	**-**	**(1.538)**	**12.538.296**
Accumulated depreciation(-)							
Land and land improvements	58.695	7.928	(53)	12.655	-	-	**79.225**
Buildings	378.734	62.652	(220)	68.982	-	-	**510.148**
Machinery and equipment	2.166.163	297.229	(130.154)	504.498	15.397	-	**2.853.133**
Vehicles	65.430	22.171	(22.135)	24.797	24	-	**90.287**
Other tangibles	1.279.292	372.736	(149.191)	168.777	12.887	-	**1.684.501**
Leasehold improvements	15.015	4.948	(2.049)	418	-	-	**18.332**
	3.963.329	**767.664**	**(303.802)**	**780.127**	**28.308**	**-**	**5.235.626**
Net book value	**6.315.908**						**7.302.670**

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

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

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

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NOTE 16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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NOTE 17. OTHER INTANGIBLE ASSETS

For the years ended December 31, 2016 and 2015, the additions and disposals on other intangible assets are as follows:

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

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NOTE 17. OTHER INTANGIBLE ASSETS (continued)

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

NOTE 18. GOODWILL

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

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

Due to ongoing uncertainties regarding the political and regulatory environment in South Iraq and by closely monitoring to minimize the probable effects of such changes, Group Management decided to book impairment loss for the goodwill amounting to USD17,9 million equivalent to TRY54.051 in accordance with IFRS 3 “Business Combinations”.

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

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NOTE 19. COMMITMENTS AND CONTINGENCIES

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

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

	2016							
	Total TRL Equivalent	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand RUR**	**Original Currency Thousand UAH**	**Original Currency Thousand PKR**	**Original Currency Thousand Other**
A. GPMs given on behalf of the Company's legal personality	**550.512**	**429.549**	**226**	**1.339**	**5.996**	**31.814**	**2.667.385**	**21.006**
B. GPMs given in favor of subsidiaries included in full consolidation [1]	**504.540**	**-**	**35.075**	**83.510**	**-**	**-**	**1.177.705**	**31.673**
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Other GPMs	**11.469**	**11.469**	**-**	**-**	**-**	**-**	**-**	**-**
i. GPMs given in favor of parent company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
ii. GPMs given in favor of group companies not in the scope of B and C above [2]	**11.469**	**11.469**	**-**	**-**	**-**	**-**	**-**	**-**
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1.066.521**	**441.018**	**35.301**	**84.849**	**5.996**	**31.814**	**3.845.089**	**52.679**
Ratio of other GPMs over the Company's equity (%)	**0,1**							

	2015							
	Total TRL Equivalent	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand RUR**	**Original Currency Thousand UAH**	**Original Currency Thousand PKR**	**Original Currency Thousand Other**
A. GPMs given on behalf of the Company's legal personality	431.235	336.120	168	2.373	-	22.389	2.667.000	10.238
B. GPMs given in favor of subsidiaries included in full consolidation [1]	712.135	-	93.000	106.430	-	-	2.800.285	25.696
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	10.849	10.849	-	-	-	-	-	-
i. GPMs given in favor of parent company	-	-	-	-	-	-	-	-
ii. GPMs given in favor of group companies not in the scope of B and C above [2]	10.849	10.849	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	1.154.219	346.969	93.168	108.803	-	22.389	5.467.285	35.934
Ratio of other GPMs over the Company's equity (%)	0,1							

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

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NOTE 19. COMMITMENTS AND CONTINGENCIES (continued)

Murabaha

CCBPL has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited ("Banks"). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2016, CCBPL has USD 0,1 million sugar purchase commitment from the Banks until the end of March 2017 and has USD 29,8 million sugar purchase commitment from the Banks until the end of December 2017.

