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

ANADOLU EFES BİRACILIK VE MALT SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2019 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Anadolu Efes Biracılık ve Malt Sanayii A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the consolidated financial statements of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

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

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3) Key Audit Matter

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

Key Audit Matter	**How the matter was addressed in the audit**
Impairment Testing of Goodwill and Intangible Assets with Indefinite Useful Lives Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("Anadolu Efes") and its subsidiary, Coca-Cola İçecek A.Ş. ("Coca-Cola"), has expanded their operations with business combinations. As a result of the business combinations, the share of goodwill and intangible assets in total assets has reached to 42% in the consolidated financial statements. The Group management performs annual impairment testing of its cash generating units to which goodwill has been allocated and its intangible assets with indefinite useful lives in accordance with its accounting policies. The recoverable amount of cash generating units and intangible assets with indefinite useful lives is determined based on value in use. Recoverable amount is determined based on discounted projected cash flows by using key management estimates; such as, revenue increase, discount rate, long-term growth rate and inflation rate. There are significant estimates and assumptions used in the impairment tests performed by the Group management and these assets have material magnitude on the consolidated financial statements, thus the impairment testing of goodwill and indefinite lives intangible assets with indefinite useful lives is determined as a key audit matter. The related disclosures including the accounting policies for impairment testing of goodwill and indefinite lives intangible assets with indefinite useful lives are disclosed in Notes 2 ve 17.	The audit procedures applied including but not limited to the following are: • Evaluating the appropriateness of cash generating units determined by Group management, • Review of the Group's budget processes in details (basis of estimation) and review of basis and arithmetical accuracy of models that are used for discounted projected cash flows, • Comparing forecasted cash flows for each cash generating unit with its prior year's financial performances, • Through involvement of our internal valuation specialists, assessing the reasonableness of key assumptions used in each cash generating unit, including earnings before interest, tax, depreciation and amortization ("EBITDA"), long term growth rates and discount rates, • Comparative analysis of actual results with the initial estimations to verify the accuracy of historical estimations, • Evaluating sensitivity analysis of impairment tests for the potential changes in key assumptions, • Evaluating the appropriateness of related disclosures regarding to Intangible Assets with Indefinite Useful Lives and Goodwill in Notes 17 in accordance with TFRS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 27 February 2020.

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

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

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

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

Koray Öztürk
Partner

İstanbul, 27 February 2020

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

CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2019

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

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

		Audited	
	Notes	**December 31, 2019**	Restated (Note 2) December 31, 2018
ASSETS			
Cash and Cash Equivalents	6	**5.814.721**	4.770.052
Financial Investments	9	**380.280**	21.163
Trade Receivables	10	**2.727.201**	2.413.804
- Trade Receivables Due from Related Parties	*31*	***290.784***	*230.018*
- Trade Receivables Due from Third Parties		***2.436.417***	*2.183.786*
Other Receivables	11	**165.655**	102.028
- Other Receivables from Related Parties	*31*	***102.678***	*28.377*
- Other Receivables from Third Parties		***62.977***	*73.651*
Derivative Financial Assets	8	**3.492**	-
Inventories	12	**2.257.493**	1.943.100
Prepaid Expenses	13	**639.946**	496.865
Current Tax Assets	29	**229.259**	168.428
Other Current Assets	21	**465.909**	439.255
- Other Current Assets from Third Parties		***465.909***	*439.255*
Current Assets		**12.683.956**	**10.354.695**
Financial Investments		**798**	792
Trade Receivables	10	**1.619**	1.437
- Trade Receivables Due from Third Parties		***1.619***	*1.437*
Other Receivables	11	**76.654**	52.866
- Other Receivables from Related Parties	*31*	***21.394***	-
- Other Receivables from Third Parties		***55.260***	*52.866*
Derivative Financial Assets	8	**-**	47.010
Investments in Subsidiaries, Joint Ventures and Associates	4	**62.013**	71.195
Investment Property	15	**145.224**	113.362
Property, Plant and Equipment	16	**12.006.521**	10.753.432
Right of Use Assets	14	**396.115**	-
Intangible Assets		**19.524.195**	16.956.534
- Goodwill	*17*	***3.221.352***	*2.612.996*
- Other Intangible Assets	*17*	***16.302.843***	*14.343.538*
Prepaid Expenses	13	**358.813**	407.495
Deferred Tax Asset	29	**694.454**	675.375
Other Non-Current Assets	21	**6.113**	997
Non-Current Assets		**33.272.519**	**29.080.495**
TOTAL ASSETS		**45.956.475**	**39.435.190**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

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

		Audited	
	Notes	**December 31, 2019**	Restated (Note 2) December 31, 2018
LIABILITIES			
Current Borrowings	7	**757.458**	830.699
- Current Borrowings from Related Parties	*31, 7a*	**-**	328.327
- Other short-term borrowings	*7a*	**-**	*328.327*
- Current Borrowings from Third Parties		**757.458**	502.372
- Banks Loans	*7a*	**757.458**	502.372
Current Portion of Non-Current Borrowings	7	**1.539.089**	1.524.416
- Current Portion of Non-Current Borrowings from Related Parties	*31, 7a*	**-**	196.784
- Other Current Portion of Non-Current Borrowings	*7a*	**-**	196.784
- Current Portion of Non-Current Borrowings from Third Parties		**1.539.089**	1.327.632
- Banks Loans	*7a*	**882.925**	1.294.738
- Lease Liabilities	*7b*	**130.523**	-
- Issued Debt Instruments	*7a*	**525.641**	32.894
Trade Payables	10	**5.293.722**	3.600.610
- Trade Payables to Related Parties	*31*	***486.304***	*282.578*
- Trade Payables to Third Parties		***4.807.418***	*3.318.032*
Employee Benefit Obligations	19	**81.955**	77.035
Other Payables	11	**1.423.121**	1.472.436
- Other Payables to Third Parties		***1.423.121***	*1.472.436*
Derivative Financial Liabilities	8	**13.360**	29.832
Deferred Income (Deferred Income Other Than Contract Liabilities)	13	**44.010**	58.592
Current Tax Liabilities	29	**29.714**	17.051
Current Provisions	20	**174.064**	194.729
- Current Provisions for Employee Benefits		***115.224***	*113.218*
- Other Current Provisions		***58.840***	*81.511*
Other Current Liabilities	21	**213.122**	100.458
Current Liabilities		**9.569.615**	**7.905.858**
Long-Term Borrowings	7	**8.253.494**	6.873.565
- Long-term Borrowings from Third Parties		**8.253.494**	6.873.565
- Banks Loans	*7a*	**1.622.498**	797.835
- Lease Liabilities	*7b*	**315.528**	-
- Issued Debt Instruments	*7a*	**6.315.468**	6.075.730
Trade Payables	10	**10.864**	44.207
- Trade Payables to Third Parties		***10.864***	*44.207*
Other Payables	11	**473.497**	391.376
- Other Payables to Third Parties		***473.497***	*391.376*
Deferred Income (Deferred Income Other Than Contract Liabilities)	13	**2.128**	975
Non-Current Provision	20	**188.435**	143.175
- Non-Current Provision for Employee Benefits		**188.435**	143.175
Deferred Tax Liabilities	29	**3.073.271**	2.741.615
Other Non-Current Liabilities	21	**211.759**	206.375
Non-Current Liabilities		**12.213.448**	**10.401.288**
Equity Attributable to Equity Holders of the Parent		**12.970.407**	11.175.082
Issued Capital	22	**592.105**	592.105
Inflation Adjustment on Capital	22	**63.583**	63.583
Share Premium (Discount)		**2.434.374**	2.765.214
Put Option Revaluation Fund Related with Non-controlling Interests		**6.773**	6.773
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		**(27.978)**	(23.464)
-Revaluation and Remeasurement Gain/Loss		***(27.978)***	*(23.464)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		**4.522.459**	3.443.292
- Currency Translation Differences		***5.712.414***	*4.118.158*
- Gains (Losses) on Hedge		***(1.189.955)***	*(674.866)*
Restricted Reserves Appropriated from Profits	22	**372.939**	342.931
Prior Years' Profits or Losses		**3.984.648**	3.996.332
Current Period Net Profit or Losses		**1.021.504**	(11.684)
Non-Controlling Interests	4	**11.203.005**	**9.952.962**
Total Equity		**24.173.412**	**21.128.044**
TOTAL LIABILITIES		**45.956.475**	**39.435.190**

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

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

	Notes	**Audited** **Current Period** **1 January-** **31 December** **2019**	Restated (Note 2) Previous Period 1 January- 31 December 2018
Revenue	5, 23	**23.313.811**	18.689.686
Cost of Sales	23	**(14.531.841)**	(11.957.339)
GROSS PROFIT (LOSS)		**8.781.970**	**6.732.347**
General Administrative Expenses	24	**(1.770.749)**	(1.557.701)
Sales, Distribution and Marketing Expenses	24	**(4.930.372)**	(3.957.760)
Other Income from Operating Activities	26	**816.855**	554.356
Other Expenses from Operating Activities	26	**(663.959)**	(408.249)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**2.233.745**	**1.362.993**
Investment Activity Income	27	**909.544**	231.251
Investment Activity Expenses	27	**(221.957)**	(178.481)
Income/ (Loss) from Associates	4	**(123.732)**	(81.065)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**2.797.600**	**1.334.698**
Finance Income	28	**1.230.218**	3.093.380
Finance Expenses	28	**(2.082.369)**	(4.052.020)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**1.945.449**	**376.058**
Tax (Expense) Income, Continuing Operations		**(649.512)**	(277.172)
- Current Period Tax Income (Expense)	*29*	***(450.702)***	*(261.271)*
- Deferred Tax Income (Expense)	*29*	***(198.810)***	*(15.901)*
PROFIT/(LOSS)		**1.295.937**	**98.886**
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*4*	***274.433***	*110.570*
- Owners of Parent		***1.021.504***	*(11.684)*
Earnings / (Loss) Per Share (Full TRL)	30	**1,7252**	**(0,0197)**

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Audited Current Period 1 January- 31 December 2019	Restated (Note 2) Previous Period 1 January- 31 December 2018
PROFIT/(LOSS)		**1.295.937**	**98.886**
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		**(8.251)**	1.277
Gains (Losses) on Remeasurements of Defined Benefit Plans	**20**	**(10.112)**	1.603
Taxes Relating to Components of Other Comprehensive Income that will not be reclassified to profit or loss		**1.861**	(326)
- Deferred Tax Income (Expense)		***1.861***	*(326)*
Other Comprehensive Income that will be Reclassified to Profit or Loss		**2.207.826**	2.068.825
Currency Translation Differences		**2.864.074**	2.860.567
Other Comprehensive Income (Loss) on Cash Flow Hedge		**(227.309)**	216.312
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations	**32**	**(572.837)**	(1.229.608)
Taxes Relating to Components of Other Comprehensive Income that will be reclassified to profit or loss		**143.898**	221.554
- Deferred Tax Income (Expense)		***143.898***	*221.554*
OTHER COMPREHENSIVE INCOME (LOSS)		**2.199.575**	**2.070.102**
TOTAL COMPREHENSIVE INCOME (LOSS)		**3.495.512**	**2.168.988**
Total Comprehensive Income Attributable to			
- Non-Controlling Interest		***1.399.355***	*1.126.930*
-Owners of Parents		***2.096.157***	*1.042.058*

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

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

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

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

							Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss			Retained Earnings				
		Notes	Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Revaluation and Remeasurement Gain/ (Loss) (**)	Currency Translation Differences	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Prior Years' Profits or Losses	Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Restated (Not 2) Previous period (1 January – 31 December 2018)	**Beginning Balances**		592.105	63.583	3.042.134	20.275	(24.467)	2.361.784	28.769	317.921	3.260.176	149.420	9.811.700	5.853.895	15.665.595
	Transfers		-	-	(25.010)	-	-	-	-	25.010	149.420	(149.420)	-	-	-
	Total Comprehensive Income (Loss)		-	-	-	-	1.003	*1.756.374*	(703.635)	-	-	(11.684)	1.042.058	1.126.930	2.168.988
	Profit (Loss)		-	-	-	-	-	-	-	-	-	*(11.684)*	*(11.684)*	*110.570*	*98.886*
	Other Comprehensive Income (Loss)		-	-	-	-	*1.003*	*1.756.374*	*(703.635)*	-	-	-	*1.053.742*	*1.016.360*	*2.070.102*
	Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control	3	-	-	-	-	-	-	-	-	586.736	-	586.736	(823.189)	(236.453)
	Dividends	22	-	-	(251.910)	-	-	-	-	-	-	-	(251.910)	*(130.654)*	*(382.564)*
	Acquisition or Disposal of a Subsidiary	3	-	-	-	-	-	-	-	-	-	-	-	*3.903.478*	*3.903.478*
	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	42.890	42.890
	Increase (Decrease) from Other Changes (*)		-	-	-	(13.502)	-	-	-	-	-	-	(13.502)	*(20.388)*	(33.890)
	Ending Balances		592.105	63.583	2.765.214	6.773	(23.464)	4.118.158	(674.866)	342.931	3.996.332	(11.684)	11.175.082	9.952.962	21.128.044
Current Period (1 January – 31 December 2019)	**Beginning Balances**		**592.105**	**63.583**	**2.765.214**	**6.773**	**(23.464)**	**4.118.158**	**(674.866)**	**342.931**	**3.996.332**	**(11.684)**	**11.175.082**	**9.952.962**	**21.128.044**
	Transfers		**-**	**-**	**(30.008)**	**-**	**-**	**-**	**-**	**30.008**	**(11.684)**	**11.684**	**-**	**-**	**-**
	Total Comprehensive Income (Loss)		**-**	**-**	**-**	**-**	**(4.514)**	**1.594.256**	**(515.089)**	**-**	**-**	**1.021.504**	**2.096.157**	**1.399.355**	**3.495.512**
	Profit (Loss)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***1.021.504***	***1.021.504***	***274.433***	***1.295.937***
	Other Comprehensive Income (Loss)		**-**	**-**	**-**	**-**	***(4.514)***	***1.594.256***	***(515.089)***	**-**	**-**	**-**	***1.074.653***	***1.124.922***	***2.199.575***
	Dividends	22	**-**	**-**	**(300.832)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(300.832)**	**(149.312)**	**(450.144)**
	Ending Balances		**592.105**	**63.583**	**2.434.374**	**6.773**	**(27.978)**	**5.712.414**	**(1.189.955)**	**372.939**	**3.984.648**	**1.021.504**	**12.970.407**	**11.203.005**	**24.173.412**

(*) Non-controlling interest share put option liability.
(**) Gains (Losses) on Remeasurements of Defined Benefit Plans.

