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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

pwc

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 2015 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.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
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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 2015 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 3 March 2016.

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 2015 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.

Başaran Nas Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
a member of
PricewaterhouseCoopers

Baki Erdal, SMMM
Partner

Istanbul, 3 March 2016

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

Consolidated Financial Statements as of December 31, 2015

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2015
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	**2015**	2014
ASSETS			
Current Assets		**4.942.542**	4.497.418
Cash and Cash Equivalents	6	**1.891.459**	1.559.518
Financial Investments	7	**151**	2.971
Trade Receivables			
- Trade Receivables from Related Parties	33	**106.089**	1.201
- Trade Receivables from Third Parties	10	**1.033.374**	1.062.931
Other Receivables from Third Parties	11	**57.557**	55.492
Inventories	12	**1.102.915**	1.085.532
Prepaid Expenses	13	**406.064**	436.152
Derivative Financial Instruments	9	**260**	3.005
Prepaid Income Tax		**80.301**	91.945
Other Current Assets	21	**264.372**	198.671
Non-Current Assets		**17.101.548**	15.616.387
Financial Investments		**767**	767
Trade Receivables from Third Parties		**1.038**	-
Other Receivables from Third Parties	11	**21.007**	9.506
Investments in Associates	14	**66.685**	72.517
Investment Property	15	**72.298**	77.078
Property, Plant and Equipment	16	**6.315.908**	5.538.159
Intangible Assets			
- Goodwill	18	**1.334.738**	1.232.465
- Other Intangible Assets	17	**8.841.049**	8.236.894
Prepaid Expenses	13	**192.915**	252.884
Deferred Tax Asset	31	**228.863**	153.272
Other Non-Current Assets	21	**26.280**	42.845
TOTAL ASSETS		**22.044.090**	20.113.805

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2015
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	**2015**	2014
LIABILITIES			
Current Liabilities		**2.625.163**	2.533.723
Short-term Borrowings	8	**265.812**	521.571
Short-term Portion of Long-term Borrowings	8	**478.781**	354.072
Trade Payables			
- Trade Payables to Related Parties	33	**22.296**	37.360
- Trade Payables to Third Parties	10	**1.000.043**	849.359
Employee Benefits Payable	20	**47.697**	44.022
Other Payables to Third Parties	11	**646.778**	571.691
Derivative Instruments	9	**11.279**	388
Deferred Income	13	**31.865**	26.414
Provision for Income Tax		**8.174**	5.186
Short-term Provisions			
- Short-term Provision for Employee Benefits	20	**91.770**	112.165
- Other Short-term Provisions		**207**	1.544
Other Current Liabilities	21	**20.461**	9.951
Non-Current Liabilities		**6.845.422**	5.756.143
Long-term Borrowings	8	**4.638.623**	3.631.155
Trade Payables to Third Parties		**21.305**	27.148
Other Payables to Third Parties	11	**264.564**	239.124
Derivative Instruments		**98**	-
Deferred Income	13	**1.581**	2.611
Long-term Provision for Employee Benefits	20	**99.102**	94.269
Deferred Tax Liability	31	**1.678.997**	1.633.503
Other Non-Current Liabilities	21	**141.152**	128.333
Equity		**12.573.505**	11.823.939
Equity Attributable to Equity Holders of the Parent		**7.708.056**	7.609.255
Issued Capital	22	**592.105**	592.105
Inflation Adjustment to Issued Capital	22	**63.583**	63.583
Share Premium/Discount	22	**3.137.684**	3.137.684
Other Reserves	22	**(235.742)**	(235.742)
Cumulative Other Comprehensive Income / Expense will not be Reclassified to Profit and Loss			
- Revaluation and Remeasurement Loss	22	**(15.128)**	(10.480)
Cumulative Other Comprehensive Income / Expense will be Reclassified to Profit and Loss			
- Currency Translation Differences	22	**48.156**	(498.289)
- Hedge Gain / Loss	22	**32.387**	2.234
- Revaluation Gain	22	**5.795**	8.817
Restricted Reserves	22	**282.836**	249.541
Accumulated Profit	22	**3.994.139**	4.812.035
Net Income/ (Loss)		**(197.759)**	(512.233)
Non-Controlling Interests	4	**4.865.449**	4.214.684
TOTAL LIABILITIES		**22.044.090**	20.113.805

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

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2015

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

		Audited	
			Restated (Note 2)
		2015	2014
	Notes		
Revenue	5, 23	**10.205.146**	10.021.383
Cost of Sales (-)	23	**(6.018.448)**	(5.719.167)
GROSS PROFIT		**4.186.698**	4.302.216
General and Administrative Expenses (-)	24	**(849.031)**	(891.023)
Sales, Distribution and Marketing Expenses (-)	24	**(2.344.357)**	(2.495.486)
Other Operating Income	26	**160.724**	142.170
Other Operating Expenses (-)	26	**(225.157)**	(141.701)
PROFIT FROM OPERATIONS		**928.877**	916.176
Income from Investing Activities	27	**6.241**	38.678
Expenses from Investing Activities (-)	28	**(9.564)**	(587.672)
Income/ (Loss) from Associates	14	**(15.690)**	(1.723)
OPERATING PROFIT BEFORE FINANCE INCOME / (EXPENSE)		**909.864**	365.459
Finance Income	29	**784.095**	810.889
Finance Expenses (-)	30	**(1.792.913)**	(1.439.428)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**(98.954)**	(263.080)
Continuing Operations Tax Income / Expense		**(38.200)**	(68.474)
- Current Period Tax Expense (-)	31	**(111.579)**	(124.729)
- Deferred Tax Income	31	**73.379**	56.255
PROFIT/(LOSS) FOR THE PERIOD		**(137.154)**	(331.554)
Profit/(Loss) for the Period Attributable to			
- Non-Controlling Interest	4	**60.605**	180.679
- Equity Holders of the Parent		**(197.759)**	(512.233)
Earnings Per Share (Full TRL)	32	**(0,3340)**	(0,8651)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended December 31, 2015
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Audited	
	2015	2014
PROFIT/(LOSS) FOR THE PERIOD	**(137.154)**	(331.554)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to Profit and Loss		
Actuarial Loss from Defined Benefit Plans	**(7.770)**	(9.120)
Taxation on Other Comprehensive Income that will not be reclassified to Profit and Loss		
- Deferred Tax Expense (-) / Income	**1.554**	1.824
To be Classified to Profit and Loss		
Currency Translation Differences	**1.092.798**	(1.297.816)
Cash Flow Hedge (Loss) / Gain	**31.142**	4.431
Taxation on Other Comprehensive Income that will be reclassified to Profit and Loss		
- Deferred Tax Expense (-) / Income	**(6.228)**	(886)
OTHER COMPREHENSIVE INCOME / LOSS	**1.111.496**	(1.301.567)
TOTAL COMPREHENSIVE INCOME	**974.342**	(1.633.121)
Total Comprehensive Income Attributable to		
- Non-Controlling Interest	**600.151**	348.100
- Equity Holders of the Parent	**374.191**	(1.981.221)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2015
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

				Cumulative Other Comprehensive Income / Expense that will not be reclassified to Profit and Loss	Cumulative Other Comprehensive Income / Expense that will be reclassified to Profit and Loss					Accumulated Profit				
	Issued Capital	Inflation Adjustment to Issued Capital	Share Premium/ Discount	Revaluation and Remeasurement Gain / (Loss)	Currency Translation Differences	Hedge Gain / (Loss)	Revaluation Gain / (Loss)	Other Reserves	Restricted Reserves	Accumulated Profit /(Loss)	Net Income	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Equity
Balances as of January 1, 2014 (Beginning)	**592.105**	**63.583**	**3.137.684**	**(5.398)**	**968.155**	**(304)**	**(10.008)**	**(235.742)**	**249.541**	**2.203.115**	**2.608.920**	**9.571.651**	**3.890.275**	**13.461.926**
Transfers	-	-	-	-	-	-	-	-	-	2.608.920	(2.608.920)	-	-	-
Total Comprehensive Income	-	-	-	(5.082)	(1.466.444)	2.538	-	-	-	-	(512.233)	(1.981.221)	348.100	(1.633.121)
Non-controlling interest share put option liability	-	-	-	-	-	-	18.825	-	-	-	-	18.825	18.630	37.455
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	(42.321)	(42.321)
Balance as of December 31, 2014 (Ending)	**592.105**	**63.583**	**3.137.684**	**(10.480)**	**(498.289)**	**2.234**	**8.817**	**(235.742)**	**249.541**	**4.812.035**	**(512.233)**	**7.609.255**	**4.214.684**	**11.823.939**
Balances as of January 1, 2015 (Beginning)	**592.105**	**63.583**	**3.137.684**	**(10.480)**	**(498.289)**	**2.234**	**8.817**	**(235.742)**	**249.541**	**4.812.035**	**(512.233)**	**7.609.255**	**4.214.684**	**11.823.939**
Transfers	-	-	-	-	-	-	-	-	33.295	(545.528)	512.233	-	-	-
Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	105.838	105.838
Total Comprehensive Income	-	-	-	(4.648)	546.445	30.153	-	-	-	-	(197.759)	374.191	600.151	974.342
Non-controlling interest share put option liability	-	-	-	-	-	-	(3.022)	-	-	-	-	(3.022)	(5.194)	(8.216)
Dividends	-	-	-	-	-	-	-	-	-	(272.368)	-	(272.368)	(50.030)	(322.398)
Balance as of December 31, 2015 (Ending)	**592.105**	**63.583**	**3.137.684**	**(15.128)**	**48.156**	**32.387**	**5.795**	**(235.742)**	**282.836**	**3.994.139**	**(197.759)**	**7.708.056**	**4.865.449**	**12.573.505**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2015
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