Operational Lease

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

Tax and Legal Matters

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

NOTE 20. EMPLOYEE BENEFITS

a) Employee Benefits Obligations

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

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

b) Short Term Provision for Employee Benefits

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

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

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NOTE 20. EMPLOYEE BENEFITS (continued)

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

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

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

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

b) Long Term Provision for Employee Benefits

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

In accordance with existing social legislation, the Group’s companies incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days’ pay. The retirement pay liability as at December 31, 2016 is subject to a ceiling of full TRL4.297 (December 31, 2015 – full TRL3.828) (Retirement pay liability ceiling has been increased to full TRL4.426 as of January 1, 2017). In the consolidated financial statements as of December 31, 2016 and 2015, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. Accordingly, net discount rates determined by considering expected payment dates are in a range between 3,35% and 4,30% (December 31, 2015 – 2,9% – 3,7%).

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NOTE 20. EMPLOYEE BENEFITS (continued)

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

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

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

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

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

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NOTE 21. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

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

b) Other Non-Current Assets

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

c) Other Current Liabilities

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

d) Other Non-Current Liabilities

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

The obligation of TL 8.305 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase.

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

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NOTE 22. EQUITY

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

	2016	2015
Common shares 1 full TRL per value		
Authorized capital	**900.000**	900.000
Issued capital	**592.105**	592.105

The composition of shareholders and their respective percentage of ownership as of December 31, 2016 and 2015 are given at Note 1 – Group's Organization and Nature of Activities.

As of December 31, 2016 and 2015, there is no privileged share representing the capital. According to the articles of association, foundation shares that do not represent the share capital receives 2% of the profit that remains after 10% of the paid in capital is deducted from the distributable profit for the period.

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

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

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

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

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

Statutory resources attributable to dividend distribution are TRL3.208.905 as of December 31, 2016.

The Group distributed dividend in 2016, related with the year ended as of December 31, 2015, for a gross amount of full TRL0,25 per share, amounting to a total of TRL145.066. (The Group distributed dividend in 2015, related with the year ended as of December 31, 2014, for a gross amount of full TRL0,46 per share, amounting to a total of TRL272.368).

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NOTE 22. EQUITY (Continued)

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

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

2016	**Nominal Amount**	**Equity Restatement Differences**	**Restated Amount**
Issued capital	**592.105**	**63.583**	**655.688**
Legal reserves	**303.414**	**74.729**	**378.143**
Extraordinary reserves	**66.825**	**25.831**	**92.656**
	962.344	**164.143**	**1.126.487**
Share Premium (Discount)			**3.137.684**
Put Option Revaluation Fund Related with Non-controlling Interests			**19.923**
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss			**(20.249)**
- Revaluation and Remeasurement Gain/Loss			***(20.249)***
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			**1.841.842**
- Currency Translation Differences			***1.783.517***
- Gains (Losses) on Hedge			***58.325***
Other Reserves			**(235.742)**
Prior Years' Profits or Losses (Including net income for the period)			**3.392.556**
Equity attributable to equity holders of the parent			**9.262.501**

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

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NOTE 23. SALES AND COST OF SALES

Revenues	2016	2015
Domestic revenues	4.940.392	4.754.007
Foreign revenues	5.479.865	5.451.139
Total sales, net	**10.420.257**	10.205.146
Cost of Sales		
Current year purchases and net change in inventory	5.197.055	4.872.831
Depreciation and amortization expense on PP&E and intangible assets	430.782	396.048
Personnel expenses	295.865	284.544
Utility expenses	189.472	196.083
Provision for retirement pay liability	6.172	5.110
Other expenses	210.296	263.832
Total cost of sales	**6.329.642**	6.018.448
Gross Operating Profit	**4.090.615**	4.186.698

NOTE 24. OPERATING EXPENSES

a) General and Administrative Expenses

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

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NOTE 24. OPERATING EXPENSES (Continued)

b) Selling, Distribution and Marketing Expenses

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

NOTE 25. EXPENSES BY NATURE

a) Depreciation and Amortization Expenses

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

b) Personnel Expenses

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

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NOTE 26. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

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

b) Other Operating Expenses

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

NOTE 27. INVESTMENT ACTIVITY INCOME

a) Income from Investing Activities

	2016	2015
Gain on sale of fixed assets	**29.057**	6.075
Reversal of impairment on property, plant and equipment (Note 16)	**453**	166
	29.510	6.241