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

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

		Audited	
	Notes	**1 January-December 31, 2019**	Restated 1 January-December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**4.157.114**	**2.818.246**
Profit/ (Loss) for the Period		**1.295.937**	**98.886**
Adjustments to Reconcile Profit (Loss)		**2.547.813**	**2.808.414**
Adjustments for Depreciation and Amortization Expense	5, 15, 16, 17,25	**1.743.205**	1.496.750
Adjustments for Impairment Loss (Reversal)	34	**148.884**	156.292
Adjustments for Provisions	34	**81.121**	72.146
Adjustments for Interest (Income) Expenses	34	**314.465**	259.787
Adjustments for Foreign Exchange Losses (Gains)		**237.332**	636.094
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	34	**34.210**	16.347
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	4	**123.732**	81.065
Adjustments for Tax (Income) Expenses	29	**649.512**	277.172
Adjustments for Losses (Gains) on Disposal of Non-Current Assets	27	**(263.098)**	(30.836)
Transfer of currency translation differences previously accounted as other comprehensive income	27	**(467.516)**	(169.937)
Other Adjustments to Reconcile Profit (Loss)		**(54.034)**	13.534
Change in Working Capital		**841.074**	**150.654**
Adjustments for Decrease (Increase) in Accounts Receivables		**(337.466)**	(651.258)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		**(142.718)**	(280.983)
Adjustments for Decrease (Increase) in Inventories		**(402.022)**	(423.476)
Adjustments for increase (Decrease) in Trade Accounts Payable		**1.610.696**	982.444
Adjustments for increase (Decrease) in Other Operating Payables		**112.584**	523.927
Cash Flows from (used in) Operations		**4.684.824**	**3.057.954**
Payments Related with Provisions for Employee Benefits	20	**(47.418)**	(52.701)
Income Taxes (Paid) Return		**(480.292)**	(187.007)
CASH FLOWS USED IN INVESTING ACTIVITIES		**(1.526.174)**	**(1.372.787)**
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	4	**(114.189)**	(105.069)
Proceeds from Sales of Property, Plant, Equipment		**411.051**	105.946
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	15,16,17	**(1.823.036)**	(1.610.169)
Other Inflows (Outflows) of Cash	34	**-**	236.505
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(1.489.217)**	**(4.115.991)**
Proceeds from Borrowings	7	**2.427.127**	1.491.673
Repayments of Borrowings	7	**(2.662.159)**	(4.807.590)
Payments of Lease Liabilities	7	**(136.284)**	-
Dividends Paid		**(450.144)**	(382.564)
Interest Paid	7	**(531.131)**	(552.684)
Interest Received		**257.692**	292.337
Other Inflows (Outflows) of Cash	34	**(394.318)**	(157.163)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**1.141.723**	**(2.670.532)**
Effect Of Currency Translation Differences On Cash And Cash Equivalents		**(101.957)**	**2.027.706**
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**1.039.766**	**(642.826)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	**4.756.359**	**5.399.185**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**5.796.125**	**4.756.359**

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 that was previously located at the address "Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4 Bahçelievler – İstanbul" has been changed as "Fatih Sultan Mehmet Mahallesi, Balkan Caddesi No:58, Buyaka E Blok, Tepeüstü, Ümraniye - İstanbul" as of November 1, 2019.

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 17.138 (December 31, 2018 – 17.560).

The consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Nusret Orhun Köstem and Finance Director, Kerem İşeri were issued on February 27, 2020. 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, distribution and selling of sparkling and still beverages with The Coca- Cola Company (TCCC) trademark.

The Group owns and operates twenty one breweries; three in Turkey, eleven in Russia and seven in other countries (December 31, 2018 - twenty one breweries; three in Turkey, eleven in Russia and seven in other countries). The Group makes production of malt in two locations in Turkey and three locations in Russia (December 31, 2018 – production of malt in two locations in Turkey and three locations in Russia).

The Group has ten facilities in Turkey, sixteen facilities in other countries for sparkling and still beverages production (December 31, 2018 - ten facilities in Turkey, sixteen facilities in other countries).

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, purees and fresh fruit sales in Turkey and Syrian Soft Drink Sales & Dist. LLC (SSDSD), which undertakes distribution and sales of sparkling and still beverages in Syria.

List of Shareholders

As of December 31, 2019 and December 31, 2018, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2019		December 31, 2018	
	Amount	**(%)**	Amount	(%)
AG Anadolu Grubu Holding A.Ş.	**254.892**	**43,05**	254.892	43,05
AB Inbev 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

The Company is controlled by AG Anadolu Grubu Holding A.Ş., the parent company.

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

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

List of Subsidiaries and Joint Ventures

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

				Effective Shareholding And Voting Rights %	
Subsidiary	**Country**	**Principal Activity**	**Segment**	**December 31, 2019**	December 31, 2018
Efes Breweries International N.V. (EBI)	The Netherlands	Managing foreign investments in breweries	International Beer	**100,00**	100,00
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	**96,87**	96,87
JSC Lomisi (Efes Georgia)	Georgia	Production 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
LLC Efes Ukraine [6]	Ukraine	Selling and distribution of beer	International Beer	**-**	100,00
Efes Trade BY FLLC (Efes Belarus)	Belarus	Market development	International Beer	**100,00**	100,00
Efes Holland Technical Management Consultancy B.V. (EHTMC)	The Netherlands	Leasing of intellectual property and similar products	International Beer	**100,00**	100,00
AB InBev Efes B.V. (AB InBev Efes)	The Netherlands	Investment company	International Beer	**50,00**	50,00
JSC Moscow-Efes Brewery (Efes Moscow) [1] [2]	Russia	Production and marketing of beer	International Beer	**-**	50,00
JSC AB Inbev Efes [1] [2]	Russia	Production and marketing of beer	International Beer	**50,00**	50,00
PJSC AB Inbev Efes Ukraine [1] [8]	Ukraine	Production and marketing of beer	International Beer	**49,36**	49,30
LLC Vostok Solod [3]	Russia	Production of malt	International Beer	**50,00**	50,00
LLC Bosteels Trade [7]	Russia	Selling and distribution of beer	International Beer	**50,00**	50,00
LLC Inbev Trade [3]	Russia	Production of malt	International Beer	**50,00**	50,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) [1]	Germany	Investment company	International Beer	**50,00**	50,00
Bevmar GmbH [1]	Germany	Investment company	International Beer	**50,00**	50,00
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) [4]	Turkey	Marketing and distribution company of the Group in Turkey	Turkey Beer	**100,00**	100,00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	**99,99**	99,99
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	**100,00**	100,00
Coca-Cola İçecek A.Ş. (CCİ) [5]	Turkey	Production of Coca-Cola products	Soft Drinks	**50,26**	50,26
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey	Distribution and selling of Coca-Cola, Doğadan and Mahmudiye products	Soft Drinks	**50,25**	50,25
Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye)	Turkey	Filling and selling of natural spring water	Soft Drinks	**50,26**	50,26
J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC)	Kazakhstan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC)	Azerbaijan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,19**	50,19
Coca-Cola Bishkek Bottlers CJSC (Bishkek CC)	Krygyzstan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
CCI International Holland B.V. (CCI Holland)	The Netherlands	Investment company of CCİ	Soft Drinks	**50,26**	50,26
Tonus Turkish-Kazakh Joint Venture LLP (Tonus)	Kazakhstan	Investment company of CCİ	Soft Drinks	**50,26**	50,26
The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC)	Jordan	Production, distribution and selling of Coca Cola products	Soft Drinks	**45,23**	45,23
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**29,90**	29,90
Sardkar for Beverage Industry Ltd. (SBIL)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
Waha Beverages B.V.	The Netherlands	Investment company of CCİ	Soft Drinks	**40,22**	40,22
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tacikistan)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**50,26**	50,26
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	**40,22**	40,22
Coca-Cola Beverages Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drinks	**24,96**	24,96

				Effective Shareholding And Voting Rights %	
Joint Ventures	**Country**	**Principal Activity**	**Segment**	**December 31, 2019**	December 31, 2018
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap) [8]	Turkey	Production and sales of fruit juice concentrates and sales of purees and fresh fruit sales	Other	**71,70**	39,70
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	Soft Drinks	**25,13**	25,13

(1) Subsidiaries that AB Inbev Efes B.V. directly participates in after the business combination explained in Note 3.
(2) As of 1 March 2019, Efes Moscow and JSC Sun Inbev were merged under JSC Sun Inbev. As a result of the merger, the company's name changed as JSC AB Inbev Efes.
(3) Subsidiaries of JSC AB Inbev Efes.
(4) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.
(5) Shares of CCİ are currently traded on BIST.
(6) The company has been sold to third party on 4 June 2019.
(7) The name of LLC Efes Solod was changed to LLC Bosteels Trade on 6 May 2019.
(8) The name of PJSC Sun Inbev Ukraine was changed to PSJC AB Inbev Efes Ukraine on 1April 2019.
(9) Capital increase was made in Anadolu Etap in December 2019. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 39,70% to 71.,70%. Anadolu Etap, is currently being accounted to Group's financials on equity method and will continue to accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate

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.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

Statement of Compliance to TFRS

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 are presented in accordance with "Announcement regarding with TAS/TFRS Taxanomy" which was published on 7 June 2013 by POA and the format and mandatory information recommended by CMB.

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 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.

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

2.2 Functional and Reporting Currency (continued)

Functional Currency of Significant Subsidiaries Located in Foreign Countries

Subsidiary / Joint Venture	Local Currency	Functional Currency	
		2019	2018
EBI	Europian Currency (EURO)	**USD**	USD
JSC AB Inbev Efes	Russian Ruble (RUR)	**RUR**	RUR
PJSC AB Inbev Efes Ukraine	Ukraine Hryvnya (UAH)	**UAH**	UAH
AB InBev Efes B.V.	Europian Currency (EURO)	**USD**	USD
Efes Kazakhstan	Kazakh Tenge (KZT)	**KZT**	KZT
Efes Moldova	Moldovan Leu (MDL)	**MDL**	MDL
Efes Georgia	Georgian Lari (GEL)	**GEL**	GEL
EHTMC	EURO	**USD**	USD
Efes Germany	EURO	**EURO**	EURO
Almaty CC	Kazakh Tenge (KZT)	**KZT**	KZT
Tonus	Kazakh Tenge (KZT)	**KZT**	KZT
Azerbaijan CC	Azerbaijani Manat (AZN)	**AZN**	AZN
Turkmenistan CC	Turkmenistan Manat (TMT)	**TMT**	TMT
Bishkek CC	Kyrgyz Som (KGS)	**KGS**	KGS
TCCBCJ	Jordan Dinar (JOD)	**JOD**	JOD
SIBL	Iraqi Dinar (IQD)	**IQD**	IQD
SSDSD	Syrian Pound (SYP)	**SYP**	SYP
CCBPL	Pakistan Rupee (PKR)	**PKR**	PKR
CCI Holland	EURO	**USD**	USD
Waha B.V.	EURO	**USD**	USD
Al Waha	Iraqi Dinar (IQD)	**IQD**	IQD
Tacikistan CC	Tajikistani Somoni (TJS)	**TJS**	TJS

2.3 Significant Accounting Estimates and Decisions

Preparation of consolidated financial statements requires management to make estimations and assumptions which may affect the reported amounts of assets and liabilities as of the statement of financial position date, the disclosure of contingent assets and liabilities and the reported amounts of income and expenses during the financial period. The accounting assessments, estimates and assumptions are reviewed considering past experiences, other factors and reasonable expectations about future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

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

2.4 Changes in Accounting Policies

As of December 31, 2019, the consolidated financial statements have been prepared in accordance with accounting policies applied at the preparation of the consolidated financial statements for the year ended 31 December 2018, excluding TFRS 16 Leases as of 1 January 2019, which is summarized below.