		Audited	
	Notes	**2015**	2014
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1.826.566**	1.569.239
Profit/ (Loss) for the Period		**(137.154)**	(331.554)
Adjustments Related to Reconciliation of Profit for the Period			
Depreciation and Amortization	5, 15, 16, 17, 25	**737.194**	726.504
Provision / (Reversal of Provision) for Inventory Obsolescence, net	12	**14.459**	1.240
Impairment / (Reversal of Impairment) on Property, Plant And Equipment, net	16, 27, 28	**8.032**	5.845
Impairment / (Reversal of Impairment) on Intangibles, net	17, 18, 27, 28	**-**	579.726
Provision / (Reversal of Provision) for Doubtful Receivables, net	10	**9.750**	1.613
Provision for Retirement Pay Liability	5, 20, 23, 24	**17.577**	18.592
Provision for Vacation Pay Liability	5, 20	**5.207**	7.507
Provision for Long Term Incentive Plan	20	**16.892**	16.816
Borrowing Expenses	30	**661**	661
Equity Loss / (Income) from Associates	14	**15.690**	1.723
Gain on Sale of Subsidiaries	27, 28	**-**	120
Gain on Derivative Transactions		**1.172**	-
Interest Income and Expense Adjustment	29, 30	**138.498**	108.200
Foreign Exchange Loss from Borrowings and Intercompany Receivables		**974.727**	582.183
Tax Income / Expense Adjustment	31	**38.200**	68.474
Gain / Loss from Sales of Non-Current Assets	28	**(4.709)**	(36.697)
Other Reconciling Adjustments		**(4.305)**	1.257
Change in Working Capital			
Adjustments Related to Increase / Decrease in Inventory		**(33.762)**	(78.393)
Adjustments Related to Increase / Decrease in Trade Receivables		**(87.199)**	(170.727)
Adjustments Related to Increase / Decrease in Other Operating Receivables		**52.558**	(61.402)
Adjustments Related to Increase / Decrease in Trade Payables		**135.861**	105.823
Adjustments Related to Increase / Decrease in Other Operating Payables		**84.710**	230.860
Vacation Pay, Retirement Pay Liability And Long Term Incentive Plan Paid	20	**(45.225)**	(51.377)
Taxes Paid		**(112.268)**	(157.755)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(961.313)**	(1.050.188)
Cash Inflow from Sale of Tangible and Intangible Assets		**33.855**	61.919
Cash Outflow from Purchase of Tangible and Intangible Assets		**(1.092.064)**	(1.045.809)
Cash Inflow from the Sale of Other Subsidiaries or Share of Funds or Debt Instruments		**-**	49
Capital Increase in Jointly Controlled Entities	14	**(8.942)**	(10.535)
Capital Increase from Non-Controlling Interests		**105.838**	-
Cash Outflow from Acquisition of Non-Controlling Interests, net	3	-	(55.812)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(578.702)**	(722.995)
Cash Inflow from Borrowings		**1.622.190**	735.969
Cash Outflows from Repayment of Borrowings		**(1.795.595)**	(1.869.146)
Dividends Paid	22	**(272.368)**	-
Dividends Paid to Non-Controlling Interests	4	**(50.030)**	(42.321)
Interest Received		**81.774**	85.981
Interest Paid		**(212.370)**	(192.254)
Change in Time Deposits With Maturity More Than Three Months		**2.820**	558.776
Gain from Hedge Reserves		**44.877**	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**286.551**	(203.944)
D. EFFECT OF CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**51.100**	17.118
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**337.651**	(186.826)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	**1.550.383**	1.737.209
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		**1.888.034**	1.550.383

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

(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 17.429 (December 31, 2014 – 18.897).

The consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer and Finance Director were issued on March 3, 2016. 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, sixteen 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. The Group also has joint control over 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, 2015 and December 31, 2014, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2015		December 31, 2014	
	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, 2015 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.

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

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

List of Subsidiaries

The subsidiaries included in the consolidation and their effective shareholding rates at December 31, 2015 and December 31, 2014 are as follows:

Subsidiary	Subsidiary	Principal Activity	Segment	Effective Shareholding And Voting Rights % 2015	2014
Efes Breweries International N.V. (EBI)	The Netherlands	Facilitating foreign investments in breweries	International Beer	**100,00**	100,00
JSC Moscow-Efes Brewery (Efes Moscow) (1)	Russia	Production and marketing beer	International Beer	**99,93**	99,93
LLC Vostok Solod (2)	Russia	Production of malt	International Beer	**99,93**	99,93
JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan)	Kazakhstan	Production and marketing of beer	International Beer	**100,00**	100,00
International Beers Trading LLP (IBT)	Kazakhstan	Marketing of beer	International Beer	**100,00**	100,00
Efes Vitanta Moldova Brewery S.A. (Efes Moldova)	Moldova	Production and marketing of beer and low alcoholic drinks	International Beer	**96,83**	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 (5) (2)	Russia	Production of malt	International Beer	**99,93**	-
LLC Efes Ukraine (6)	Ukraine	Selling and distribution of beer	International Beer	**100,00**	-
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) (3)	Turkey	Marketing and distribution company of the Group	Turkey Beer	**100,00**	100,00
Tarbes Tarım Ürünleri ve Besicilik Sanayi Ticaret A.Ş. (Tarbes) (3)	Turkey	Providing hops (major ingredient of beer) to the breweries of the Group	Turkey Beer	**99,75**	99,75
Cypex Co. Ltd. (Cypex)	Republic of Northern Cyprus	Marketing and distribution of beer	Other	**99,99**	99,99
Anadolu Efes Technical and Management Consultancy N.V. (AETMC)	The Netherlands Antilles	Providing technical assistance	Other	**99,75**	99,75
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Providing technical assistance	Other	**99,75**	99,75
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	**100,00**	100,00
Coca-Cola İçecek A.Ş. (CCİ) (4) (Not 2.6)	Turkey	Production, bottling 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 Limited Liability Partnership (Almaty CC)	Kazakhstan	Production, bottling, distribution and selling of and distribution of Coca Cola products	Soft Drinks	**50,26**	50,26
Tonus Turkish-Kazakh Joint Venture Limited Liability Partnership (Tonus)	Kazakhstan	Investment company of CCİ	Soft Drinks	**50,26**	50,26
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC)	Azerbaijan	Production, bottling, distribution and selling of Coca Cola products	Soft Drinks	**50,19**	50,19
Coca-Cola Bishkek Bottlers Closed Joint Stock Company (Bishkek CC)	Kryghyzstan	Production, bottling, 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) Company for Beverages Industry/Ltd. (CCBIL)	Iraq	Production, bottling, 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, bottling, distribution and selling of Coca Cola products	Soft Drinks	**45,23**	45,23
Coca-Cola Beverages Pakistan Ltd (CCBPL) (7)	Pakistan	Production, bottling, distribution and selling of Coca Cola products	Soft Drinks	**24,94**	24,91
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC)	Turkmenistan	Production, bottling, distribution and selling of Coca Cola products	Soft Drinks	**29,90**	29,90
Waha Beverages B.V (Waha 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, bottling, distribution and selling of Coca Cola products	Soft Drinks	**40,22**	40,22
Coca-Cola Beverages Tajikistan Limited Liability Company (Coca Cola Tajikistan)	Tajikistan	Production, bottling, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26

(1) In October 2015, legal entity name of CJSC Moscow-Efes Brewery has been changed as JSC Moscow-Efes Brewery.
(2) Subsidiaries of Efes Moscow.
(3) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa and Tarbes.
(4) Shares of CCİ are currently traded on BIST.
(5) LLC Efes Solod has been registered in 2015.
(6) LLC Efes Ukraine has been registered in 2015.
(7) Ownership ratio of CCI in CCBPL increased to 49,63% from 49,56% (The Group's share has been increased to 24,94% from 24,91%) in May 2015 consequent to subscription of newly issued shares of CCBPL as a result of the capital increase

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 Russia and Ukraine, devaluation of Ukrainian Hryvnya, ongoing political instability in Ukraine, and military operations in the region. The Group management did not anticipate any impairment related with the carrying value of International Beer in consolidated financial statements as of December 31, 2015. (In consolidated financial statements as of December 31, 2014, The Group management made provision for impairment on for International Beer's operations goodwill and other intangible assets amounting to TRL579.726.)

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) or US Dollars (USD) more than in any other currency, those foreign subsidiaries or joint ventures have adopted EURO or USD as their functional currencies.

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

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

2.2 Functional and Reporting Currency (currency)

Functional Currency of Significant Subsidiaries Located in Foreign Countries

Subsidiary	Local Currency	Functional Currency 2015	Functional Currency 2014
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, 2015 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, 2014 except the restatements given in detail at Note 2.32 - Comparative Information and Restatement of Prior Period Financial Statements.