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NOTE 28. INVESTMENT ACTIVITY EXPENSES

b) Expense from Investing Activities

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

NOTE 29. FINANCE INCOME

a) Finance Income

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

NOTE 30. FINANCE EXPENSE

b) Finance Expense

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

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NOTE 31. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 20% in Turkey (31 December 2015 - 20%). Corporate tax returns are required to be filed until the twenty fifth of the fourth month following the fiscal year end and paid in full until the end of the same month. The tax legislation provides for a provisional tax of 20% (31 December 2015 – 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

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

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

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

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

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

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

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

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NOTE 31. TAX ASSETS AND LIABILITIES (continued)

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

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

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

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

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

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

NOTE 32. EARNINGS PER SHARE

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

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

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

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

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

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NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Bank Balances with Related Parties

Due from Related Parties

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

Due to Related Parties

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

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

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

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NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

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

Finance Income / (Expenses), Net

	Nature of transaction	2016	2015
Alternatifbank (9)	Interest income / (expense), net	**9.939**	17.575
		9.939	17.575

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

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NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

b) Transactions with Related Parties (Continued)

Revenue and Other Income / (Expenses), Net

	Nature of transaction	2016	2015
Migros [4] [9]	Sales Income	**407.994**	186.510
Ab InBev Group Companies [5] [7]	Other Income	**2.571**	1.475
Alternatifbank[9]	Rent Income	**140**	130
Anadolu Efes Spor Kulübü	Other Income	**75**	70
Anadolu Bilişim Hizmetleri A.Ş.. [1] [3] [4]	Rent Income	**280**	67
Çelik Motor Ticaret A.Ş. [3] [4]	Other Income	**-**	475
AEH [2] [3]	Other Income	**12**	16
SSDSD	Sales Income	**-**	2.602
AEH Anadolu Gayrimenkul Yatırımları A.Ş.	Fixed Asset Sale	**-**	821
Other	Other Income	**-**	182
		411.072	192.348

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

Director's remuneration

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

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

(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

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

The main risks arising from the Group's financial instruments can be identified as foreign currency risk, credit risk, interest rate risk, price risk and liquidity risk. The Group management reviews and agrees policies for managing each of these risks. The Group also monitors the market price risk arising from all financial instruments.

a) Interest Rate Risk

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

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreement. Total outstanding amount of IRS agreements was USD43 million as of December 31, 2016 (December 31, 2015 – USD43 million).

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

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

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

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

a) Interest Rate Risk (continued)

At December 31, 2016, if interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit before tax and minority interest for the period ended March 31, 2017 which is the following reporting period, would be:

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

b) Foreign Currency Risk

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

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

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of December 31, 2016 and 2015 are presented below:

	Foreign Currency Position Table					
	2016					
	Total TRL Equivalent (Functional Currency)	Thousand USD	Total TRL Equivalent	Thousand EUR	Total TRL Equivalent	Other Foreign Currency TRL Equivalent
1. Trade Receivables and Due from Related Parties	99.558	6.557	23.076	874	3.243	73.239
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.607.111	369.157	1.299.139	38.513	142.879	165.093
2b. Non- monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	53.574	494	1.740	101	375	51.459
4. Current Assets	**1.760.243**	**376.208**	**1.323.955**	**39.488**	**146.497**	**289.791**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	12.256	-	-	3.202	11.879	377
8. Non-Current Assets	**12.256**	**-**	**-**	**3.202**	**11.879**	**377**
9. Total Assets	**1.772.499**	**376.208**	**1.323.955**	**42.690**	**158.376**	**290.168**
10.Trade Payables and Due to Related Parties	(245.046)	(24.062)	(84.680)	(20.878)	(77.455)	(82.911)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(373.939)	(26.670)	(93.857)	(73.760)	(273.642)	(6.440)
12a. Monetary Other Liabilities	(39.542)	(1.079)	(3.797)	(131)	(486)	(35.259)
12b. Non-monetary Other Liabilities	(8.305)	(2.360)	(8.305)	-	-	-
13. Current Liabilities	**(666.832)**	**(54.171)**	**(190.639)**	**(94.769)**	**(351.583)**	**(124.610)**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(4.963.730)	(1.158.870)	(4.078.295)	(231.821)	(860.033)	(25.402)
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(111.151)	(31.584)	(111.151)	-	-	-
17. Non-Current Liabilities	**(5.074.881)**	**(1.190.454)**	**(4.189.446)**	**(231.821)**	**(860.033)**	**(25.402)**
18. Total Liabilities	**(5.741.713)**	**(1.244.625)**	**(4.380.085)**	**(326.590)**	**(1.211.616)**	**(150.012)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position	**17.596**	**5.000**	**17.596**	**-**	**-**	**-**
19a. Total Hedged Assets	**17.596**	**5.000**	**17.596**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position	**(3.951.618)**	**(863.417)**	**(3.038.534)**	**(283.900)**	**(1.053.240)**	**140.156**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position	**(3.915.588)**	**(834.967)**	**(2.938.414)**	**(287.203)**	**(1.065.494)**	**88.320**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**349**	**99**	**349**	**-**	**-**	**-**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