Adoption of new and revised Turkish Financial Reporting Standards

New and amended TFRS Standards that are effective for the current year

TFRS 16, "Leases"; The Group has adopted the new standard as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

Impacts of the first time adoption of TFRS 16 on the consolidated financial statements of the Group are as below:

TFRS 16 Leases

The Group – as a lessee

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

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

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

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

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

2.4 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

Right of use asset

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

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

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

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

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

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

Lease Liability

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

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

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

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

2.4 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

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

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

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

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

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

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

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

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

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

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

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

2.4 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

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

a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

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

First adoption to TFRS 16

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

On adoption of TFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

The reconciliation of operating lease commitments under TAS 17 before the transition date and the lease liabilities measured under TFRS 16 as of 1 January 2019 is as below:

	1 January 2019
Operating lease commitments within the scope of TAS 17	**108.186**
Total of discounted lease liability (with alternative borrowing rate at the date of initial adoption) within the scope of TAS 17 (a)	81.719
- Sublease liabilities (+) (b)	64.013
- Short term leases (-) (c)	(18.900)
- Adjustments for extension or early termination options (+) (d)	188.930
Total lease liabilities within the scope of TFRS 16 (discounted with alternative borrowing rate) (a+b+c+d)	**315.762**
- Short term lease liabilities	51.856
- Long term lease liabilities	263.906

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

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

2.4 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

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

	1 January 2019
Land	26.964
Buildings	181.073
Machinery and Equipments	12.649
Vehicles	27.655
Furniture and fixtures	5.922
Other	614
Total Right Use of Assets	**254.877**

With the transition to TFRS 16 "Leases", the Group recognized "lease liability" in the consolidated financial statements for the lease contracts which were previously measured under TAS 17 as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group's incremental borrowing rate on the effective transition date.

As of 1 January 2019, the weighted average of the Group's incremental borrowing rates are as follows;

	1 January 2019
Currency	**Incremental Borrowing Rate**
TRL	20,0%
US Dollars (USD)	5,6%
Europian Currency (EURO)	1,9%
Russian Ruble (RUR)	8,2%
Ukraine Hryvnya (UAH)	19,8%
Pakistan Rupee (PKR)	7,7%
Azerbaijani Manat (AZN)	15,0%
Jordan Dinar (JOD)	7,3%
Iraqi Dinar (IQD)	5,7%
British Pound (GBP)	7,0%

Finance leases

The main differences between TFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the finance leases as at 31 December 2019 and on the basis of the facts and circumstances that exist at that date, there isn't any material impact on the Group's consolidated financial statements.

Property leased by the Group includes coolers, vehicles, buildings, machinery and equipment. As of December 31, 2019, net book value of assets under finance leases included in property, plant and equipment is amounting to TRL750 (December 31, 2018 - TRL936).

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

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

2.4 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

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

	December 31, 2019		
	Without TFRS 16 effects	**TFRS 16 effects**	**With TFRS 16 effects**
Current Assets	**12.659.796**	**24.160**	**12.683.956**
Trade receivables	2.727.201	-	2.727.201
Sublease receivables from related parties	-	27.303	27.303
Prepaid expenses	643.089	(3.143)	639.946
Other components of current assets	9.289.506	-	9.289.506
Non-current Assets	**32.879.246**	**393.273**	**33.272.519**
Sublease receivables from related parties	-	21.394	21.394
Right of use assets	-	396.115	396.115
Prepaid expenses	382.618	(23.805)	358.813
Investments in Subsidiaries, Joint	65.117	(3.104)	62.013
Deferred tax asset	691.781	2.673	694.454
Other components of non-current assets	31.739.730	-	31.739.730
TOTAL ASSETS	**45.539.042**	**417.433**	**45.956.475**
Current Liabilities	**9.440.966**	**128.649**	**9.569.615**
Current Borrowings	757.458	-	757.458
- Current Borrowings from Third Parties	*757.458*	-	*757.458*
- Banks Loans	*757.458*	-	*757.458*
Current Portion of Non-Current	1.410.440	128.649	1.539.089
- Current Portion of Non-Current Borrowings from Third Parties	*1.410.440*	*128.649*	*1.539.089*
- Banks Loans	*884.799*	*(1.874)*	*882.925*
- Lease Liabilities	-	*130.523*	*130.523*
- Issued Debt Instruments	*525.641*	-	*525.641*
Other components of current liabilities	7.273.068	-	7.273.068
Non-current Liabilities	**11.909.445**	**304.003**	**12.213.448**
Long-Term Borrowings	7.939.108	314.386	8.253.494
- Long-term Borrowings from Third Parties	*7.939.108*	*314.386*	*8.253.494*
- Banks Loans	*1.623.640*	*(1.142)*	*1.622.498*
- Lease Liabilities	-	*315.528*	*315.528*
- Issued Debt Instruments	*6.315.468*	-	*6.315.468*
Deferred income	15.544	(13.416)	2.128
Deferred tax liabilities	3.070.238	3.033	3.073.271
Other components of non-current liabilities	884.555	-	884.555
Total Equity	**24.188.625**	**(15.213)**	**24.173.412**
Equity Attributable to Equity Holders of	**12.983.611**	**(13.204)**	**12.970.407**
Prior Years’ Profits or Losses	3.984.648	-	3.984.648
Current Period Net Profit or Losses	1.034.120	(12.616)	1.021.504
Currency Translation Differences	5.713.002	(588)	5.712.414
Other components of equity	2.251.841	-	2.251.841
Non-Controlling Interests	**11.205.014**	**(2.009)**	**11.203.005**
TOTAL LIABILITIES	**45.539.036**	**417.439**	**45.956.475**

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

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

2.4 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

The effects of TFRS 16 on the consolidated income statement for the year ended as of 31 December 2019 are presented below:

	1 January – 31 December 2019		
	Without TFRS 16 effects	**TFRS 16 effects**	**With TFRS 16 effects**
Revenue	23.313.811	-	23.313.811
Cost of Sales (-)	(14.532.325)	484	(14.531.841)
GROSS PROFIT (LOSS)	**8.781.486**	**484**	**8.781.970**
General Administrative Expenses (-)	(1.790.932)	20.183	(1.770.749)
Sales, Distribution and Marketing Expenses (-)	(4.941.873)	11.501	(4.930.372)
Other Income from Operating Activities	816.855	-	816.855
Other Expenses from Operating Activities	(663.959)	-	(663.959)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**2.201.577**	**32.168**	**2.233.745**
Investment Activity Income	909.544	-	909.544
Investment Activity Expenses (-)	(221.957)	-	(221.957)
Income/ (Loss) from Associates	(120.628)	(3.104)	(123.732)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**2.768.536**	**29.064**	**2.797.600**
Finance Income	1.221.062	9.156	1.230.218
Finance Expenses (-)	(2.028.503)	(53.866)	(2.082.369)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**1.961.095**	**(15.646)**	**1.945.449**
Tax (Expense) Income, Continuing Operations	(649.043)	(469)	(649.512)
- Current Period Tax (Expense) Income	*(450.702)*	-	*(450.702)*
- Deferred Tax (Expense) Income	*(198.341)*	*(469)*	*(198.810)*
PROFIT/(LOSS)	**1.312.052**	**(16.115)**	**1.295.937**
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*277.932*	*(3.499)*	*274.433*
- Owners of Parent	*1.034.120*	*(12.616)*	*1.021.504*
EBITDA	**3.909.466**	**128.996**	**4.038.462**

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

2.4 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

Amendment to TFRS 9 Financial instruments

Effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

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

Effective from annual periods beginning on or after 1 January 2019 this amendment clarifies that an entity applies TFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

TFRS Interpretation 23 Uncertainty over Income Tax Treatments

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

Annual Improvements to TFRS Standards 2015–2017 Cycle

- TFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, ‘Borrowing costs’ – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

- Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
- Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

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

2.4 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations that are issued but not effective as at 31 December 2019

TFRS 17, 'Insurance contracts';

Effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to TAS 1 and TAS 8 on the definition of material;

Effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements' and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:

i) use a consistent definition of materiality throughout TFRSs and the Conceptual Framework for Financial Reporting;
ii) clarify the explanation of the definition of material; and
iii) incorporate some of the guidance in TAS 1 about immaterial information.

TFRS 3 Business Combinations and TFRS 11 Joint Arrangements;

The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to TFRS 9, TAS 39 and TFRS 7 – Interest rate benchmark reform;

Effective from annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

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

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

2.5 Changes in Accounting Policies

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.

2.6 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.

2.7 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent company, Anadolu Efes, its subsidiaries drawn up to the reporting date. The financial statements of the companies included in the consolidation have been prepared based on the accounting policies and presentation formats adopted by the Group in accordance with CMB Financial Reporting Standards.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated by using the full consolidation method; therefore, the carrying value of subsidiaries is eliminated against the related shareholders' equity. The equity and net income attributable to minority shareholders' interests of subsidiaries are shown separately in the consolidated balance sheet and consolidated income loss statement.

The Company and The Coca Cola Export Corporation (TCCEC) which owns 20,09% shares of CCİ, decided to change some of the provisions defined as the "important decisions" in the Association Agreement which is effective from January 1, 2013. As a result of this change, in accordance with the Shareholders' Agreement, TCCEC will have certain protective rights on major decisions. As a result, with effect from January 1, 2013, Anadolu Efes gained control over CCİ and started to include CCİ and its subsidiaries in consolidation scope.

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

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 TFRS 11.

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

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.

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

2.8 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. In accordance with TAS 7, bank deposits with a maturity of more than 3 months as of the acquisition date are reclassified to short term financial investments. However, Group recognises bank deposits with a maturity more than 3 months, which are considered to be highly liquid and do not include interest loss and penalty if compromised before maturity, to cash and cash equivalents. 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.

2.9 Trade Receivables and Expected Credit Loss

Trade receivables that are originated by the Group by the way of providing goods or services are generally collected in 11 to 46 day terms. Trade receivables are recognized and carried at discounted amount if they include significant interest less an allowance for any uncollectible amounts. Expected credit loss is recognized by using the expected credit loss defined in TFRS 9. Expected credit losses are calculated based on Group's future estimates and experience over the past years.

2.10 Related Parties

Parties are considered to be related if one party directly or indirectly has the ability to control the other party or exercise significant influence over the other party in making the financial and operating decisions or be the associate of the Group. Related parties also include individuals who are principle owners, management and members of the Group's board of directors and their families. Amounts due from and due to related parties are carried at cost. Related party transactions are transfers of resources, services or obligations between related parties, regardless of whether a price is charged.

2.11 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. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2.12 Financial Investments

According to TFRS 9, all investments in equity instruments are to be measured at fair value. However, in limited circumstances, cost may provide an appropriate estimate of fair value. This would be the case if insufficient more recent information is available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

2.13 Investment Properties

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

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

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

2.14 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
Furnitures and fixtures	3-15 years
Vehicles	3-10 years
Retumable bottles and cases	5-10 years
Other tangible assets	2-12 years

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

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

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

2.15 Leases

Group - as a lessee

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

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset.

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

2.15 Leases (continued)

Group has the right to direct the use of the asset throughout the period of use only if either:

a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
b) Relevant decisions about how and for what purpose the asset is used are predetermined:

i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date, less any lease incentives received,
c) any initial direct costs incurred by the Group, and
d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right-of-use asset at cost:

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

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

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

Lease liability

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

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

a) fixed payments, less any lease incentives receivable,
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

2.15 Leases (continued)

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

a) increasing the carrying amount to reflect interest on the lease liability,
b) reducing the carrying amount to reflect the lease payments made, and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

Group - as a lessor

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

2.16 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. Brands are tested for impairment annually.

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

2.16 Other Intangible Assets (continued)

b) Bottlers and Distribution Agreements

Bottlers and distribution agreements include;

i) Bottlers and distribution agreements that are signed with the Coca Cola Company identified in the financial statements of the subsidiaries acquired through change in scope of consolidation in 2013.
ii) “Distribution Agreements” that are signed related with various brands identified in the fair value financial statements of the subsidiaries acquired by EBI in 2012 and 2018.

Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. The intangible assets relating to the bottlers and distribution agreements are therefore not amortized. Bottlers and distribution agreements are tested for impairment annually.

c) License Agreements

License and distribution agreements includes, the agreements that are signed related with various brands identified in the fair value financial statements of subsidiaries acquired in 2012 and 2018 by EBI in the scope of consolidation. Since the Group management expects to renew these agreements without any additional costs after expiration, it is decided that there are no definite useful lives of such assets. 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.

2.17 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.

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

2.17 Business Combinations and Goodwill (continued)

The excess of the

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

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

2.18 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.

2.19 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.

2.20 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.

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

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

2.20 Current Income Tax and Deferred Tax (continued)

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	December 31, 2019	December 31, 2018
Turkey	**22%**	22%
The Netherlands	**25%**	25%
Russia	**20%**	20%
Kazakhstan	**20%**	20%
Moldova	**12%**	12%
Georgia	**-**	-
Ukraine	**18%**	18%
Azerbaijan	**20%**	20%
Krygyzstan	**10%**	10%
Pakistan	**29%**	29%
Iraq	**15%**	15%
Jordan	**14%**	14%
Turkmenistan	**8%**	8%
Tajikistan	**13%**	13%

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.

2.21 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.

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

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

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

2.21 Employee Benefits (continued)

a) 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.

b) 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.

2.22 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.

2.23 Foreign Currency Translations

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

Date	USD/TL(full)	EURO/TL(full)
December 31, 2019	5,9402	6,6506
December 31, 2018	5,2609	6,0280

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)

2.24 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.

2.25 Dividends Payable

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

2.26 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.

2.27 Revenue

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

a) Sale of Goods

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

Revenue recognition:

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

Group recognizes revenue based on the following main principles:

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

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

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

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

2.27 Revenue (continued)

a) Sale of Goods (continued)

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

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

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.

2.28 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.

2.29 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), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

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)

2.30 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.

2.31 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.

2.32 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)

2.32 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.

Foreign Currency Hedge of Net Investments in Foreign Operations

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

Other derivatives not designated for hedge accounting

Other derivatives not designated for hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in statement of consolidated income when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in the fair value of such derivatives are recognized in the consolidated income statement as part of finance income and costs.

2.33 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) Expected credit loss is recognized by using the expected credit loss defined in TFRS 9. Expected credit losses are calculated based on Group's future estimates and experience over the past years. (Note 10)

b) During the assessment of the reserve for inventory allowance 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, 2019, 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 business plan 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.

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

2.33 Use of Estimates (continued)

c) Main estimates such as raw material and good prices, working capital requirements and capital expenditures were based on the Group's key assumptions and historical operating data. The enterprise value used as a base for the impairment test has been calculated using cash flow projections from the strategic business plan approved by the Board of Directors. Perpetuity growth rate used in impairment test in the operating units is between 3,00% - 15,10% (December 31, 2018 – 4,70% - 13,00%) and after tax discount rate is between 8,46% and 26,70% (December 31, 2018 – 10,80% and 25,90%).

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, 2019, 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 29).

2.34 Comparative Information and Restatement of Prior Period Financial Statements

In the scope of TFRS 3 "Business Combinations", it is permitted to finalize fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies in a time period of one year. Fair value appraisal process has been finalized as of March 31, 2019 for the business combination recognized as of March 31, 2018. Accordingly, consolidated financial statements of 2018 which has been prepared by recognizing provisional goodwill has been restated. According to the restatement, fair value of the "Inventory", "Property, Plant and Equipment", "Intangible Assets", "Deferred Tax Asset", "Other Current Provisions" and "Deferred Tax Liabilities" has been changed.

As a result of the recognition of changes in fair value, "Currency Translation Differences", "Net Profit" and "Non-Controlling Interests" has been restated in the consolidated financial statements as of December 31 2018.

The fair value of the net assets of the acquired companies derived from the financial statements as of the acquisition date and the reconciliation of goodwill is presented in "Note 3 – Business Combinations".

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

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

2.34 Comparative Information and Restatement of Prior Period Financial Statements (continued)

As of 31 December 2019, the reconciliation of the comparative financial statements dated 31 December 2018 to the restated financial statements is as follows;

	Reported December 31, 2018	**TFRS 3 effect**	**Restated December 31, 2018**
ASSETS			
Property, Plant and Equipment	10.049.742	703.690	10.753.432
Intangible Assets	16.959.421	(2.887)	16.956.534
- Goodwill	*5.897.466*	*(3.284.470)*	*2.612.996*
- Other Intangible Assets	*11.061.955*	*3.281.583*	*14.343.538*
Deferred Tax Asset	867.100	(191.725)	675.375
Other Components of Current and Non-Current Assets	11.049.849	-	11.049.849
TOTAL ASSETS	**38.926.112**	**509.078**	**39.435.190**
LIABILITIES			
Current Provisions	132.469	62.260	194.729
- Current Provisions for Employee Benefits	113.218	-	113.218
- Other Current Provisions	19.251	62.260	81.511
Deferred Tax Liabilities	2.088.835	652.780	2.741.615
Other Components of Current and Non-Current Liabilities	15.370.802	-	15.370.802
TOTAL LIABILITIES	**17.592.106**	**715.040**	**18.307.146**
Equity Attributable to Equity Holders of the Parent	11.278.672	(103.590)	11.175.082
Issued Capital	592.105	-	592.105
Inflation Adjustment on Capital	63.583	-	63.583
Share Premium (Discount)	2.765.214	-	2.765.214
Put Option Revaluation Fund Related with Non-controlling Interests	6.773	-	6.773
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	(23.464)	-	(23.464)
-Revaluation and Remeasurement Gain/Loss	(23.464)	-	*(23.464)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	3.438.316	4.976	3.443.292
- Currency Translation Differences	4.113.182	*4.976*	*4.118.158*
- Gains (Losses) on Hedge	(674.866)	-	*(674.866)*
Restricted Reserves Appropriated from Profits	342.931	-	342.931
Prior Years' Profits or Losses	3.996.332	-	3.996.332
Current Period Net Profit or Losses	96.882	(108.566)	(11.684)
Non-Controlling Interests	**10.055.334**	**(102.372)**	**9.952.962**
Total Equity	**21.334.006**	**(205.962)**	**21.128.044**
TOTAL LIABILITIES	**38.926.112**	**509.078**	**39.435.190**

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

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

2.34 Comparative Information and Restatement of Prior Period Financial Statements (continued)

	Reported 31 December 2018	**TFRS 3 effect**	**Restated 31 December 2018**
Revenue	18.689.686	-	18.689.686
Cost of Sales (-)	(11.704.576)	(252.763)	(11.957.339)
GROSS PROFIT (LOSS)	**6.985.110**	**(252.763)**	**6.732.347**
General Administrative Expenses (-)	(1.580.767)	23.066	(1.557.701)
Sales, Distribution and Marketing Expenses (-)	(3.944.482)	(13.278)	(3.957.760)
Other Income from Operating Activities	554.356	-	554.356
Other Expenses from Operating Activities	(408.249)	-	(408.249)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**1.605.968**	**(242.975)**	**1.362.993**
Investment Activity Income	231.251	-	231.251
Investment Activity Expenses (-)	(167.571)	(10.910)	(178.481)
Income/ (Loss) from Associates	(81.065)	-	(81.065)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**1.588.583**	**(253.885)**	**1.334.698**
Finance Income	3.093.380	-	3.093.380
Finance Expenses	(4.052.020)	-	(4.052.020)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**629.943**	**(253.885)**	**376.058**
Tax (Expense) Income, Continuing Operations	(314.825)	37.653	(277.172)
- Current Period Tax (Expense) Income	*(261.271)*	-	*(261.271)*
- Deferred Tax (Expense) Income	*(53.554)*	*37.653*	*(15.901)*
PROFIT/(LOSS)	**315.118**	**(216.232)**	**98.886**
Profit/(Loss) Attributable to			
- Non-Controlling Interest	*218.236*	*(107.666)*	*110.570*
- Owners of Parent	*96.882*	*(108.566)*	*(11.684)*
EBITDA	**2.998.771**	**(43.967)**	**2.954.804**

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2019

In December 2019, below transactions have been realized related with Anadolu Etap.

a) The Company, Burlingtown LLP and Özgörkey Holding A.Ş. (Özgörkey Holding), have signed a share purchase agreement for the acquisition of Burlingtown LLP's 39,7% stake in Anadolu Etap by Anadolu Efes and Özgörkey on a pro rata basis on 4 December 2019. Following the completion of the share transfer on 6 December 2019, the Company's currently held 39,70% ownership in Anadolu Etap, increased to 65,84%.
b) The Company's ownership in Anadolu Etap has been increased to 71,70% from 65,84% on 27 December 2019 following the capital increase by TRL114.000.

Anadolu Etap, is currently being consolidated to Group financial statements by using the equity method and will continue to be consolidated in the same way, as the current governance structure and agreements among the shareholders of Anadolu Etap does not allow any shareholder to fully control and consolidate.

NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2018

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

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

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

Additionally, as a result of this merger ABI InBev Efes's direct effective shareholding and voting rights have been 100% in Efes Moscow and Euro-Asien. Accordingly, Group's share in these subsidiaries have been changed to 50,00% with retained control (Before this merger, the effective shareholding and voting rights were 100% for these two companies). In accordance with TFRS 10, as a result of the change in effective shareholding rates in Efes Moscow and Euro-Asien with retained control, TRL586.736 amount has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated financial statements.

Based upon the valuation report, the value of the assets that AB InBev has contributed in kind in AB InBev Efes as capital has been booked as thousand USD1.049.170 in the financial statements of AB InBev Efes (equivalent of TRL4.143.067). Additionally, AB InBev has made a cash capital contribution to AB InBev Efes amounting to thousand USD250 as mentioned above (equivalent of TRL987).

Based upon the valuation report, the value of the assets that EBI has contributed in kind in AB InBev Efes as capital has been booked as thousand USD1.049.990 in the financial statements of AB InBev Efes (equivalent of TRL4.146.305). Additionally, EBI has made a cash capital contribution to AB InBev Efes amounting to thousand USD250 as mentioned above (equivalent of TRL987).

After this merger, 50% of JSC Sun InBev's shareholder loan amounting to TRL595.553 is taken over by the EBI. 50% of Efes Russia's the shareholder loan amounting to TRL327.097 is taken over by Brandbev S.A.R.L which is an ABI InBev Group company.

In December 2018, AB Inbev made a cash payment of USD39,4 million to EBI regarding to the commitments determined within the scope of this business combination (equivalent TRL179.856).

If the financial statements of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH had been consolidated since January 1, 2018, the contribution to consolidated net revenue by the acquired companies would have been TRL474.753 (Consolidated Net Revenue would be TRL19.164.439 for the year ended December 31, 2018).

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to TFRS 3 "Business Combinations" has been realized. As at March 31, 2018, the difference amounting to TRL535.793 between the Group's acquisition cost and the fair value of net assets of the Group companies is recognized as goodwill in the consolidated financial statements.

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

NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2018 (continued)

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

	Fair Value			
	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	**JSC Sun InBev**	**PJSC Sun InBev Ukraine**	**Bevmar GmbH**
Cash and Cash Equivalents	**13.758**	11.773	1.985	-
Trade and Other Receivables	**231.333**	203.884	27.449	-
Due from Related Parties	**26.259**	24.183	4.703	277.237
Inventories	**341.926**	274.353	67.573	-
Other Current Assets	**48.660**	25.439	23.222	-
Tangible Assets	**1.736.920**	1.463.742	273.178	-
Intangible Assets	**3.034.023**	2.893.308	140.715	-
Other Non - Current Assets	**281**	252	29	-
Deferred Tax Assets	**138.702**	89.633	49.069	-
Financial Liabilities to Related Parties	**(596.047)**	(873.201)	-	-
Financial Liabilities to Third Parties	**(120.293)**	-	(119.938)	(355)
Trade Payables	**(748.718)**	(560.950)	(187.768)	-
Due to Related Parties	**(194.070)**	(129.307)	(67.230)	(243)
Other Liabilities	**(258.257)**	(197.636)	(60.622)	-
Deferred Tax Liabilities	**(598.760)**	(573.824)	(24.935)	-
Carrying Value of Net Assets Acquired	**3.055.717**	**2.651.649**	**127.430**	**276.639**
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Group's share in Net Assets	**3.053.603**	**2.651.649**	**125.315**	**276.639**

Total consideration	**4.143.069**
Shareholder loans transferred, net	**(134.229)**
Cash inflows due to commitments determined within the scope of the business combination	**(179.856)**
Impaired assets due to the business combination	**(239.588)**
Group's share in Net Assets	**3.053.603**
Provisional goodwill arising from acquisition (Note 17)	**535.793**

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

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

a) 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.

The Company has control over AB Inbev Efes B.V. while it has 50,00% ownership interest in AB Inbev Efes B.V.. AB Inbev Efes B.V. 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 TRL274.433 (December 31, 2018 – TRL110.570), of which TRL456.751 (December 31, 2018 – TRL33.604) 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 TRL11.203.005 (December 31, 2018 – TRL9.952.962), of which TRL6.598.343 (December 31, 2018 – TRL5.301.385) is related with equity of CCİ attributable to non-controlling interests.