Adoption of new and revised International Financial Reporting Standards

Standards, Amendments and IFRICs applicable to 31 December 2015 year ends:

- Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

- Annual improvements 2012; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards:

  • IFRS 2, 'Share-based payment'
  • IFRS 3, 'Business combinations'
  • IFRS 8, 'Operating segments'
  • IFRS 13, 'Fair value measurement'
  • IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets'
  • Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and
  • IAS 39, Financial instruments – Recognition and measurement'

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 IFRICs applicable to 31 December 2015 year ends (continued):

- Annual improvements 2013; effective from annual periods beginning on or after 1 July 2014. These amendments include changes from the 2011-12-13 cycle of the annual improvements project, that affect 4 standards:

  • IFRS 1, 'First time adoption'
  • IFRS 3, 'Business combinations'
  • IFRS 13, 'Fair value measurement' and
  • IAS 40, 'Investment property'.

New IFRS standards, amendments and IFRICs effective after 1 January 2016:

- 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 produce growing on bearer plants will remain within the scope of IAS 41.

- 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. In this amendment it 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.

- IFRS 14 'Regulatory deferral accounts', effective from annual periods beginning on or after 1 January 2016. IFRS 14, 'Regulatory deferral accounts' permits first–time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

- Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Amendments 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 address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

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)

New IFRS standards, amendments and IFRICs effective after 1 January 2016 (continued):

- 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.

- 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 improvepresentation and disclosure in financial reports

- 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.

- 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.

- 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.

  The Group 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.

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.

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

2.6 Basis of Consolidation (continued)

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.

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.

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

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

2.10 Inventories

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost is determined primarily on the basis of the weighted average cost method. For processed inventories, cost includes direct materials, direct labor and the applicable allocation of fixed and variable overhead costs based on a normal operating capacity.

2.11 Financial Investments

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

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

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

2.12 Investment Properties

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

2.13 Property, Plant and Equipment

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

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

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

2.13 Property, Plant and Equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The increase in the carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The increase is recognized in the consolidated income statement (Note 27).

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

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

2.14 Other Intangible Assets

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

Intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill, if the fair value can be measured reliably. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. Intangible assets with indefinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment

a) Brands

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

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

2.14 Other Intangible Assets (continued)

b) Bottlers and Distribution Agreement

Bottlers and distribution agreements include

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

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

d) Rights

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

e) Software

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

2.15 Business Combinations and Goodwill

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

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and

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

2.15 Business Combinations and Goodwill (continued)

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

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

2.16 Trade Payables

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

2.17 Borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the obligations related with the borrowings are removed.

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

a) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The initial direct costs attributable for the finance lease are added to the amount recognized as an asset. Capitalized leased assets are depreciated over the estimated useful life of the asset.

b) Operating Lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group recognizes operating lease payments as an expense in the income statement on a straight-line basis over the lease term.

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

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

2.18 Current Income Tax and Deferred Tax

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

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

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	2015	2014
Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**15%**	15%
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Pakistan	**33%**	34%
Iraq	**15%**	15%
Jordan	**14%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**15%**	15%

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax related to the equity items is carried under the equity and not reflected to income statement. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent of the probability that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

2.19 Employee Benefits

a) Defined Benefit Plans

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

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

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

2.19 Employee Benefits (continued)

b) Defined Contribution Plans

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

c) Long Term Incentive Plans

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

2.20 Provisions, Contingent Assets and Liabilities

a) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

b) Contingent Assets and Liabilities

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

2.21 Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey and used by the Group’s subsidiaries in Turkey as of respective year-ends are as follows:

Date	USD / TRL (full)	EURO / TRL (full)
December 31, 2015	2,9076	3,1776
December 31, 2014	2,3189	2,8207

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

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

2.22 Paid in Capital

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

2.23 Dividends Payable

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

2.24 Subsequent Events

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

2.25 Revenue

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

a) Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

b) Interest Income

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

c) Dividend Income

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

2.26 Borrowing Costs

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

2.27 Segment Reporting

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

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

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

2.28 Earnings per Share

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

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

2.29 Reporting of Cash Flows

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

2.30 Hedge Accounting

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

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment that is attributable to a particular risk and could affect profit or loss (except for foreign currency risk)

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

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

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

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

2.30 Hedge Accounting (continued)

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

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.

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

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

2.31 Use of Estimates (continued)

c) 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, 2014 – 0,86% - 3,00%) and after tax discount rate is between 9,57% and 17,46% (December 31, 2014 – 9,14%-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, 2015, 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).

2.32 Comparative Information and Restatement of Prior Period Financial Statements

In order to allow the determination of the financial position and performance trends, the Group's financial statements are prepared in comparison with the previous period. The Group has performed reclassifications in the consolidated income statement for the year ended December 31, 2015, in order to conform to the presentation of financial statements for the year ended December 31, 2014. Such reclassifications are as follows:

- Depreciation expense amounting to TRL57.129 was classified to Cost of Sales from Sales, Distribution and Marketing Expenses.

- Transportation and distribution expenses in Discounts (Revenue) amounting to TRL60.539 and services rendered from outside amounting to TRL77.291 were classified to Sales, Distribution and Marketing Expenses.

- Selling and marketing expenses amounting to TRL195.584 were classified to Discounts (Revenue) from Sales, Distribution and Marketing Expenses.

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2015

None.

Transactions Related with 2014

Al Waha Put Option

As of December 31, 2013, according to shareholders agreement signed with NKG, NKG had an option to sell (and Waha B.V. had an obligation to buy) its remaining 15% participatory shares in Al Waha and Waha B.V. had an option to buy (and NKG will had obligation to sell) NKG's 15% participatory shares in Al Waha with an amount of USD26 million. In January 2014, the put option has been realized following the payment of TRL55.812 (equivalent of 26 million USD) by CCI with the share transfer.

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

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

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

Non-controlling interest reflected to profit and loss statement in the period is amounting to TRL60.555 (December 31, 2014 – TRL180.679), of which TRL60.358 (December 31, 2014 – TRL180.499) 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 TRL4.865.444 (December 31, 2014 – TRL4.214.684), of which TRL4.862.512 (December 31, 2014 – TRL4.211.381) is related with equity of CCİ attributable to non-controlling interests.

In 2015, dividend payment amounting to TRL50.030 (December 31, 2014 – TRL42.321), has been made to non-controlling interests TRL49.855 (December 31, 2014 – TRL42.283), of this amount has been made by CCİ.

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:

	2015	2014
Net cash generated from operating activities	**874.488**	748.035
Net cash used in investing activities	**(703.693)**	(219.724)
Net cash generated from financing activities	**(7.495)**	(739.082)
Currency translation adjustment	**81.946**	50.969
Net increase / (decrease) in cash and cash equivalents	**245.246**	(159.802)

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 CCI.

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

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

NOTE 5. SEGMENT REPORTING (continued)

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

	Turkey Beer	**International Beer**	**Soft Drinks**	**Other[1] and Eliminations**	**Total**
January 1 – December 31, 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	**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**
January 1 – December 31, 2014					
Revenues	1.488.616	2.526.823	5.985.370	35.257	10.036.066
Inter-segment revenues	(12.526)	(2.014)	(143)	-	(14.683)
Total Revenues	1.476.090	2.524.809	5.985.227	35.257	10.021.383
EBITDA	483.542	325.248	961.531	(67.945)	1.702.376
Profit / (loss) for the period	233.168	(821.366)	347.204	(90.560)	(331.554)
Capital expenditures	147.803	163.716	737.549	576	1.049.644

	Turkey Beer	**International Beer**	**Soft Drink**	**Other [1] and Eliminations**	**Total**
December 31, 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**
December 31, 2014					
Segment assets	7.982.423	4.439.040	7.201.860	490.482	20.113.805
Segment liabilities	2.330.155	987.824	3.828.828	1.143.059	8.289.866
Investment in associates	-	-	-	72.517	72.517

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

Reconciliation of EBITDA to the consolidated Operating Profit/Loss before Finance Expense and its components as of December 31, 2015 and 2014 are as follows:

	2015	2014
EBITDA	**1.746.459**	1.702.376
Depreciation and amortization expenses	**(737.194)**	(726.504)
Provision for retirement pay liability	**(17.577)**	(18.592)
Provision for vacation pay liability	**(5.207)**	(7.507)
Foreign exchange gain/loss from operating activities	**(54.010)**	(28.324)
Rediscount interest income/expense from operating activities	**22**	(716)
Other	**(3.616)**	(4.557)
PROFIT/ (LOSS) FROM OPERATIONS	**928.877**	916.176
Income from Investing Activities	**6.241**	38.678
Expense from Investing Activities (-)	**(9.564)**	(587.672)
Income/(Loss) from Associates	**(15.690)**	(1.723)
OPERATING PROFIT/ (LOSS) BEFORE FINANCE EXPENSE	**909.864**	365.459

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

NOTE 6. CASH AND CASH EQUIVALENTS

	2015	2014
Cash on hand	**2.845**	4.315
Bank accounts		
- Time deposits	**1.632.557**	1.399.754
- Demand deposits	**247.132**	143.564
Other	**5.500**	2.750
Cash and cash equivalents in cash flow statement	**1.888.034**	1.550.383
Interest income accrual	**3.425**	9.135
	1.891.459	1.559.518

As of December 31, 2015, annual interest rates of the TRL denominated time deposits vary between 8,00% and 14,00% (December 31, 2014 - 7,99%- 13,5%) and annual interest rates of the USD, EURO denominated and other time deposits vary between 0,2% and 12,5% (December 31, 2014 – 0,2% - 22,0%). As of December 31, 2015, there is no cash deposit pledged as collateral by the Group (December 31, 2014 – None). As of December 31, 2015, the Group has designated its bank deposits amounting to TRL370.128, equivalent of thousand USD96.931, thousand EURO26.000, and thousand Russian Ruble (RUR) 142.221 for the future raw material purchases, operational expense related payments and interest payments in the scope of hedge accounting (December 31, 2014 – TRL62.610, equivalent of 27 million USD).