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

b) Foreign Currency Risk (continued)

	Foreign Currency Position Table					
	2015					
	Total TRL Equivalent (Functional Currency)	Thousand USD	Total TRL Equivalent	Thousand EUR	Total TRL Equivalent	Other Foreign Currency TRL Equivalent
1. Trade Receivables and Due from Related Parties	54.343	2.606	7.576	461	1.464	45.303
2a. Monetary Financial Assets (Cash and cash equivalents included)	981.613	288.545	838.973	32.514	103.316	39.324
2b. Non- monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	62.212	156	455	711	2.259	59.498
4. Current Assets	**1.098.168**	**291.307**	**847.004**	**33.686**	**107.039**	**144.125**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets	**-**	**-**	**-**	**-**	**-**	**-**
9. Total Assets	**1.098.168**	**291.307**	**847.004**	**33.686**	**107.039**	**144.125**
10.Trade Payables and Due to Related Parties	(152.802)	(13.363)	(38.855)	(16.618)	(52.805)	(61.142)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(525.652)	(48.719)	(141.654)	(120.804)	(383.867)	(131)
12a. Monetary Other Liabilities	(41.436)	(2.360)	(6.862)	(106)	(337)	(34.237)
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities	**(719.890)**	**(64.442)**	**(187.371)**	**(137.528)**	**(437.009)**	**(95.510)**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(3.984.990)	(1.157.428)	(3.365.339)	(186.920)	(593.957)	(25.694)
16 a. Monetary Other Liabilities	(116.038)	(39.909)	(116.038)	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities	**(4.101.028)**	**(1.197.337)**	**(3.481.377)**	**(186.920)**	**(593.957)**	**(25.694)**
18. Total Liabilities	**(4.820.918)**	**(1.261.779)**	**(3.668.748)**	**(324.448)**	**(1.030.966)**	**(121.204)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position	**101.766**	**35.000**	**101.766**	**-**	**-**	**-**
19a. Total Hedged Assets	**101.766**	**35.000**	**101.766**	**-**	**-**	**-**
19b. Total Hedged Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Currency Asset / (Liability) Position	**(3.620.984)**	**(935.472)**	**(2.719.978)**	**(290.762)**	**(923.927)**	**22.921**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position	**(3.784.962)**	**(970.628)**	**(2.822.199)**	**(291.473)**	**(926.186)**	**(36.577)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**(3.306)**	**(1.137)**	**(3.306)**	**-**	**-**	**-**
23.Total value of Hedged Foreign Currency Assets	**-**	**-**	**-**	**-**	**-**	**-**

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

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

b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of December 31, 2016 and 2015 is as follows:

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

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

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

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

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

c) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions. The Group also reduces the risk by preferring long-term debt.

2016

Contractual maturities	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3 month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV
Financial liabilities	**6.183.273**	**6.970.238**	**62.239**	**627.363**	**3.998.706**	**2.281.930**
Trade payable and due to related parties	**1.310.647**	**1.310.647**	**1.222.671**	**61.551**	**26.425**	**-**
Put option liability	**119.456**	**119.456**	**-**	**8.305**	**111.151**	**-**
Total	**7.613.376**	**8.400.341**	**1.284.910**	**697.219**	**4.136.282**	**2.281.930**

2015

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

d) Price Risk

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

e) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by limiting transactions with specific counterparties and assessing the creditworthiness of the counterparties.