In 2018, total dividend declared to non-controlling interests is amounting to TRL149.312 as disclosed in the consolidated statement of changes in equity (December 31, 2018 – TRL130.654). TRL147.591 of this amount has been paid by CCİ to non-controlling interests (December 31, 2018 – TRL129.678).

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:

	2019	2018
Net cash generated from operating activities	**1.877.063**	1.587.711
Net cash used in investing activities	**(829.751)**	(830.278)
Net cash generated from financing activities	**(670.266)**	(3.517.202)
Currency translation adjustment	**156.028**	1.174.801
Net increase / (decrease) in cash and cash equivalents	**533.074**	(1.584.968)

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

NOTE 4. INFORMATION ABOUT MATERIAL NON-CONTROLLING INTERESTS IN SUBSIDIARIES AND INVESTMENTS IN ASSOCIATES (continued)

b) Investments in associates

	31 December 2019		31 December 2018	
	Ownership	**Amount**	Ownership	Amount
Anadolu Etap [(1)]	**71,70%**	**62.013**	39,70%	71.195
SSDSD [(2)]	**25,13%**	**-**	25,13%	-
		62.013		71.195

Relating to investment in associates, total assets and liabilities and profit/ (loss) for the period of as of December 31, 2019 and 2018 are as follows:

	Anadolu Etap		**SSDSD**	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
Total Assets	**808.983**	1.240.684	**1.380**	1.227
Total Liabilities	**722.494**	1.061.349	**7.937**	7.586
Net Assets	**86.489**	179.335	**(6.557)**	(6.359)

	Anadolu Etap		**SSDSD**	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
Group's Share (%)	**71,70%**	39,70%	**25,13%**	25,13%
Group's Share of Net Assets for the period	**62.013**	71.195	**(3.279)**	(3.180)
Group's Share of Profit/(Loss) for the period	**(123.371)**	(80.183)	**(361)**	(882)

The movement of investments in associates for the years ended as of December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at January 1	**71.195**	46.309
Income / Loss from associates	**(123.732)**	(81.065)
Other	**361**	882
Shares purchase[(3)]	**189**	-
Capital increase[(4)]	**114.000**	105.069
Balance at December 31	**62.013**	71.195

(1) Capital increase and share purchase in was made in Anadolu Etap in December 2019. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 39,70% to 71,70%. Anadolu Etap, is currently being accounted to Group's financial statements with equity method and continued to be accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate.

(2) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.

(3) Shares purchased in Anadolu Etap on 6 December 2019.

(4) Capital increase provided to Anadolu Etap on 27 December 2019.

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

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), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

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.

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

	Turkey Beer	International Beer	Soft Drinks	Other[1] and Eliminations	Total
January 1 – December 31, 2019					
Revenues	**2.254.505**	**8.765.210**	**12.245.010**	**87.041**	**23.351.766**
Inter-segment revenues	**(36.631)**	**(1.106)**	**(218)**	**-**	**(37.955)**
Total Revenues	**2.217.874**	**8.764.104**	**12.244.792**	**87.041**	**23.313.811**
EBITDA	**391.015**	**1.420.592**	**2.282.745**	**(55.890)**	**4.038.462**
Financial Income / (Expense)	**(75.315)**	**(326.780)**	**(334.872)**	**(115.184)**	**(852.151)**
Tax (Expense) Income	**15.139**	**(297.646)**	**(246.681)**	**(120.324)**	**(649.512)**
Profit / (loss) for the period	**120.637**	**(67.545)**	**942.246**	**300.599**	**1.295.937**
Capital expenditures (Note 16, 17)	**271.030**	**785.187**	**765.987**	**1.311**	**1.823.515**
January 1 – December 31, 2018					
Revenues	1.869.509	6.158.091	10.623.385	65.065	18.716.050
Inter-segment revenues	(24.892)	(1.094)	(378)	-	(26.364)
Total Revenues	1.844.617	6.156.997	10.623.007	65.065	18.689.686
EBITDA	396.541	728.154	1.870.545	(40.436)	2.954.804
Financial Income / (Expense)	(92.000)	(71.925)	(688.827)	(105.888)	(958.640)
Tax (Expense) Income	(109.483)	29.386	(195.611)	(1.464)	(277.172)
Profit / (loss) for the period	8.993	(183.688)	360.161	(86.580)	98.886
Capital expenditures (Note 16, 17)	235.285	523.531	857.646	(977)	1.615.485

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

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

NOTE 5. SEGMENT REPORTING (continued)

	Turkey Beer	International Beer	Soft Drinks	Other (1) and Eliminations	Total
December 31, 2019					
Segment assets	**9.503.327**	**18.185.044**	**15.959.755**	**2.308.349**	**45.956.475**
Segment liabilities	**2.020.516**	**6.715.143**	**8.590.406**	**4.456.998**	**21.783.063**
Investment in associates	**-**	**-**	**-**	**62.013**	**62.013**
December 31, 2018					
Segment assets	9.070.470	14.553.137	14.020.435	1.791.148	39.435.190
Segment liabilities	1.867.961	4.610.703	7.569.707	4.258.775	18.307.146
Investment in associates	-	-	-	71.195	71.195

(1) Includes other subsidiaries included in the consolidation of the Group, investments in subsidiaries.

Reconciliation of EBITDA to the consolidated Profit/Loss from Continuing Operations and its components as of December 31, 2019 and 2018 are as follows:

	2019	2018
EBITDA	**4.038.462**	2.954.804
Depreciation and amortization expenses	**(1.743.205)**	(1.496.750)
Provision for retirement pay liability	**(53.739)**	(36.675)
Provision for vacation pay liability	**(13.865)**	(11.732)
Foreign exchange gain/loss from operating activities	**8.545**	(39.502)
Rediscount income/expense from operating activities	**2.768**	(1.556)
Other	**(5.221)**	(5.596)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**2.233.745**	1.362.993
Investment Activity Income	**909.544**	231.251
Investment Activity Expenses (-)	**(221.957)**	(178.481)
Income/(Loss) from Associates	**(123.732)**	(81.065)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**2.797.600**	1.334.698
Finance Income	**1.230.218**	3.093.380
Finance Expenses	**(2.082.369)**	(4.052.020)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**1.945.449**	376.058

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

NOTE 6. CASH AND CASH EQUIVALENTS

	December 31, 2019	December 31, 2018
Cash on hand	**3.433**	2.428
Bank accounts		
- Time deposits	**5.064.833**	3.922.273
- Demand deposits	**654.320**	659.532
Other	**73.539**	172.126
Cash and cash equivalents in cash flow statement	**5.796.125**	4.756.359
Interest income accrual	**18.596**	13.693
	5.814.721	4.770.052

As of December 31, 2019, annual interest rates of the TRL denominated time deposits vary between 7,60% and 14,10% and have maturity between 2 - 76 days (December 31, 2018 - 21,10% - 24,50%; maturity between 1-51 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,5% and 18,00% and have maturity between 2-304 days (December 31, 2018– annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency time deposits vary between 0,2% - 18,00%; maturity between 2-303 days).

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

As of December 31, 2019, other item contains credit card receivables amounting to TRL61.208 (December 31, 2018 – TRL163.539).

As of December 31, 2019, the Group has designated its bank deposits amounting to TRL125.789, equivalent of thousand USD18.992 and thousand EURO1.950 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2018 – TRL1.100.668, equivalent of thousand USD195.145, thousand EURO12.281).

NOTE 7. SHORT AND LONG TERM BORROWINGS

a) Bank Loans, issued debt instruments and other borrowings

	December 31, 2019	December 31, 2018
Other Short-term Borrowings (Related Parties)	**-**	328.327
Short-term Bank Loans (Third Parties)	**757.458**	502.372
Other Current Portion of Non-current Borrowings (Related Parties)	**-**	196.784
Current Portion of Bank Loans (Third Parties)	**882.925**	1.294.738
Current Portion of Issued Debt Instruments (Third Parties)	**525.641**	32.894
Long-term Bank Loans (Third Parties)	**1.622.498**	797.835
Long-term Issued Debt Instruments (Third Parties)	**6.315.468**	6.075.730
	10.103.990	9.228.680

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

NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

a) Bank Loans, issued debt instruments and other borrowings (continued)

As of December 31, 2019, total borrowings consist of principal (finance lease obligations included) amounting to TRL10.020.683 (December 31, 2018– TRL9.157.004) and interest expense accrual amounting to TRL83.307 (December 31, 2018 – TRL71.676). As of December 31, 2019 and December 31, 2018, total amount of borrowings and the effective interest rates are as follows:

	December 31, 2019			December 31, 2018		
	Amount	**Weighted average fixed rate**	**Weighted average floating rate**	Amount	Weighted average fixed rate	Weighted average floating rate
Short-term Borrowings						
TRL denominated borrowings	**5.415**	**-**	**-**	169.367	26,27%	-
Foreign currency denominated borrowings (USD)	**108.771**	**-**	**Libor + 1,75%**	288	3,00%	-
Foreign currency denominated borrowings (EURO)	**146.326**	**1,75%**	**-**	4.278	3,55%	-
Foreign currency denominated borrowings (Other)	**496.946**	**12,32%**	**Kibor + 0,32%**	656.766	20,71%	Kibor + 0,46% - Mosprime 2,56%
	757.458			830.699		
Short-term portion of long term borrowings						
TRL denominated borrowings	**9.448**	**11,79%**	**-**	16.285	11,74%	-
Foreign currency denominated borrowings (USD)	**925.150**	**3,79%**	**Libor + 1,52%**	438.168	4,42%	Libor + 2,33%
Foreign currency denominated borrowings (EURO)	**330.591**	**1,40%**	**Euribor + 1,75%**	1.054.095	1,56%	Euribor + 1,37%
Foreign currency denominated borrowings (Other)	**143.377**	**7,53%**	**-**	14.058	6,00%	-
	1.408.566			1.522.606		
Financial leasing borrowings (Other Foreign Currency) (*)	-			1.810		
Total	**2.166.024**			2.355.115		
Long-term Borrowings						
TRL denominated borrowings	**889.000**	**11,92%**	**-**	570.000	11,74%	-
Foreign currency denominated borrowings (USD)	**5.760.913**	**3,82%**	**Libor + 2,50%**	5.731.948	3,82%	-
Foreign currency denominated borrowings (EURO)	**789.084**	**1,50%**	**Euribor + 2,24%**	564.261	-	Euribor + 2,21%
Foreign currency denominated borrowings (Other)	**498.969**	**7,85%**	**-**	5.032	6,00%	-
	7.937.966			6.871.241		
Financial leasing borrowings (Other Foreign Currency) (*)	-			2.324		
Total	**7.937.966**			6.873.565		
Grand Total	**10.103.990**			9.228.680		

(*) Financial leasing borrowings, which were previously accounted under bank loans, issued debt instruments and other borrowings according to TAS 17 are reclassified to the lease liabilities according to TFRS 16.