NOTE 7. FINANCIAL INVESTMENTS

Short-term Financial Investments

	2015	2014
Time deposits with maturity more than three months	**151**	2.971
	151	2.971

Time deposits with maturities over three months are denominated in KZT (December 31, 2014 – AZM). They are made for 206 days period (December 31, 2014 – for 181 days) and interest rate is 2,00% (December 31, 2014 – 7,50%).

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

NOTE 8. SHORT AND LONG TERM BORROWINGS

As of December 31, 2015, total borrowings consist of principal (finance lease obligations included) amounting to TRL5.353.534 (December 31, 2014– TRL4.480.620) and interest expense accrual amounting to TRL29.682 (December 31, 2014 – TRL26.178). As of December 31, 2015 and 2014, total amount of borrowings and the effective interest rates are as follows:

	2015			2014		
Short-term	**Amount**	**Fixed rate**	**Floating rate**	**Amount**	**Fixed rate**	**Floating rate**
Borrowings						
TRL denominated borrowings	**3.962**	**-**	**-**	3.872	-	-
Foreign currency denominated borrowings (USD)	**58.152**	**-**	**Libor + 2,00%**	162.649	-	Libor+ 1.35% - Libor + 2.00%
Foreign currency denominated borrowings (EUR)	**13.055**	**3,50%**	**Euribor + 2,75% - Euribor + 2,95%**	6.235	3,90%	Euribor+ 2.95%
Foreign currency denominated borrowings (Other)	**190.643**	**8,88%**	**Kibor + 0,40% - Kibor+ 0,50%**	348.815	9,13%	Kibor + 0,40% - Kibor+ 0.50%
	265.812			521.571		
Short-term portion of long term borrowings						
TRL denominated borrowings	**-**	**-**	**-**	15.233	10,00%	-
Foreign currency denominated borrowings (USD)	**100.509**	**3,38% - 4,75%**	**Libor + 2,00% - Libor+ 2,10%**	337.453	3,38% - 4,75%	Libor + 1.00% - Libor+2.50%
Foreign currency denominated borrowings (EURO)	**378.272**	**-**	**Euribor + 1,25% - Euribor + 2,35%**	1.386	-	Euribor + 2.00% - Euribor+2.65%
	478.781			354.072		
	744.593			875.643		
Long-term						
Borrowings						
Foreign currency denominated borrowings (USD)	**4.018.970**	**3,38% - 4,75%**	**Libor + 2,00%**	3.261.336	3,38% - 4,75%	Libor +2.00% - Libor+2.50%
Foreign currency denominated borrowings (EURO)	**593.957**	**-**	**Euribor + 1,50% - Euribor + 2,00%**	369.819	-	Euribor + 2.00% - Euribor +2.65%
Foreign currency denominated borrowings (Other)	**25.696**	**6,00%**	**-**	-	-	-
	4.638.623			3.631.155		
	5.383.216			4.506.798		

(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:

	2015	2014
Between 1 -2 year	**251.893**	344.171
Between 2-3 year	**2.046.254**	136.599
Between 3-4 year	**104.521**	1.440.368
Between 4-5 year	**443.076**	185.512
5 year and more	**1.792.879**	1.524.505
	4.638.623	3.631.155

As of December 31, 2015, TRL33.521 (December 31, 2014 – TRL39.806) of the total borrowings are secured by the Group related with CCİ, its subsidiaries and joint ventures with property, plant and equipment pledge.

Lessee - Finance Lease

Properties leased by the Group include buildings, machinery and equipment, motor vehicles and furniture and fixtures. Lease terms generally range from 3 to 25 years with options to renew at varying terms.

As of December 31, 2015 and 2014, the costs of the property plant and equipment obtained by finance lease are TRL66.134 and TRL73.805, respectively whereas net book values are TRL1.488 and TRL1.803, 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 FINANCIAL INSTRUMENTS

As of December 30, 2015 CCI has 8 aluminum swap transactions with a total nominal amount of TRL54.283 (December 31, 2014 – TRL17.811) for 10.580 tones. The total of these aluminum swap contracts 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 (Note 35).

As of December 31, 2015 CCI has forward transactions with a total nominal amount of TRL101.766 (December 31, 2014– TRL62.239), for 3 forward purchase contracts amounting to USD35 million. The total of these FX forward contracts are designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of can, exposed to foreign currency risk (Note 35).

As of December 31, 2015 Turkey Beer do not have any foreign exchange forward contracts. (December 31, 2014 – the foreign exchange forward contracts' nominal value is TRL11.595).

The effective portion of the change in fair value of hedges is recognized in other comprehensive income.

	2015		2014	
	Nominal Value	**Fair Value Asset / (Liability)**	Nominal Value	Fair Value Asset/ (Liability)
Commodity swap contracts	**54.283**	**(7.812)**	17.811	(388)
Forward contracts	**101.765**	**(3.305)**	73.834	3.005
	156.048	**(11.117)**	91.645	2.617

The Company uses forward USD purchase agreements to keep USD share of cash portfolio in a certain level and to protect it for the possible effect of fluctuation in USD against TRL. Such derivative instruments are measured at fair value and changes are reflected in the income statement. As of December 31, 2015 there are not any outstanding forward purchase contracts, of which TRL1.172 was reflected to financial statements (Note 29).

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

NOT 10. TRADE RECEIVABLES AND PAYABLES

a) Short Term Trade Receivables

	2015	2014
Trade receivables	**1.034.104**	1.048.265
Notes and cheques receivables	**36.089**	42.482
Provision for doubtful receivables (-)	**(36.819)**	(27.816)
	1.033.374	1.062.931

The movement of provision for doubtful accounts as of December 31, 2015 and 2014 is as follows:

	2015	2014
Balance at January 1	**27.816**	27.880
Current year provision	**12.455**	8.099
Provisions no longer required	**(2.705)**	(6.486)
Write-offs from doubtful receivables	**(846)**	(184)
Currency translation differences	**99**	(1.493)
Balance at December 31	**36.819**	27.816

b) Short-Term Trade Payables

	2015	2014
Trade payables	**892.319**	756.751
Accrued expenses	**107.724**	92.608
	1.000.043	849.359

NOTE 11. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	2015	2014
Receivables from tax office	**16.637**	15.041
Due from personnel	**12.259**	10.949
Other	**28.661**	29.502
	57.557	55.492

b) Other Non-Current Receivables

	2015	2014
Deposits and guarantees given	**10.062**	6.382
Other	**10.945**	3.124
	21.007	9.506

c) Other Current Payables

	2015	2014
Taxes other than on income	**496.485**	447.639
Deposits and guarantees taken	**145.649**	122.046
Other	**4.644**	2.006
	646.778	571.691

d) Other Non-Current Payables

As of December 31, 2015, other non-current payables consists of deposits and guarantees taken amounting to TRL264.564 (December 31, 2014 – TRL239.124).

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

NOTE 12. INVENTORIES

	2015	2014
Finished and trade goods	**387.216**	315.380
Work-in-process	**86.782**	67.527
Raw materials	**409.279**	461.243
Packaging materials	**116.225**	113.506
Supplies	**63.457**	63.642
Bottles and cases	**26.444**	38.511
Other	**28.933**	30.177
Reserve for obsolescence (-)	**(15.421)**	(4.454)
	1.102.915	1.085.532

The movement of reserve for obsolescence as of December 31, 2015 and 2014 is as below:

	2015	2014
Balance at January 1	**4.454**	7.623
Current year provision	**14.459**	3.292
Provisions no longer required	**-**	(2.052)
Inventories written-off	**(3.906)**	(4.676)
Currency translation differences	**414**	267
Balance at December 31	**15.421**	4.454

NOTE 13. PREPAID EXPENSES

a) Short Term Prepaid Expenses

	2015	2014
Prepayments	**323.288**	267.179
Advances given to suppliers	**82.776**	168.973
	406.064	436.152

b) Long Term Prepaid Expenses

	2015	2043
Prepayments	**176.309**	170.709
Advances given to suppliers	**16.606**	82.175
	192.915	252.884

c) Short Term Deferred Income

	2015	2014
Advances taken	**30.610**	24.575
Deferred income	**1.255**	1.839
	31.865	26.414

d) Long Term Deferred Income

	2015	2014
Deferred income	**1.581**	2.611
	1.581	2.611

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

NOT 14. INVESTMENTS IN ASSOCIATES

	2015		2014	
	Ownership	**Amount**	Ownership	Amount
Anadolu Etap	**33,33%**	**66.685**	33,33%	72.517
SSDSD (1) (2)	**25,13%**	**-**	25,13%	-
		66.685		72.517

Group's share of total assets and liabilities as of December 31, 2015 and 2014 and profit/(loss) for the period of investment in associates as of December 31, 2015 and 2014 in Group's financial statements are as follows:

	Anadolu Etap		**SSDSD**	
	2015	2014	**2015**	2014
Total Assets	**193.984**	159.262	**1.223**	1.516
Total Liabilities	**127.299**	86.745	**6.251**	5.278
Net Assets	**66.685**	72.517	**(5.028)**	(3.762)

	Anadolu Etap		**SSDSD**	
	2015	2014	**2015**	2014
Group's Share of Profit/(Loss) for the period	**(14.774)**	(774)	**(916)**	(949)

The movement of investments in associates as of December 31, 2015 and 2014 are as follows:

	2015	2014
Balance at January 1	**72.517**	62.755
Income / Loss from associates	**(15.690)**	(1.723)
Currency translation differences	**(67)**	(54)
Netted off with trade receivables from SSDSD (2)	**983**	1.004
Capital increase(4)	**8.942**	10.535
Balance at December 31	**66.685**	72.517

(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) Since the carrying value of SSDSD at the consolidated balance sheet is TRL983 loss, the carrying amount was netted off with trade receivables from SSDSD at the consolidated financial statements.