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

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

e) Credit Risk (continued)

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

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

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

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

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AS OF DECEMBER 31, 2016
(CURRENCY– UNLESS OTHERWISE INDICATED THOUSANDS OF TURKISH LIRA (TRL))

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

f) Credit Risk (continued)

	Receivables					
	Trade Receivables		Other Receivables		Deposits	Derivative Instruments
Prior Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	106.089	1.034.412	-	78.563	1.883.265	260
- Maximum credit risk secured by guarantees	38.929	771.201	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	106.089	959.872	-	78.563	1.883.265	260
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	-	72.295	-	-	-	-
- Under guarantee	-	32.959	-	-	-	-
D. Net carrying amount of financial assets impaired	-	2.245	-	-	-	-
- past due (gross carrying value)	-	38.954	-	-	-	-
- impaired (-)	-	(36.709)	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	2.245	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Prior Year	Trade Receivables	Other Receivables	Deposits	Derivative Financial Assets
Past due between 1-30 days	49.774	-	-	-
Past due between 1-3 months	14.638	-	-	-
Past due between 3-12 months	6.646	-	-	-
Past due for more than 1 year	1.237	-	-	-

f) Capital Risk Management

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

NOTE 35. FINANCIAL INSTRUMENTS

Fair Value

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

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

a) Financial Assets

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

b) Financial Liabilities

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

Fair value hierarchy table

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

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

Current Year		Level 1	Level 2	Level 3
Financial assets at fair value				
	Derivative Financial Assets	-	**1.472**	-
Financial liabilities at fair value				
	Interest rate swap	-	**65**	-
	Options (Note 21)	-	**111.151**	-

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

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NOTE 35. FINANCIAL INSTRUMENTS (continued)

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

Derivative Instruments, Risk Management Objectives and Policies

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

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

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

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

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

NOTE 36. EVENTS AFTER REPORTING PERIOD

a. On January 1, 2017, the Group changed the functional currency of the foreign subsidiaries and joint ventures of CCİ from US Dolar to the foreign subsidiaries' and joint ventures' local currencies. The change in functional currency has been applied prospectively with effect from 1 January 2017 in accordance with the requirements IFRS and the relevant Accounting Standards. All assets and liabilities are converted into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost.

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

GLOSSARY

ABBREVIATIONS

1 hectoliter	100 liters
1 unit case	5,678 liters
BNRI	Before non-recurring items
BIST	Borsa İstanbul
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
HOD	A rigid container with a 20-liter capacity
CMB	Capital Markets Board
TCCC	The Coca-Cola Company
IFRS	International Financial Reporting Standards
n.m.	not meaningful

TERMS

Coca-Cola system	TCCC and all of its international bottling partners
Sparkling beverage	Non-alcoholic beverages produced in a variety of flavors and containing different flavoring additives. The sparkling beverage category does not include plain waters, flavored waters, fruit juices, fruit-flavored beverages, sports drinks, teas, or coffees.
Still beverage	All non-sparkling and non-alcoholic beverages such as plain waters, flavored waters, fruit juices, fruit-flavored beverages, sports drinks, teas, and coffees.
Bottler	Any company that obtains concentrates, various beverages, and/or syrups from TCCC readies them for consumption as non-alcoholic beverages, and markets and distributes them to customers.
Bottler agreement	Any contract between TCCC and a bottler that governs the parties' respective production, packaging, distribution, and selling rights and obligations with respect to TCCC products within a designated territory.
Concentrate	Any product which TCCC makes or has made for it and which TCCC sells to bottlers so that they may produce non-alcoholic beverages by adding water and/or flavorings to it.
Customer	Any store, retail point of sale, restaurant, chain store, or other form of business enterprise that sells our products to its own customers.
PET (polyethylene terephthalate)	Type of a polyester (polyethylene terephthalate) used in the manufacture of beverage bottles

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