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

NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

a) Bank Loans, issued debt instruments and other borrowings (continued)

Repayments of long-term borrowings are scheduled as follows:

	December 31, 2019	December 31, 2018
Between 1 -2 years	**678.945**	800.442
Between 2-3 years	**3.642.786**	85.475
Between 3-4 years	**837.624**	2.722.912
Between 4-5 years	**2.778.611**	740.095
5 years and more	**-**	2.524.641
	7.937.966	6.873.565

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

	2019	2018
Balance at January 1	**9.228.680**	8.509.490
Addition through business combination	**-**	418.554
Shareholder loans transferred as a result of business combination	**-**	163.549
Proceeds from borrowings	**2.427.127**	1.491.673
Repayments of borrowings	**(2.662.159)**	(4.807.590)
Interest and borrowing expense (Note 28)	**537.810**	559.828
Interest paid	**(531.131)**	(552.684)
Classification of financial leasing item under TFRS 16	**(4.135)**	-
Foreign exchange gain/loss	**734.889**	3.208.996
Currency translation differences	**372.909**	236.864
Balance at December 31	**10.103.990**	9.228.680

As of December 31, 2019, net interest on cross currency swap contracts of CCİ is TRL41.150 (December 31, 2018 – TRL44.990).

b) Lease Liabilities

	December 31, 2019	December 31, 2018
Current Portion of Lease Liabilities (Third Parties)	**130.523**	-
Long term Lease Liabilities (Third Parties)	**315.528**	-
	446.051	-

As of December 31, 2019, the weighted average of the Group's incremental borrowing rates are as follows;

Currency	**31 December 2019**	**Weighted average fixed rate**
TRL	**208.039**	19,2%
US Dollars (USD)	**10.523**	5,8%
Europian Currency (EURO)	**22.000**	3,0%
Russian Ruble (RUR)	**69.172**	8,4%
Ukraine Hryvnya (UAH)	**37.692**	19,8%
Pakistan Rupee (PKR)	**85.600**	7,6%
Azerbaijani Manat (AZN)	**4.311**	15,0%
Jordan Dinar (JOD)	**6.988**	7,6%
Iraqi Dinar (IQD)	**1.684**	5,7%
British Pound (GBP)	**42**	7,0%
	446.051	

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

NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

b) Lease Liabilities (continued)

Repayments of long-term lease liabilities are scheduled as follows:

	31 December 2019	31 December 2018
Between 1 -2 years	**96.945**	-
Between 2-3 years	**49.339**	-
Between 3-4 years	**8.115**	-
Between 4-5 years	**15.608**	-
5 years and more	**145.521**	-
	315.528	-

The movement of lease liabilities as of December 31,2019 is as follows:

	2019	2018
Balance at January 1	**315.762**	-
Additions	**190.076**	-
Repayments	**(136.284)**	-
Disposals	**(4.240)**	-
Interest expense	**51.188**	-
Gain arising from the termination of lease agreements	**(165)**	-
Financial lease obligations classified under TFRS 16	**3.016**	-
Foreign exchange gain/loss	**828**	-
Currency translation differences	**25.870**	-
Balance at December 31	**446.051**	-

NOTE 8. DERIVATIVE INSTRUMENTS

a) Cross currency swaps

As of December 31, 2019, CCİ has a cross currency swap contract with a total amount of USD 150 million signed on January 16, 2018 and due on September 19, 2024, for the probability of exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TRL321.030 (December 31,2018- TRL219.315).

b) Currency option contracts

As of December 31, 2019, the Company has 15 currency option contracts with a total nominal amount of TRL273.249 (31 December 2018 – None).

c) Interest rate swaps

Efes Breweries International N.V. has executed an interest rate swap agreement on 8 June 2015 in order to mitigate interest rate risk of loan amounting to TRL255.429 (equivalent of 43 million USD) with maturity of 6 January of 2020 and variable interest rate (31 December 2018 – 226.219 TL).

d) Commodity swap contracts

As of December 31, 2019, CCİ has 14 sugar swap transactions with a total nominal amount of TRL4.545 for 2.169 tones. The total of these sugar swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk for the 2020 as of 30 September 2019 and 3 October 2019 (December 31, 2018– TRL153.639, 14.234 tones, 4 aluminum swap).

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

NOTE 8. DERIVATIVE INSTRUMENTS (continued)

e) Commodity swap contracts (continued)

As of December 31, 2018, CCİ has 4 aluminium swap transactions with a total nominal amount of TRL153.639 for 14.234 tones. The total of these aluminium swap contracts is designated as hedging instruments as of July 19, 2018 and October 11, 2018, in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk for the year 2019.

As of December 31, 2019, the company has 33 commodity swap and 12 commodity option contracts with a total nominal amount of TRL34.856 (December 31, 2018– 18.656) for 3.235 tonnes of aluminium. The total of these aluminium contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the highly probable purchases of production materials exposed to commodity price risk.

As of December 31, 2019, EBI N.V. has 24 commodity option contracts with a total nominal amount of TRL9.969 for 942 tonnes of aluminium (December 31, 2018– None).

f) Currency forwards

As of December 31, 2019, CCBPL has FX forward transactions with a total nominal amount of TRL27.443, for a forward purchase contract amounting to CNY 31,9 million for 5.016 tonnes. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of resin, exposed to foreign currency risk.

As of December 31, 2019, CCBPL has FX forward transactions, dated October 9, 2019 with a total nominal amount of TRL108.028, for a forward purchase contract amounting USD 18 million. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, because of the foreign exchange value of loan repayments exposed to foreign currency risk.

As of December 31, 2019, CCİ holds a derivate financial instrument of option contracts signed on November 29, 2019 for protection against cash flow risk, with a total nominal amount of USD24 million, due December 1, 2020. Total option value of this hedge transaction is TRL2.557 and total nominal value is TRL142.565.

As of December 31, 2018, Turkey Beer has foreign currency forward transactions with a nominal amount of TRL100.942 amounting to USD 2 million and EUR 15 million.

The effective portion of change is in fair value of derivative instruments designated as hedging instruments in cash flow hedges is recognized in the consolidated statement of comprehensive income. The Group calculates the fair values of financial instruments that do not have an active market by using market data, using similar transactions, reference to fair value of similar instruments and discounted cash flow analysis.

	December 31, 2019		December 31, 2018	
	Nominal Value	**Fair Value Asset / (Liability)**	Nominal Value	Fair Value Asset/ (Liability)
Cross currency swaps	**-**	**-**	361.501	44.263
Currency option contracts	**273.249**	**(9.656)**	-	-
Interest rate swaps	**255.429**	**4**	226.219	2.747
Commodity swap contracts	**49.370**	**931**	172.295	(13.485)
Currency forwards	**280.593**	**(1.147)**	100.942	(16.347)
	858.641	**(9.868)**	860.957	17.178

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

NOTE 9. FINANCIAL INVESTMENTS

	December 31, 2019	December 31, 2018
Time deposits with maturity more than three months	**382.542**	21.163
Expected credit loss (-)	**(2.262)**	-
	380.280	21.163

As of December 31, 2019 time deposits with maturities over 3 months made for 148 days is denominated in TRY interest rate is 11,40%, 32 and 91 days period are denominated in USD and KZT and interest rates are for USD 0,80%-3,00% and for KZT 10,00% respectively (December 31,2018 – USD 1,00% and KZT 4,50%- 11,00%; remaining maturities between 31-361 days).

NOT 10. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

	December 31, 2019	December 31, 2018
Short term trade receivables from third parties	**2.519.752**	2.233.940
Long term trade receivables from third parties	**1.619**	1.437
Trade receivables from related parties (Note 31)	**290.784**	230.018
Notes and cheques receivables	**32.404**	48.220
Expected credit loss (-)	**(115.739)**	(98.374)
	2.728.820	2.415.241

The movement of provision for doubtful receivables as of December 31, 2019 and 2018 is as follows:

	2019	2018
Balance at January 1	**98.374**	54.942
Current year provision	**23.136**	22.313
Provisions no longer required	**(11.621)**	(3.636)
Addition through business combination	**-**	26.429
Write-offs from expected credit loss	**(6.522)**	(11.191)
Currency translation differences	**12.372**	9.517
Balance at December 31	**115.739**	98.374

b) Trade Payables

	December 31, 2019	December 31, 2018
Short term trade payables to third parties	**4.807.418**	3.318.032
Long term trade payables to third parties	**10.864**	44.207
Trade payables to related parties (Note 31)	**486.304**	282.578
	5.304.586	3.644.817

NOTE 11. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	December 31, 2019	December 31, 2018
Receivables from related party (Note 31)	**75.375**	28.377
Sublease receivables from related party [1]	**27.303**	-
Due from personnel	**16.789**	13.977
Receivables from tax office	**14.675**	14.174
Deposits and guarantees given	**2.114**	5.347
Other	**29.399**	40.153
	165.655	**102.028**

(1) Subleases from related parties has been recorded according to TFRS 16 which are related with the management building and leased on behalf of the parent company AG Anadolu Group A.Ş. and the subsidiaries.

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

NOTE 11. OTHER RECEIVABLES AND PAYABLES (continued)

b) Other Non-Current Receivables

	December 31, 2019	December 31, 2018
Deposits and guarantees given	**51.850**	47.381
Sublease receivables from related party (1)	**21.394**	-
Other	**3.410**	5.485
	76.654	52.866

c) Other Current Payables

	December 31, 2019	December 31, 2018
Taxes other than income taxes	**1.095.671**	1.116.980
Deposits and guarantees taken	**310.606**	260.668
Other	**16.844**	94.788
	1.423.121	1.472.436

d) Other Non-Current Payables

	December 31, 2019	December 31, 2018
Deposits and guarantees taken	**471.632**	381.478
Other non-current payables	**1.865**	9.898
	473.497	391.376

(1) Subleases from related parties has been recorded according to TFRS 16 which are related with the management building and leased on behalf of the parent company AG Anadolu Group A.Ş. and the subsidiaries.

NOTE 12. INVENTORIES

	December 31, 2019	December 31, 2018
Finished and trade goods	**645.465**	660.738
Raw materials	**920.957**	759.027
Work-in-process	**193.898**	154.193
Packaging materials	**174.795**	153.221
Supplies	**167.301**	131.351
Bottles and cases	**183.087**	86.030
Other	**62.273**	46.114
Reserve for obsolescence (-)	**(90.283)**	(47.574)
	2.257.493	1.943.100

The movement of reserve for obsolescence as of December 31, 2019 and 2018 is as follows:

	2019	2018
Balance at January 1	**47.574**	30.177
Current year provision	**44.240**	26.772
Addition through business combination	**-**	16.950
Provisions no longer required	**(11.511)**	(20.648)
Inventories written-off	**(4.226)**	(5.350)
Currency translation differences	**14.206**	(327)
Balance at December 31	**90.283**	47.574

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

NOTE 13. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	December 31, 2019	December 31, 2018
Prepaid sales expenses	**417.635**	335.762
Advances given to suppliers	**181.900**	118.303
Prepaid insurance expenses	**13.021**	12.574
Prepaid rent expenses	**6.797**	7.054
Prepaid other expenses	**20.593**	23.172
	639.946	496.865

b) Long Term Prepaid Expenses

	December 31, 2019	December 31, 2018
Prepaid sales expenses	**320.448**	354.740
Prepaid rent expenses	**23.329**	36.900
Advances given to suppliers	**10.469**	14.752
Prepaid other expenses	**4.567**	1.103
	358.813	407.495

c) Short Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	December 31, 2019	December 31, 2018
Advances taken	**44.010**	58.444
Deferred income	**-**	148
	44.010	58.592

d) Long Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	December 31, 2019	December 31, 2018
Deferred income	**2.128**	975
	2.128	975

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

NOTE 14. RIGHT USE OF ASSET

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

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

Cost	January 1, 2019	Additions	Disposals	Currency translation differences	Transfers	December 31, 2019
Land	26.965	5.596	-	7.964	-	40.525
Buildings	181.073	57.980	(19.779)	15.905	-	235.179
Machinery and equipment	12.649	17.958	(25)	1.978	-	32.560
Vehicles	27.654	145.526	(38.803)	1.388	-	135.765
Furniture and fixture	5.922	203	(1.054)	92	-	5.163
Other	614	2.239	-	28	-	2.881
	254.877	**229.502**	**(59.661)**	**27.355**	**-**	**452.073**
Accumulated depreciation(-)						
Land	-	5.578	-	544	-	6.122
Buildings	-	35.302	(16.248)	2.562	-	21.616
Machinery and equipment	-	9.683	(25)	304	-	9.962
Vehicles	-	42.713	(27.541)	513	-	15.685
Furniture and fixture	-	2.745	(1.054)	31	-	1.722
Other	-	843	-	8	-	851
	-	**96.864**	**(44.868)**	**3.962**	**-**	**55.958**
Net book value	**254.877**					**396.115**

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

NOT 15. INVESTMENT PROPERTIES

For the years ended December 31, 2019 and 2018, movement on investment properties are as follows:

Cost	**2018**	**Additions**	**Disposals**	**Currency translation differences**	**Transfers**	**2019**
Land	24.890	-	-	6.959	5.968	37.817
Buildings	188.884	-	-	50.559	2.102	241.545
Construction in progress	1.436	-	-	385	-	1.821
	215.210	**-**	**-**	**57.903**	**8.070**	**281.183**
Accumulated depreciation(-)						
Buildings	**101.848**	**4.936**	**-**	**27.748**	**1.427**	**135.959**
	101.848	**4.936**	**-**	**27.748**	**1.427**	**135.959**
Net book value	**113.362**					**145.224**

Cost	**2017**	**Additions**	**Disposals**	**Currency translation differences**	**Transfers**	**2018**
Land	21.523	-	-	3.367	-	24.890
Buildings	163.534	-	(213)	25.587	(24)	188.884
Construction in progress	1.242	-	-	194	-	1.436
	186.299	**-**	**(213)**	**29.148**	**(24)**	**215.210**
Accumulated depreciation(-)						
Buildings	84.405	4.330	(19)	13.132	-	101.848
	84.405	**4.330**	**(19)**	**13.132**	-	101.848
Net book value	**101.894**					**113.362**

As of December 31, 2019, there is no mortgage on investments properties (December 31, 2018 –None).