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

NOT 15. INVESTMENT PROPERTIES

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**

Cost	2013	Additions	Disposals	Currency translation differences	Transfers	2014
Land and land improvements	15.928	-	-	(6.010)	542	10.460
Buildings	163.756	-	-	(64.793)	16.486	115.449
Construction in progress	7.899	102	(123)	(2.613)	(1.042)	4.223
	187.583	**102**	**(123)**	**(73.416)**	**15.986**	**130.132**
Accumulated depreciation(-)						
Land and land improvements	-	-	-	-	-	-
Buildings	70.448	3.450	-	(29.164)	8.320	53.054
Construction in progress	-	-	-	-	-	-
	70.448	**3.450**	**-**	**(29.164)**	**8.320**	**53.054**
Net book value	**117.135**					**77.078**

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

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2015, the movements of property, plant and equipment are as follows:

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 (-)	2014	Additions(**)	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers (*)	2015
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**

As at December 31, 2015; interest expense amounting to TRL5.843 financial expense attributable to construction in progress is capitalized (December 31, 2014 – TRL4.691).

(*) There are transfers amounting to TRL562 to other intangible assets in 2015. (2014 – TRL1.985)
(**) As at December 31, 2015 depreciation amounting to TRL(1.535) is related to inventories (2014 – TRL4.631) (Note 25).

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

NOTE 16. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended December 31, 2014, the movements of property, plant and equipment are as follows:

Cost	2013	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2014
Land and land improvements	454.189	3.236	(387)	(28.604)	-	47.616	**476.050**
Buildings	1.586.905	14.451	(2.683)	(208.156)	-	63.982	**1.454.499**
Machinery and equipment	4.417.872	168.334	(87.100)	(691.763)	-	284.043	**4.091.386**
Vehicles	163.457	12.805	(26.584)	(11.816)	-	491	**138.353**
Other tangibles	2.044.312	299.925	(112.569)	28.094	-	18.721	**2.278.483**
Leasehold improvements	21.991	9.346	(2)	(511)	-	1.938	**32.762**
Construction in progress	407.894	524.844	(1)	(24.007)	-	(433.148)	**475.582**
	9.096.620	**1.032.941**	**(229.326)**	**(936.763)**	**-**	**(16.357)**	**8.947.115**

Accumulated depreciation (-)	2013	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2014
Land and land improvements	57.028	8.825	(71)	(14.372)	-	15	**51.425**
Buildings	306.957	52.265	(1.311)	(35.504)	-	(8.315)	**314.092**
Machinery and equipment	2.062.811	317.896	(83.167)	(389.460)	203	(16)	**1.908.267**
Vehicles	62.046	21.397	(23.999)	(4.790)	(90)	-	**54.564**
Other tangibles	844.384	303.878	(95.771)	13.435	5.732	-	**1.071.658**
Leasehold improvements	3.756	5.748	-	(554)	-	-	**8.950**
	3.336.982	**710.009**	**(204.319)**	**(431.245)**	**5.845**	**(8.316)**	**3.408.956**
Net book value	**5.759.638**						**5.538.159**

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

NOTE 17. OTHER INTANGIBLE ASSETS

For the year ended December 31, 2015, the movements of other intangible assets are as follows:

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

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

NOTE 17. OTHER INTANGIBLE ASSETS (continued)

For the year ended December 31, 2014, the movements of other intangible assets are as follows:

Cost	**2013**	**Additions**	**Disposals**	**Currency translation differences**	**Impairment / (Impairment reversal), net**	**Transfers**	**2014**
Bottling contracts	6.750.479	-	-	183.553	-	-	**6.934.032**
Licence agreements	1.365.250	-	-	(505.399)	-	-	**859.851**
Brands	448.562	-	-	(57.878)	(10.251)	-	**380.433**
Rights	36.428	1.775	(87)	(26)	-	375	**38.465**
Other intangible assets	84.862	14.826	(1.218)	(19.641)	-	-	**78.829**
	8.685.581	**16.601**	**(1.305)**	**(399.391)**	**(10.251)**	**375**	**8.291.610**
Accumulated amortization (-)							
Bottling contracts	-	-	-	-	-	**-**	**-**
Licence agreements	-	-	-	-	-	**-**	**-**
Brands	-	-	-	-	-	**-**	**-**
Rights	15.877	5.603	(1)	(18)	-	**-**	**21.461**
Other intangible assets	32.953	12.073	(1.212)	(10.559)	-	**-**	**33.255**
	48.830	**17.676**	**(1.213)**	**(10.577)**	**-**	**-**	**54.716**
Net book value	**8.636.751**						**8.236.894**

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

NOTE 18. GOODWILL

Movement of the goodwill during the period is as follows:

	2015	2014
At January 1	**1.232.465**	2.453.049
Impairment (Note 28)	**-**	(569.475)
Currency translation differences	**102.273**	(651.109)
At December 31	**1.334.738**	1.232.465

As of December 31, 2015 and 2014, operating segment distributions of goodwill are presented below:

	Turkey Beer	**International Beer**	**Soft Drinks**	**Other**	**Total**
2015	**50.099**	**659.336**	**625.303**	**-**	**1.334.738**
2014	50.099	679.875	502.491	-	1.232.465

NOTE 19. COMMITMENTS AND CONTINGENCIES

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

As of December 31, 2015 and 2014 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

December 31, 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	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	**421.224**	**336.120**	**168**	**2.373**	**-**	**22.389**	**2.667.000**	**10.238**
B. GPMs given in favor of subsidiaries included in full consolidation [(1)]	**686.678**	**-**	**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	**1.118.751**	**346.969**	**93.168**	**108.803**	**-**	**22.389**	**5.467.285**	**35.934**
Ratio of other GPMs over the Company's equity (%)	**0,1**							

December 31, 2014	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	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	380.439	277.025	5.848	2.769	279.099	5.389	2.667.000	8.147
B. GPMs given in favor of subsidiaries included in full consolidation [(1)]	607.438	-	158.978	31.150	-	-	6.486.963	1.092
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	10.200	10.200	-	-	-	-	-	-
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)]	10.200	10.200	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	998.077	287.225	164.826	33.919	279.099	5.389	9.153.963	9.239
Ratio of other GPMs over the Company's equity (%)	0,1%							

(1) Includes the GPMs given in favor of subsidiaries included in full consolidation for their borrowings.

(2) Includes the GPMs given in favor of Anadolu Etap which is the Group's investment accounted by using equity method.

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

NOTE 19. COMMITMENTS AND CONTINGENCIES (continued)

Murabaha

During 2012 CCBPL and Standard Chartered Bank (Bank) has made murabaha facility agreement. Based on this agreement, the Bank and CCBPL agree that they shall enter into a series of sugar and resin 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, 2015 CCBPL has USD18,0 million sugar and resin purchase commitment from the Bank until the end of September 2016 and expense accrual of USD0,7 million (TRL1,9 million) payable for the profit share of the Bank was reflected in the financial statements.

Operational Lease

As of December 31, 2015, the Group's contingent liability, for the following years resulting from the non- cancellable operational lease agreements is amounting to TRL41.364 (December 31, 2014– TRL39.434).

Tax and Other Legal Matters

Legislation and regulations regarding taxation and foreign currency transactions in most of the territories in which the Group operates out of Turkey continue to evolve as a result of the transformation from command to market oriented economy managed by the government. The various legislation and regulations are not always clearly written and the interpretation related with the implementation of these regulations is subject to the opinions of the local, regional and national tax authorities, the Central Bank and Ministry of Finance. Tax declarations, together with other legal compliance areas (as examples, customs and currency control) are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts 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, 2015 and 2014, employee benefits obligations are as follows:

	2015	2014
Payables to personnel	**13.863**	8.103
Social security and withholding tax liabilities	**33.834**	35.919
	47.697	44.022

b) Short Term Provision for Employee Benefits

As of December 31, 2015 and 2014, short term provision for employee benefits are as follows:

	2015	2014
Provision for vacation pay liability	**25.904**	31.949
Management bonus accrual	**44.509**	44.075
Other short-term employee benefits	**21.357**	36.141
	91.770	112.165

As of December 31, 2015 and 2014, the movement of provision for vacation pay liability is as below:

	2015	2014
Balance at January 1	**31.949**	45.264
Payments and used vacations	**(11.761)**	(13.404)
Current year provision	**5.207**	7.507
Currency translation differences	**509**	(7.418)
	25.904	31.949

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

NOTE 20. EMPLOYEE BENEFITS

b) Short Term Provision for Employee Benefits (continued)

As of December 31, 2015 and 2014, the movement of management bonus accruals is as below:

	2015	2014
Balance at January 1	**44.075**	12.238
Payments	**(80.057)**	(55.003)
Current year provision	**79.019**	84.143
Currency translation differences	**1.472**	2.697
	44.509	44.075

c) Long Term Provision for Employee Benefits

	2015	2014
Employment termination benefits	**91.345**	86.013
Long term incentive plans	**7.757**	8.256
	99.102	94.269

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, 2015 is subject to a ceiling of full TRL3.828 (December 31, 2014 – full TRL3.438) (Retirement pay liability ceiling has been increased to full TRL4.092 as of January 1, 2016). In the consolidated financial statements as of December 31, 2015 and 2014, the Group reflected a liability calculated using the projected unit credit method and based upon factors derived using their experience of personnel terminating their services and being eligible to receive retirement pay and discounted by using the current market yield at the balance sheet date on government bonds. Accordingly, net discount rates determined by considering expected payment dates are in a range between 2,9% and 3,7% (December 31, 2014 - 1,69% – 3,49%).

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

	2015	2014
Balance at January 1	**86.013**	79.616
Payments	**(15.684)**	(20.504)
Interest cost	**3.631**	6.573
Current year provision	**13.946**	12.019
Actuarial loss	**3.439**	8.309
	91.345	86.013

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

	2015	2014
Balance at January 1	**8.256**	8.703
Payments	**(17.780)**	(17.469)
Interest cost	**670**	541
Current year provision	**16.222**	16.275
Actuarial loss	**389**	206
	7.757	8.256

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employment termination benefits, amounting to TRL7.770 was reflected to other comprehensive income (December 31, 2014 – TRL9.120).

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

NOTE 21. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	2015	2014
Value Added Tax (VAT) deductible or to be transferred	**259.315**	196.885
Other	**5.057**	1.786
	264.372	198.671

b) Other Non-Current Assets

	2015	2014
Deferred VAT and other taxes	**26.134**	42.663
Other	**146**	182
	26.280	42.845

c) Other Current Liabilities

	2015	2014
Put option liability	**6.862**	5.473
Other	**13.599**	4.478
	20.461	9.951

d) Other Non-Current Liabilities

	2015	2014
Put option liability	**115.749**	85.761
Deferred VAT and other taxes	**25.403**	42.018
Other	**-**	554
	141.152	128.333

USD 2.360 thousand is the obligation resulted from the buying option of 12,5% Turkmenistan CC share from DayInvestment Ltd. The amount is translated to TRL at the official exchange rate for purchases of USD announced by the Central Bankof Republic of Turkey and reflected under other current liabilities with TRL equivalent of TRL6.862 as of December 31, 2015. The Share Purchase Agreement was signed with Day in 2011, however there has not yet been any sharetransfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements,and accordingly, no payment was 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 TRL115.749 is recorded under “other long term liabilities” (December 31, 2014– TRL85.761).

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

NOTE 22. EQUITY

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

	2015	2014
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, 2015 and 2014 are given at Note 1 – Group's Organization and Nature of Activities.

As of December 31, 2015 and 2014, 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 (inflation-restated income in accordance with CMB) at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's issued capital (inflation-restated issued capital in accordance with the communiqués and announcements of CMB). The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's issued capital (inflation-restated capital in accordance with CMB). The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves cannot be used.

Quoted companies are subject to dividend requirements regulated by the CMB as follows: Based on the CMB Decree 1/6, dated January 9, 2009, companies that take their consolidated financial statements as basis for their distributable profit, shall consider the profits of their subsidiaries, joint ventures and associates to the extent that such profits do not exceed the amount recorded in the statutory financial statements of these companies and without considering whether a profit distribution resolution is taken at their annual general meetings. Such profits as reported in the financial statement as per Communiqué.

In accordance with the CMB decision dated January 27, 2010, it's decided to remove the obligation related with the minimum dividend distribution rate for publicly traded companies.

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 TRL477.623 as of December 31, 2015 (December 31, 2014 – TRL940.165).

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 (It is decided not to distribute dividends in 2014 related with the year ended December 31, 2013).

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

NOTE 22. EQUITY (continued)

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

For December 31, 2015 and 2014, nominal amounts, equity restatement differences and restated value of equity are as follows:

December 31, 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**
Cumulative Other Comprehensive Income / Expense that will not be Classified to Profit and Loss			
- Revaluation and Remeasurement Gain / Loss			**(15.128)**
Cumulative Other Comprehensive Income / Expense that will be Classified to Profit and Loss			
- Currency Translation Differences			**48.156**
- Hedge Loss			**32.387**
- Revaluation Gain			**5.795**
Other Reserves			**(235.742)**
Accumulated profit (Including net income)			**3.469.185**
Equity attributable to equity holders of the parent			**7.708.056**

December 31, 2014	**Nominal Amount**	**Equity Restatement Differences**	**Restated Amount**
Issued capital	592.105	63.583	655.688
Legal reserves	249.541	74.697	324.238
Extraordinary reserves	435.771	26.091	461.862
	1.277.417	164.371	1.441.788
Share Premium/Discount			3.137.684
Cumulative Other Comprehensive Income / Expense that will not be reclassified to Profit and Loss			
- Revaluation and Remeasurement Gain / Loss			(10.480)
Cumulative Other Comprehensive Income / Expense that will be reclassified to Profit and Loss			
- Currency Translation Differences			(498.289)
- Hedge Loss			2.234
- Revaluation Gain			8.817
Other Reserves			(235.742)
Accumulated profit (Including net income)			3.763.243
Equity attributable to equity holders of the parent			7.609.255

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

NOTE 23. SALES AND COST OF SALES

Revenues	**2015**	2014
Domestic revenues	**4.754.007**	4.465.274
Foreign revenues	**5.451.139**	5.556.109
Total sales, net	**10.205.146**	10.021.383
Cost of Sales (-)		
Current year purchases and net change in inventory	**4.872.831**	4.551.818
Depreciation and amortization expense on PP&E and intangible assets	**396.048**	383.230
Personnel expenses	**284.544**	295.637
Utility expenses	**196.083**	194.957
Provision for retirement pay liability	**5.110**	2.763
Other expenses	**263.832**	290.762
Total cost of sales	**6.018.448**	5.719.167
Gross Operating Profit	**4.186.698**	4.302.216

NOTE 24. OPERATING EXPENSES

a) General and Administrative Expenses

	2015	2014
Personnel expenses	**404.990**	425.082
Service rendered from outside	**139.718**	159.604
Depreciation and amortization expense on PP&E and intangible assets	**56.354**	64.095
Rent expense	**41.894**	40.033
Taxation (other than on income) expenses	**29.357**	35.645
Insurance expenses	**25.016**	23.501
Utilities and communication expenses	**19.419**	22.159
Repair and maintenance expenses	**7.593**	7.557
Provision for retirement pay liability	**6.441**	6.426
Provision for unused vacation	**2.169**	2.765
Other expenses	**116.080**	104.156
	849.031	891.023

b) Selling, Distribution and Marketing Expenses

	2015	2014
Advertising, selling and marketing expenses	**846.191**	933.021
Personnel expenses	**502.062**	535.786
Transportation and distribution expenses	**469.639**	522.732
Depreciation and amortization expense on PP&E and intangible assets	**268.016**	274.843
Rent expenses	**40.130**	32.892
Repair and maintenance expenses	**32.899**	25.870
Utilities and communication expenses	**29.648**	38.140
Provision for retirement pay liability	**6.026**	9.404
Other expenses	**149.746**	122.798
	2.344.357	2.495.486

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

NOTE 25. EXPENSES BY NATURE

a) Depreciation and Amortization Expenses

	2015	2014
Cost of sales	**(396.048)**	(383.230)
Marketing, selling and distribution expenses	**(268.016)**	(274.843)
General and administration expenses	**(56.354)**	(64.095)
Inventories	**1.535**	(4.631)
Other operating expenses	**(16.776)**	(4.336)
	(735.659)	(731.135)

b) Personnel Expenses

	2015	2014
Cost of sales	**(284.544)**	(295.637)
Marketing, selling and distribution expenses	**(502.062)**	(535.786)
General and administration expenses	**(404.990)**	(425.082)
	(1.191.596)	(1.256.505)

NOTE 26. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	2015	2014
Foreign exchange gains arising from operating activities	**89.257**	43.487
Income from scrap and other materials	**20.966**	18.155
Rent income	**6.411**	1.546
Insurance compensation income	**2.049**	2.420
Rediscount income	**1.729**	1.017
Other income	**40.312**	75.545
	160.724	142.170

b) Other Operating Expenses

	2015	2014
Foreign exchange losses arising from operating activities	**(143.267)**	(71.811)
Depreciation and amortization expense on PPE & intangible assets	**(16.777)**	(1.733)
Donations	**(4.142)**	(9.137)
Rediscount expense	**(1.707)**	(4.336)
Other expenses	**(59.264)**	(54.684)
	(225.157)	(141.701)

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

NOTE 27. INCOME FROM INVESTING ACTIVITIES

	2015	2014
Gain on sale of fixed assets	**6.075**	37.985
Reversal of impairment on property, plant and equipment (Note 16)	**166**	693
	6.241	38.678

NOTE 28. EXPENSE FROM INVESTING ACTIVITIES

	2015	2014
Provision for impairment on tangible assets (Note 16)	**(8.198)**	(6.538)
Loss on sale of fixed assets	**(1.366)**	(1.288)
Provision for impairment on intangible assets (Note 17, 18)	-	(579.726)
Loss from the disposal of investment in associates	-	(120)
	(9.564)	(587.672)

NOTE 29. FINANCE INCOME

	2015	2014
Foreign exchange gain	**702.312**	723.203
Interest income	**81.600**	85.107
Gain on derivative transactions	**183**	2.579
	784.095	810.889

NOTE 30. FINANCE EXPENSE

	2015	2014
Foreign exchange loss	**(1.544.021)**	(1.229.697)
Interest expense	**(220.098)**	(193.307)
Borrowing costs	**(661)**	(661)
Loss on derivative transactions	**(1.355)**	-
Other financial expenses	**(26.778)**	(15.763)
	(1.792.913)	(1.439.428)

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

NOTE 31. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 20% in Turkey (2014 - 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% (2014 – 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.