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

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2019 movement on property, plant and equipment are as follows:

Cost	2018	Additions	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers (*)	2019
Land and land improvements	**739.376**	**2.671**	**(48.294)**	**56.546**	**-**	**15.583**	**765.882**
Buildings	**3.474.308**	**28.830**	**(70.032)**	**480.882**	**-**	**161.524**	**4.075.512**
Machinery and equipment	**9.461.645**	**208.278**	**(137.542)**	**1.316.068**	**-**	**(147.732)**	**10.700.717**
Vehicles	**217.928**	**12.880**	**(37.244)**	**31.800**	**-**	**43.891**	**269.255**
Other tangibles	**4.348.979**	**477.014**	**(434.050)**	**344.196**	**-**	**896.512**	**5.632.651**
Leasehold improvements	**32.631**	**112**	**(160)**	**(200)**	**-**	**480**	**32.863**
Construction in progress	**504.275**	**990.819**	**(1.191)**	**94.802**	**-**	**(1.050.067)**	**538.638**
	18.779.142	**1.720.604**	**(728.513)**	**2.324.094**	**-**	**(79.809)**	**22.015.518**

Accumulated depreciation and impairment (-)	2018	Additions (**)	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers (*)	2019
Land and land improvements	**113.089**	**19.920**	**(22.901)**	**16.795**	**-**	**(11.338)**	**115.565**
Buildings	**858.780**	**113.410**	**(44.491)**	**110.270**		**25.837**	**1.063.806**
Machinery and equipment	**4.427.969**	**695.628**	**(98.222)**	**662.008**	**(105)**	**(395.186)**	**5.292.092**
Vehicles	**126.080**	**26.388**	**(33.256)**	**20.993**		**15.370**	**155.575**
Other tangibles	**2.469.977**	**720.169**	**(393.438)**	**173.335**	**6.037**	**343.891**	**3.319.971**
Leasehold improvements	**27.094**	**934**	**(160)**	**467**	**-**	**-**	**28.335**
Construction in progress	**2.721**	**-**	**-**	**-**	**30.932**	**-**	**33.653**
	8.025.710	**1.576.449**	**(592.468)**	**983.868**	**36.864**	**(21.426)**	**10.008.997**
Net book value	**10.753.432**						**12.006.521**

(*) There are transfers to other intangible assets amounting to TRL86.955, transfer to investment properties amounting to TRL6.643 and transfer from inventories amounting to TRL35.215 in 2019 (Note 15, 17).
(**) Distribution of depreciation expense is disclosed in Note 25.

As of December 31, 2019, there is a pledge on property, plant and equipment of TRL123.211 (December 31, 2018 - TRL119.686) for loans of CCİ. This amount is disclosed in Commitments and Contigencies note under guarantees, pledges and mortgages (GPMs) table (Note 18).

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

NOTE 16. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended December 31, 2018 movement on property, plant and equipment are as follows:

Cost	2017	Additions	Disposals	Addition through subsidiary acquired (Note 3)	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers (*)	2018
Land and land improvements	661.217	863	(6.262)	495	78.388	-	4.675	**739.376**
Buildings	2.612.354	6.972	(12.037)	246.338	589.708	-	30.973	**3.474.308**
Machinery and equipment	6.681.786	111.286	(186.027)	1.196.629	1.473.882	-	184.089	**9.461.645**
Vehicles	177.661	18.434	(37.143)	-	55.064	-	3.912	**217.928**
Other tangibles	3.300.572	522.844	(352.693)	210.101	500.826	-	167.329	**4.348.979**
Leasehold improvements	31.500	440	(423)	379	281	-	454	**32.631**
Construction in progress	154.960	904.205	(221)	82.978	(237.478)	-	(400.169)	**504.275**
	13.620.050	**1.565.044**	**(594.806)**	**1.736.920**	**2.460.671**	**-**	**(8.737)**	**18.779.142**

Accumulated depreciation and impairment (-)	2017	Additions (**)	Disposals	Addition through subsidiary acquired (Note 3)	Currency translation differences	Impairment / (Impairment reversal), net	Transfers (*)	2018
Land and land improvements	91.218	10.547	(248)	-	11.572	-	-	**113.089**
Buildings	646.572	114.489	(1.932)	-	99.851	-	(200)	**858.780**
Machinery and equipment	3.307.660	707.732	(165.074)	-	567.651	9.836	164	**4.427.969**
Vehicles	95.037	25.196	(28.128)	-	33.975	-	-	**126.080**
Other tangibles	1.966.745	591.200	(324.200)	-	218.435	17.761	36	**2.469.977**
Leasehold improvements	24.862	2.418	(423)	-	237	-	-	**27.094**
Construction in progress	2.721	-	-	-	-	-	-	**2.721**
	6.134.815	**1.451.582**	**(520.005)**	**-**	**931.721**	**27.597**	**-**	**8.025.710**
Net book value	**7.485.235**							**10.753.432**

(*) As of December 31, 2018, there are transfers amounting to TRL8.737 to other intangible assets (Note 17).
(**) Distribution of depreciation expense is disclosed in Note 25.

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

NOTE 17. INTANGIBLE ASSETS

a) Other Intangible Assets

For the year ended December 31, 2019 movements of intangible assets are as follows:

Cost	2018	Additions	Disposals	Currency translation differences	(Impairment) / Impairment reversal, net	Transfers	2019
Bottling contracts	**9.226.672**	**-**	**-**	**577.136**	**-**	**-**	**9.803.808**
Licence agreements	**4.666.970**	**-**	**-**	**1.163.649**	**-**	**-**	**5.830.619**
Brands (*)	**713.819**	**-**	**-**	**154.932**	**-**	**-**	**868.751**
Rights	**57.960**	**2.993**	**-**	**12.585**	**-**	**104.461**	**177.999**
Construction in progress	**-**	**40.821**	**-**	**-**	**-**	**19.365**	**60.186**
Other intangible assets	**294.368**	**59.097**	**(97.999)**	**35.967**	**-**	**(36.871)**	**254.562**
	14.959.789	**102.911**	**(97.999)**	**1.944.269**	**-**	**86.955**	**16.995.925**

Accumulated amortization and impairment (-)	2018	Additions	Disposals	Currency translation differences	Impairment / (Impairment reversal), net	Transfers	2019
Bottling contracts	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Licence agreements	**308.402**	**-**	**-**	**2.250**	**64.407**	**-**	**375.059**
Brands	**111.704**	**-**	**-**	**13.341**	**-**	**-**	**125.045**
Rights	**47.477**	**27.504**	**-**	**3.769**	**-**	**-**	**78.750**
Construction in progress	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other intangible assets	**148.668**	**31.467**	**(86.091)**	**20.184**	**-**	**-**	**114.228**
	616.251	**58.971**	**(86.091)**	**39.544**	**64.407**	**-**	**693.082**
Net book value	**14.343.538**						**16.302.843**

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

NOTE 17. INTANGIBLE ASSETS (continued)

a) Other Intangible Assets (continued)

For the year ended December 31, 2018 movements of intangible assets are as follows:

Cost	**2017**	**Additions**	**Disposals**	**Addition through Subsidiary (Note 3)**	**Currency translation differences**	**(Impairment) / Impairment reversal, net**	**Transfers**	**2018**
Bottling contracts	8.378.797	-	-	-	847.875	-	-	**9.226.672**
Licence agreements	1.351.882	-	-	2.830.298	484.790	-	-	**4.666.970**
Brands (*)	426.150	-	-	189.755	97.914	-	-	**713.819**
Rights	47.372	2.853	-	4.638	894	-	2.203	**57.960**
Other intangible assets	202.996	47.588	(2.555)	9.332	30.449	-	6.558	**294.368**
	10.407.197	**50.441**	**(2.555)**	**3.034.023**	**1.461.922**	**-**	**8.761**	**14.959.789**

Accumulated amortization and impairment (-)	**2017**	**Additions**	**Disposals**	**Addition through Subsidiary (Note 3)**	**Currency translation differences**	**Impairment / (Impairment reversal), net**	**Transfers**	**2018**
Bottling contracts	-	-	-	-	-	-	-	**-**
Licence agreements	19.169	-	-	-	-	289.233	-	**308.402**
Brands	-	-	-	-	7.810	103.894	-	**111.704**
Rights	39.315	8.059	-	-	103	-	-	**47.477**
Other intangible assets	106.653	29.434	(2.497)	-	15.078	-	-	**148.668**
	165.137	**37.493**	**(2.497)**	**-**	**22.991**	**393.127**	**-**	**616.251**
Net book value	**10.242.060**							**14.343.538**

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

NOTE 17. INTANGIBLE ASSETS (continued)

b) Goodwill

For the years ended December 31, 2019 and 2018, movements of the goodwill during the period are as follows:

	2019	2018
At January 1	**2.612.996**	1.840.808
Addition through business combination (Note 3)	**-**	535.793
Provision for impairment	**(3.369)**	-
Currency translation differences	**611.725**	236.395
At December 31	**3.221.352**	2.612.996

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

	Turkey Beer	**International Beer**	**Soft Drinks**	**Other**	**Total**
2019	**50.099**	**2.308.731**	**862.522**	**-**	**3.221.352**
2018	50.099	1.724.756	838.141	-	2.612.996

NOTE 18. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of December 31, 2019 and December 31, 2018 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

	December 31, 2019							
	Total TRL Equivalent	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand RUR**	**Original Currency Thousand UAH**	**Original Currency Thousand PKR**	**Other Foreign Currency TRL Equivalent**
A. GPMs given on behalf of the Company's legal personality	**277.182**	**138.104**	**181**	**255**	**-**	**52.216**	**2.667.000**	**20.916**
B. GPMs given in favor of subsidiaries included in full consolidation (1)	**719.515**	**-**	**54.998**	**48.182**	**-**	**-**	**1.376.939**	**19.563**
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
D. Other GPMs	**19.457**	**19.457**	**-**	**-**	**-**	**-**	**-**	**-**
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)	**19.457**	**19.457**	**-**	**-**	**-**	**-**	**-**	**-**
iii. GPMs given in favor of third party companies not in the scope of C above	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1.016.154**	**157.561**	**55.179**	**48.437**	**-**	**52.216**	**4.043.939**	**40.479**
Ratio of other GPMs over the Company's equity (%)	**0,1**							

(1) Consists of the GPMs given in favor of subsidiaries included in full consolidation for their borrowings. These financial liabilities are included in short-term and long-term borrowings in consolidated financial statements.
(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 18. COMMITMENTS AND CONTINGENCIES (continued)

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

	December 31, 2018							
	Total TRL Equivalent	**Original Currency TRL**	**Original Currency Thousand USD**	**Original Currency Thousand EUR**	**Original Currency Thousand RUR**	**Original Currency Thousand UAH**	**Original Currency Thousand PKR**	**Other Foreign Currency TRL Equivalent**
A. GPMs given on behalf of the Company's legal personality	**375.335**	**240.500**	**181**	**398**	**27**	**42.879**	**2.667.000**	**18.524**
B. GPMs given in favor of subsidiaries included in full consolidation (1)	**845.646**	**-**	**43.000**	**85.121**	**-**	**-**	**2.222.331**	**18.987**
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	**14.559**	**14.559**	-	-	-	-	-	-
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)	**14.559**	**14.559**	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	**1.235.540**	**255.059**	**43.181**	**85.519**	**27**	**42.879**	**4.889.331**	**37.511**
Ratio of other GPMs over the Company's equity (%)	**0,1**							

(1) Consists of the GPMs given in favor of subsidiaries included in full consolidation for their borrowings. These financial liabilities are included in short-term and long-term borrowings in consolidated statements.

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

Murabaha

CCBPL has signed Murabaha facility agreements with Habib Bank Limited and Standard Chartered Bank (Banks). Based on these agreements, the Banks 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, 2019, CCBPL has USD 3,2 million sugar purchase commitment to the Banks until the end of June 2020 and has USD 84 million sugar purchase commitment to the Banks until the end of March 2020.

Tax and Legal Matters

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

As per the change in governing law in Pakistan, "Capacity Tax" was started to be applied as of July 9, 2013, replacing "Sales and Excise Tax". CCBPL fulfilled all the obligations as per the new law and change in regulations.

As of May 2014, "Capacity Tax" application was cancelled by the constitutional court and the law has been reverted to "Sales and Excise Tax". After this withdrawal, CCBPL fulfilled all the obligations again according to "Sales and Excise Tax" system.

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

NOTE 18. COMMITMENTS AND CONTINGENCIES (continued)

Tax and Legal Matters (continued)

After the withdrawal, Federal tax office in Pakistan requested PKR 3,505 million (equivalent to USD22,5 million) additional tax payment from CCBPL, by arguing that "Sales and Excise Tax" should be applied retrospectively by considering the period before the cancellation of "Capacity Tax" application. Company Management objected and litigated this request, since withdrawal decisions of constitutional court could not be applied retrospectively in principle. In the opinion of Management, the outcome of the litigation will be favourable (December 31, 2018 - PKR 3,505 million, equivalent to USD 25,3 million).

Litigations against the Group

As of December 2019, according to the legal opinion taken by the administration in response to the 14 lawsuits filed against JSC AB Inbev Efes, in the event of loss the estimated compensation will be million TRL5.948. In the opinion given by the legal counsel of the Group, it is stated that there is low probability of losing the cases and so no provision has been made in the financial statements.