The main components of tax income and expenses as of December 31, 2015 and 2014 are as follows:

	2015	2014
Current period tax expense	**(111.579)**	(124.729)
Deferred tax income / (expense), net	**73.379**	56.255
	(38.200)	(68.474)

As of December 31, 2015 and 2014, 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:

	2015	2014
Consolidated profit before tax	**(98.954)**	(263.080)
Effect of associate income net off tax	**15.690**	1.723
Taxable profit	**(83.264)**	(261.357)
Enacted tax rate	**20%**	20%
Tax calculated at the parent company tax rate	**16.653**	52.271
Tax effect of non-deductible expenses	**(3.141)**	(1.973)
Effect of provision for impairment on goodwill and other intangible assets	**-**	(115.945)
Tax effect of income excluded from tax bases	**482**	14.538
Effect of different tax rates	**3.369**	981
Deffered tax effect of translation on non-monetary items	**(27.110)**	(4.540)
Other	**(28.453)**	(13.806)
	(38.200)	(68.474)

As of December 31, 2015 and 2014 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		**Liability**		**Net**	
	2015	2014	**2015**	2014	**2015**	2014
PP&E and intangible assets	**-**	-	**(1.961.892)**	(1.851.058)	**(1.961.892)**	(1.851.058)
Inventories	**25.221**	20.556	**-**	-	**25.221**	20.556
Carry forward losses	**371.004**	269.681	**-**	-	**371.004**	269.681
Retirement pay liability and other employee benefits	**17.232**	16.445	**-**	-	**17.232**	16.445
Receivables and payables	**54.193**	35.278	**-**	-	**54.193**	35.278
Unused investment discounts	**21.004**	20.032	**-**	-	**21.004**	20.032
Other	**23.104**	8.835	**-**	-	**23.104**	8.835
	511.758	370.827	**(1.961.892)**	(1.851.058)	**(1.450.134)**	(1.480.231)

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

NOTE 31. TAX ASSETS AND LIABILITIES (continued)

As of December 31, 2015 and 2014, the movement of deferred tax liability is as follows:

	2015	2014
Balance at January 1	**(1.480.231)**	(1.598.083)
Recorded to the consolidated income statement	**73.379**	56.255
Recognized in other comprehensive income	**(4.674)**	988
Unused provisions	**(657)**	-
Foreign currency differences	**(37.951)**	60.609
Balance at December 31	**(1.450.134)**	(1.480.231)

As a result of the Group management’s assessment that sufficient taxable income will be generated and such carried losses will be utilized until 2026, deferred tax asset amounting to TRL371.004 has been recognized.

As of December 31, 2015, Group used incentives for Bursa mineral water, Elazığ, Köyceğiz, Çorlu, Ankara and Mersin production line investments with an amount of TRL107.922 (December 31, 2014 - TRL104.015) by generating tax advantage of TRL21.004 (December 31, 2014 - TRL20.032). As of December 31, 2015, the Company is in statutory loss for 2015, tax advantage is not calculated for this period and as of December 31, 2014, TRL656 of tax advantage for the related period were recognized in the financial statements.

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:

	2015	2014
Net income/ (loss)	**(197.759)**	(512.233)
Weighted average number of shares	**592.105.263**	592.105.263
Earnings/ (losses) per share (full TRL)	**(0,3340)**	(0,8651)

NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Bank and Available-For-Sale Securities Balances with Related Parties

	2015	2014
Alternatifbank [(1)(2)]	**96.265**	602.390

As of December 31, 2015, maturities of time deposits on Alternatifbank are less than three months and the weighted average interest rates for TRL86.607 denominated time deposits is 12,00% (December 31, 2014 – amounting to TRL591.757 time deposits with 10,36% weighted average interest rates).

As of December 31, 2015 the Group has demand deposits amounting to TRL9.658 on Alternatifbank [(1)(2)] (December 31, 2014 - TRL10.633).

(1) Related party of Yazıcılar Holding A.Ş.(a shareholder)
(2) Related party of AEH (a shareholder)

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

NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a) Balances with Related Parties (continued)

Due from Related Parties

	2015	2014
Migros Ticaret A.Ş. (4) (6) (7)	**104.697**	-
Anadolu Vakfı	**732**	-
SABMiller Group Companies (5)	**302**	-
AEH (2) (3)	**212**	95
SSDSD	**76**	1.037
Efes Turizm İşletmeleri A.Ş. (3) (4)	**31**	30
Artı Varlık Yönetim A.Ş. (4)	**29**	20
Other	**10**	19
	106.089	1.201

Due to Related Parties

	2015	2014
SABMiller Group Companies(5)	**15.804**	27.783
Oyex Handels GmbH (3) (4)	**2.332**	2.560
Anadolu Bilişim Hizmetleri A.Ş. (1) (3) (4)	**1.983**	1.752
Çelik Motor Ticaret A.Ş. (3) (4)	**1.381**	2.899
AEH (2) (3)	**457**	1.112
AEH Anadolu Gayrimenkul Yatırımları A.Ş. (4)	**140**	176
Efes Turizm İşletmeleri A.Ş. (3) (4)	**67**	163
Anadolu Efes Spor Kulübü	**46**	-
Anadolu Vakfı	**-**	856
Other	**86**	59
	22.296	37.360

The Group has TRL1.092 and TRL1.482 short term and long term deferred revenue, respectively related to AEH (2014 – TRL1.124 and TRL2.486).

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

	Nature of transaction	**2015**	2014
Anadolu Efes Spor Kulübü	Service	**58.646**	60.004
SABMiller Group Companies (5)	Service and Purchase of Trade Goods	**52.348**	59.063
Çelik Motor Ticaret A.Ş. (3) (4)	Vehicle Leasing	**26.669**	27.533
AEH (2) (3)	Consultancy Service	**26.540**	23.519
Oyex Handels GmbH (3) (4)	Purchase of Materials and Fixed Assets	**25.817**	30.300
Efes Turizm İşletmeleri A.Ş. (3) (4)	Travel and Accommodation	**9.797**	10.404
Anadolu Bilişim Hizmetleri A.Ş. (1) (3) (4)	Information Service	**9.024**	11.612
AEH Münih (3) (4)	Purchase of Materials and Fixed Assets	**4.735**	6.482
Anadolu Vakfı	Donations	**3.610**	8.634
AEH Anadolu Gayrimenkul Yatırımları A.Ş. (4)	Service	**1.814**	1.786
Arge Danışmanlık A.Ş	Consultancy Service	**533**	482
Ahmet Boyacıoğlu	Consultancy Service	**324**	257
Mehmet Cem Kozlu	Consultancy Service	**270**	142
Anadolu Isuzu Otomotiv San. ve Tic. A.Ş. (3) (4) (6)	Rent Expense	**16**	13
Other		**118**	528
		220.261	240.759

(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) Related party of Özilhan Sınai Yatırım A.Ş.(a shareholder)
(7) 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, receivables from Migros has been classified as "Due from Related Parties" in consolidated statement of financial position as of reporting date. As at December 31, 2014, due from Migros has been classified as "Trade Receivables from third parties".

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

NOTE 33. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Transactions with Related Parties (continued)

Finance Income / (Expenses), Net

	Nature of transaction	2015	2014
Alternatifbank (3) (4)	Interest income / (expense), net	**17.575**	30.034
		17.575	30.034

Other Income / (Expenses), Net

	Nature of transaction	2015	2014
Migros Ticaret A.Ş. (6)	Sales Income	**186.510**	-
SSDSD	Sales Income	**2.602**	5.665
SABMiller Group Companies (5)	Other Income	**1.475**	4.824
AEH Anadolu Gayrimenkul Yatırımları A.Ş (4)	Fixed Asset Sale	**821**	33.500
Çelik Motor Ticaret A.Ş. (3) (4)	Other Income	**475**	405
Alternatifbank (3) (4)	Rent Income	**130**	121
Anadolu Bilişim Hizmetleri A.Ş. (1) (3) (4)	Rent Income	**67**	10
AEH (2) (3)	Other Income	**16**	1.151
Anadolu Efes Spor Kulübü	Other Income	**70**	65
Other		**182**	31
		192.348	45.772

(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) 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 July – 31 December 2015, have been disclosed as "Revenue and Other Income / (Expense), Net" under "Transactions with Related Parties".

Director's remuneration

As of December 31, 2015 and 2014, total benefits to Anadolu Efes Board of Directors are TRL275 and TRL349, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of December 31, 2015 and 2014 are as follows:

	2015	2014
Short-term employee benefits	**32.239**	31.998
Post-employment benefits	-	-
Other long term benefits	**3.813**	3.742
Termination benefits	**524**	1.718
Share-based payments	-	-
	36.576	37.458

(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 board/management reviews and agrees policies for managing each of these risks. The Group also monitors the market price risk arising from all financial instruments. Related policies can be summarized as follows:

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, 2015 (December 31, 2014 – none).

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:

	2015	2014
Financial instruments with fixed interest rate		
Financial assets		
Financial assets at fair value through profit or loss	**1.636.132**	1.411.860
Financial liabilities	**3.943.844**	3.386.503
Financial instruments with floating interest rate		
Financial liabilities	**1.439.363**	1.120.295

At December 31, 2015, if interest rate on the Group's foreign currency denominated 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, 2016 which is the following reporting period, would be:

	2015	2014
Change in USD denominated borrowing interest rate	**590**	1.633
Change in EURO denominated borrowing interest rate	**2.437**	935
Change in Other denominated borrowing interest rate	**362**	622
Total	**3.389**	3.190

b) Foreign Currency Risk

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

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

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

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of December 31, 2015 and December 31, 2014 are presented below:

Foreign Currency Position Table
2015

	Total TRL Equivalent (Functional Currency)	Thousand USD	TRL Equivalent	Thousand EURO	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	-	-	-	-	-	-

Foreign Currency Position Table
2014

	Total TRL Equivalent (Functional Currency)	Thousand USD	TRL Equivalent	Thousand EURO	TRL Equivalent	Other Foreign Currency TRL Equivalent
1. Trade Receivables and Due from Related Parties	67.998	5.119	11.870	730	2.060	54.068
2a. Monetary Financial Assets (Cash and cash equivalents included)	536.667	215.103	498.802	4.070	11.479	26.386
2b. Non- monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	57.073	91	211	202	570	56.292
4. Current Assets	**661.738**	**220.313**	**510.883**	**5.002**	**14.109**	**136.746**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	38.224	-	-	11.050	31.168	7.056
8. Non-Current Assets	**38.224**	-	-	**11.050**	**31.168**	**7.056**
9. Total Assets	**699.962**	**220.313**	**510.883**	**16.052**	**45.277**	**143.802**
10.Trade Payables and Due to Related Parties	(199.226)	(16.030)	(37.171)	(24.139)	(68.090)	(93.965)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(494.861)	(212.961)	(493.835)	(364)	(1.026)	-
12a. Monetary Other Liabilities	(22.619)	(2.360)	(5.473)	(114)	(321)	(16.825)
12b. Non-monetary Other Liabilities	(3.261)	-	-	(3)	(9)	(3.252)
13. Current Liabilities	**(719.967)**	**(231.351)**	**(536.479)**	**(24.620)**	**(69.446)**	**(114.042)**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	(3.098.757)	(1.176.846)	(2.728.988)	(131.091)	(369.769)	-
16 a. Monetary Other Liabilities	(85.760)	(36.983)	(85.760)	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities	**(3.184.517)**	**(1.213.829)**	**(2.814.748)**	**(131.091)**	**(369.769)**	-
18. Total Liabilities	**(3.904.484)**	**(1.445.180)**	**(3.351.227)**	**(155.711)**	**(439.215)**	**(114.042)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position	**73.834**	**31.840**	**73.834**	-	-	-
19a. Total Hedged Assets	**73.834**	**31.840**	**73.834**	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position	**(3.130.688)**	**(1.193.027)**	**(2.766.510)**	**(139.659)**	**(393.938)**	**29.760**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position	**(3.296.558)**	**(1.224.958)**	**(2.840.555)**	**(150.908)**	**(425.667)**	**(30.336)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**3.005**	**1.052**	**3.005**	-	-	-
23.Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-

As of December 31, 2015, intercompany principal loan receivables of CCI with an amount of USD 181,8 million from its subsidiaries which have been provided to finance their ongoing investment activities and working capital requirements was netted on foreign currency position and foreign currency sensitivity analysis (As of December 31, 2014 USD 223,9 million was netted on foreign currency position table and on foreign currency position sensitivity analysis).

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

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

b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of December 31, 2015 and 2014 is as follows:

	2015	2014
Total Export	**196.991**	181.585
Total Import	**1.592.024**	1.715.117

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2015 and 2014:

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2015(*)		December 31,2014(*)	
	Income / (Loss)			
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
USD denominated net asset / (liability)	**(282.220)**	**282.220**	(284.056)	284.056
USD denominated hedging instruments (-)	**10.177**	**(10.177)**	7.383	(7.383)
Net effect in USD	**(272.043)**	**272.043**	(276.672)	276.672
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	**(92.619)**	**92.619**	(42.567)	42.567
EURO denominated hedging instruments (-)	**-**	**-**	-	-
Net effect in EURO	**(92.619)**	**92.619**	(42.567)	42.567
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**(3.658)**	**3.658**	(3.034)	3.034
Other foreign currency hedging instruments (-)	**-**	**-**	-	-
Net effect in other foreign currency	**(3.658)**	**3.658**	(3.034)	3.034
TOTAL	**(368.320)**	**368.320**	(322.272)	322.272

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

c) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

The table below summarizes the maturity profile of the Group's financial liabilities on the consolidated balance sheet as of December 31, 2015 and 2014;

2015 **Contractual maturities**	**Carrying value**	**Contractual payment (=I+II+III+IV)**	**Less than 3month (I)**	**Between 3-12 month (II)**	**Between 1-5 year (III)**	**More than 5 year (IV)**
Financial liabilities	**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**	**-**
Liability for put option	**122.611**	**122.611**	**-**	**6.863**	**115.748**	**-**
Total	**6.549.471**	**7.328.293**	**1.258.618**	**673.582**	**3.465.591**	**1.930.502**

2014 Contractual maturities	Carrying value	Contractual payment (=I+II+III+IV)	Less than 3month (I)	Between 3-12 month (II)	Between 1-5 year (III)	More than 5 year (IV)
Financial liabilities	4.506.798	4.839.007	133.291	792.150	2.329.111	1.584.455
Trade payable and due to related parties	913.867	913.867	810.368	76.353	27.146	-
Liability for put option	91.234	91.234	-	5.473	85.761	-
Total	5.511.899	5.844.108	943.659	873.976	2.442.018	1.584.455

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

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

d) Price Risk

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

e) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by limiting transactions with specific counterparties and assessing the creditworthiness of the counterparties.

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

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group also obtains guarantees from the customers when appropriate.

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2015 and 2014 are disclosed as below:

	Receivables					
	Trade Receivables		**Other Receivables**			
Current Year	**Due from related parties**	**Due from third parties**	**Due from related parties**	**Due from third parties**	**Deposits**	**Derivative Instruments**
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	**106.089**	**1.034.412**	**-**	**78.564**	**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**	**-**	**78.564**	**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	-	-	-	-	-	-

Current Year	**Trade Receivables**	**Other Receivables**	**Deposits**	**Derivative Instruments**
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**	**-**	**-**	**-**

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

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

e) Credit Risk (continued)

	Receivables					
	Trade Receivables		Other Receivables			
Prior Year	Due from related parties	Due from third parties	Due from related parties	Due from third parties	Deposits	Derivative Instruments
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	1.201	1.062.931	-	64.998	1.555.424	-
- Maximum credit risk secured by guarantees	-	756.762	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	1.201	987.945	-	64.998	1.555.424	-
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	-	73.561	-	-	-	-
- Under guarantee	-	11.839	-	-	-	-
D. Net carrying amount of financial assets impaired	-	1.425	-	-	-	-
- past due (gross carrying value)	-	29.241	-	-	-	-
- impaired (-)	-	(27.816)	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	1.425	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Prior Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	46.845	-	-	-
Past due between 1-3 months	16.339	-	-	-
Past due between 3-12 months	2.003	-	-	-
Past due for more than 1 year	8.374	-	-	-

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.

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

NOTE 35. FINANCIAL INSTRUMENTS (continued)

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			
Interest rate swap	**-**	**260**	**-**
Financial liabilities at fair value			
Interest rate swap	**-**	**11.377**	**-**
Options (Note 21)	**-**	**-**	**115.749**

Prior Year	Level 1	Level 2	Level 3
Financial assets at fair value			
Interest rate swap	-	3.005	-
Financial liabilities at fair value			
Interest rate swap	-	388	-
Options (Note 21)	-	-	85.761

Derivative Financial Instruments, Risk Management Objectives and Policies

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

As of December 31, 2015 CCI has 8 aluminum swap transactions with a total nominal amount of TRL54.283 for 10.580 tones (December 31, 2014 – TRL 17.811). As of December 31, 2015 CCI has fx forward transactions with a total nominal amount of TRL101.766, for 3 forward purchase contracts amounting to USD 35 million (December 31, 2014 – TRL62.239).

As of December 31, 2015 Turkey Beer does not have any foreign exchange forward contracts. (December 31, 2014 – the foreign exchange forward contracts' nominal value is TRL11.595).

As of December 31, 2015, the Group has designated its bank deposits amounting to TRL370.128 (equivalent of thousand USD96.931, thousand EURO26.000 and thousand RUR142.221 for the future raw material purchases, operational expense related payments and interest payments in the scope of hedge accounting (December 31, 2014 – TRL62.610, equivalent of million USD27).

NOTE 36. EVENTS AFTER REPORTING PERIOD

None.