CCI and subsidiaries in Turkey are involved on an ongoing basis in 214 litigations arising in the ordinary course of business as of December 31, 2019 with an amount of TRL11.532 (December 31, 2018 – TRL8.714). As of December 31, 2019, no court decision has been granted yet.

As of December 31, 2019, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR1.478 million, equivalent to USD9.5 million (December 31, 2018 - PKR1.472 million, equivalent to USD 10.6 million).

Group management does not expect any adverse consequences related with these litigations that would materially affect Group's operation results or financial status.

NOTE 19. EMPLOYEE BENEFITS OBLIGATIONS

As of December 31, 2019 and 2018, employee benefits obligations are as follows:

	December 31, 2019	December 31, 2018
Social security and withholding tax liabilities	**52.420**	43.175
Wages payable	**29.535**	33.860
	81.955	77.035

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

NOTE 20. CURRENT AND NON-CURRENT PROVISIONS

a) Short Term Provision for Employee Benefits

As of December 31, 2019 and 2018, short term provision for employee benefits are as follows:

	December 31, 2019	December 31, 2018
Provision for vacation pay liability	**43.344**	36.642
Management bonus accrual	**40.999**	41.728
Other short-term employee benefits	**30.881**	34.848
	115.224	113.218

As of December 31, 2019 and 2018, the movement of provision for vacation pay liability is as below:

	2019	2018
Balance at January 1	**36.642**	23.956
Payments and used vacations	**(13.355)**	(12.020)
Addition through business combination	-	8.948
Current year provision	**13.865**	11.732
Currency translation differences	**6.192**	4.026
	43.344	36.642

As of December 31, 2019 and 2018, the movement of management bonus accruals is as below:

	2019	2018
Balance at January 1	**41.728**	52.489
Payments	**(116.160)**	(123.363)
Addition through business combination	**-**	23.227
Current year provision	**111.596**	78.033
Currency translation differences	**3.835**	11.342
	40.999	41.728

b) Long Term Provision for Employee Benefits

	December 31, 2019	December 31, 2018
Employment termination benefits	**177.627**	132.887
Long term incentive plans	**10.808**	10.288
	188.435	143.175

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, 2019 is subject to a ceiling of full TRL6.380 (December 31, 2018 – full TRL5.434) (Retirement pay liability ceiling has been increased to full TRL6.730 as of January 1, 2020). In the consolidated financial statements as of December 31, 2019 and 2018, 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 4,21% and 3,80% (December 31, 2018 – 4,22% and 4,46%).

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

NOTE 20. CURRENT AND NON-CURRENT PROVISIONS (continued)

b) Long Term Provision for Employee Benefits (continued)

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

	2019	2018
Balance at January 1	**132.887**	114.125
Payments	**(21.246)**	(17.269)
Interest cost	**2.212**	1.965
Current year provision	**51.527**	34.710
Actuarial loss	**11.342**	(928)
Currency Translation Difference	**905**	284
	177.627	132.887

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

	2019	2018
Balance at January 1	**10.288**	9.961
Payments	**(12.817)**	(23.412)
Interest cost	**337**	334
Current year provision	**13.180**	23.405
Actuarial loss	**(180)**	-
Currency translation differences	**-**	-
	10.808	10.288

Actuarial loss from defined benefit plans, included in other short-term employee benefits and provision for employment termination benefits, amounting to TRL10.112 was reflected to other comprehensive income (December 31, 2018 – TRL1.063).

c) Other Current Provision

Movement of provisions for lawsuits and penalties represented in the consolidated financial statements is as follows:

	2019	2018
Balance at January 1	**81.511**	897
Payment	**(2.190)**	(137)
Addition through business combination	**-**	56.761
Current year provision	**19.449**	18.374
Provisions no longer required	**(55.929)**	-
Currency translation differences	**15.999**	5.616
Balance at December 31	**58.840**	81.511

NOTE 21. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	31 December 2019	31 December 2018
Value Added Tax (VAT) deductible or to be transferred	**428.243**	399.635
Other	**37.666**	39.620
	465.909	439.255

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

NOTE 21. OTHER ASSETS AND LIABILITIES (continued)

b) Other Non-Current Assets

	31 December 2019	31 December 2018
Deferred VAT and other taxes	**739**	244
Other	**5.374**	753
	6.113	997

b) Other Current Liabilities

	31 December 2019	31 December 2018
Deferred VAT and other taxes	**148.153**	63.933
Put option liability	**14.019**	12.416
Other	**50.950**	24.109
	213.122	100.458

The obligation of TRL14.019 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL amount is reflected under other current liabilities (December 31, 2018 - TRL 12.416).

c) Other Non-Current Liabilities

	31 December 2019	31 December 2018
Put option liability	**209.204**	198.020
Deferred VAT and other taxes	**500**	-
Other	**2.055**	8.355
	211.759	206.375

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V.. This obligation is recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability is calculated using discounted cash flow method as TRL209.204 and the amount is recorded under "other non-current liabilities" account (December 31, 2018 - TRL198.020).

NOTE 22. EQUITY, RESERVES AND OTHER EQUITY ITEMS

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

	2019	2018
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, 2019 and 2018 are given at Note 1 – Group's Organization and Nature of Activities.

As of December 31, 2019 and 2018, 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.

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

NOTE 22. EQUITY, RESERVES AND OTHER EQUITY ITEMS (continued)

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

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

Quoted companies distribute dividend according to the Communiqué No: II-19.1 which is effective from 1 February 2014 of the CMB.

Companies distribute dividend within the framework of the profit distribution policies determined by the general assemblies and in accordance with the related legislation by the decision of the general assembly. Within the scope of the communiqué, a minimum distribution ratio has not been determined. Companies pay dividends as specified in articles of incorporation or in profit distribution policies.

Positive distinction from inflation adjustment to shareholders' equity and carrying amount of paid-in capital extraordinary reserves can only be netted-off against prior years' losses and used as an internal source for capital increase. However, when positive distinction from inflation adjustment to shareholders' equity is used for cash dividend distribution, it is subject to income tax.

Statutory resources attributable to dividend distribution are TRL2.511.263 as of December 31, 2019.

The Group distributed dividend in 2019, related with the year ended as of December 31, 2018, for a gross amount of full TRL0,506 per share, amounting to a total of TRL300.832 (The Group distributed dividend in 2018, related with the year ended as of December 31, 2017, for a gross amount of full TRL0,245 per share, amounting to a total of TRL251.910).

	31 December 2019			31 December 2018		
	Nominal Amount	**Inflation Adjustment on Capital**	**Restated Amount**	Nominal Amount	Inflation Adjustment on Capital	Restated Amount
Issued capital	**592.105**	**63.583**	**655.688**	592.105	63.583	655.688
Legal reserves	**372.939**	**74.729**	**447.668**	342.931	74.729	417.660
Extraordinary reserves	**877**	**25.831**	**26.708**	877	25.831	26.708

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

NOTE 23. SALES AND COST OF SALES

Group recognizes revenue when the control of products is transferred to the customer, compatible with revenue information under segment reporting according to TFRS 8 (Note 5).

Revenues	**2019**	2018
Domestic revenues	**6.775.580**	6.421.776
Foreign revenues	**16.538.231**	12.267.910
Total sales, net	**23.313.811**	18.689.686
Cost of Sales		
Current year purchases and net change in inventory	**11.821.256**	9.779.219
Depreciation and amortization expense (*)	**1.000.038**	950.899
Personnel expenses	**674.438**	521.618
Utility expenses	**511.806**	389.302
Provision for retirement pay liability	**15.996**	9.181
Other expenses	**508.307**	307.120
Total cost of sales	**14.531.841**	11.957.339
Gross Operating Profit	**8.781.970**	6.732.347

NOTE 24. OPERATING EXPENSES

a) General and Administrative Expenses

	2019	2018
Personnel expenses	**761.912**	610.282
Service rendered from outside	**388.367**	427.981
Depreciation and amortization expense (*)	**173.477**	88.640
Taxation (other than on income) expenses	**47.881**	57.837
Utilities and communication expenses	**31.422**	33.600
Provision for retirement pay liability	**30.990**	20.843
Insurance expenses	**15.446**	14.586
Repair and maintenance expenses	**13.516**	11.263
Provision for unused vacation	**4.698**	5.075
Other expenses	**303.040**	287.594
	1.770.749	1.557.701

b) Selling, Distribution and Marketing Expenses

	2019	2018
Transportation and distribution expenses	**1.667.256**	1.197.371
Advertising, selling and marketing expenses	**1.378.847**	1.185.310
Personnel expenses	**874.955**	732.588
Depreciation and amortization expenses (*)	**564.204**	450.258
Repair and maintenance expenses	**56.678**	49.872
Utilities and communication expenses	**41.908**	41.761
Provision for retirement pay liability	**6.679**	6.595
Other expenses	**339.845**	294.005
	4.930.372	3.957.760

(*) Depreciation and amortization expenses consist of depreciation and amortization expenses that belong to tangible and intangible assets and right of use assets.

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

NOTE 25. EXPENSES BY NATURE

a) Depreciation and Amortization Expenses

	2019	2018
Cost of sales	**(1.000.038)**	(950.899)
Marketing, selling and distribution expenses	**(564.204)**	(450.258)
General and administration expenses	**(173.477)**	(88.640)
Other operating expenses	**(5.486)**	(6.953)
Inventories	**5.985**	3.345
	(1.737.220)	(1.493.405)

b) Personnel Expenses

	2019	2018
Cost of sales	**(674.438)**	(521.618)
Marketing, selling and distribution expenses	**(874.955)**	(732.588)
General and administration expenses	**(761.912)**	(610.282)
	(2.311.305)	(1.864.488)

NOTE 26. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	2019	2018
Foreign exchange gains arising from operating activities	**360.854**	215.908
Income from scrap and other materials	**33.879**	51.187
Rent income	**33.169**	23.839
Reversal of provision for inventory obsolescence	**11.511**	20.648
Reversal of provision for expected credit loss	**11.621**	3.636
Rediscount income	**8.030**	4.037
Insurance compensation income	**6.219**	2.610
Other income	**351.572**	232.491
	816.855	554.356

b) Other Operating Expenses

	2019	2018
Foreign exchange losses arising from operating activities	**(352.309)**	(255.410)
Administrative fines(*)	**(71.327)**	(897)
Provision for inventory obsolescence	**(44.240)**	(26.772)
Provision for expected credit loss	**(23.136)**	(22.313)
Depreciation and amortization expense on PPE & intangible assets	**(5.486)**	(6.953)
Rediscount expense	**(5.262)**	(5.593)
Donations	**(4.072)**	(2.989)
Other expenses	**(158.127)**	(87.322)
	(663.959)	(408.249)

(*) Administrative fines applied in Turkmenistan were related to arguments on regulatory applications and due to validity of various production licences and certificates.

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

NOTE 27. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	2019	2018
Transfer of currency translation differences previously accounted as other comprehensive income	**467.516**	169.937
Gain on sale of fixed assets	**374.030**	61.314
Gain on put option revaluation	**14.384**	-
Other	**53.614**	-
	909.544	231.251

b) Investment activity expense

	2019	2018
Loss on sale of PPE	**(96.436)**	(30.421)
Provision for impairment on intangible assets (Note 17)	**(64.407)**	(103.894)
Provision for impairment on tangible assets (Note 16)	**(36.864)**	(27.597)
Loss on sale of intangible assets	**(14.496)**	(57)
Provision for impairment goodwill (Note 17)	**(3.369)**	-
Cost of relocating property, plant and equipment	**(1.867)**	(15.706)
Other	**(4.518)**	(806)
	(221.957)	(178.481)

NOTE 28. FINANCE INCOME / EXPENSE

a) Finance Income

	2019	2018
Foreign exchange gain	**929.814**	2.750.561
Interest income	**265.247**	296.027
Gain on derivative transactions	**24.772**	46.792
Interest income from sub-lease receivables	**10.220**	-
Gain arising from the termination of lease agreements	**165**	-
	1.230.218	3.093.380

b) Finance Expense

	2019	2018
Foreign exchange loss	**(1.071.100)**	(3.432.468)
Interest and borrowing expense	**(537.810)**	(555.814)
Loss on derivative transactions	**(320.241)**	(17.090)
Interest expenses related to leases	**(51.188)**	-
Other financial expenses	**(102.030)**	(46.648)
	(2.082.369)	(4.052.020)

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

NOTE 29. TAX ASSETS AND LIABILITIES

The corporation tax rate for the fiscal year is 22% in Turkey (31 December 2018 - 22%). 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 22% (2018 – 22%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the fiscal year.

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

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

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

The main components of tax assets and liabilites as of December 31, 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Prepaid corporate tax	**229.259**	168.428
Provision for corporate tax	**29.714**	17.051

The main components of tax income and expenses as of December 31, 2019 and 2018 are as follows:

	2019	2018
Current period tax expense	**(450.702)**	(261.271)
Deferred tax income / (expense), net	**(198.810)**	(15.901)
	(649.512)	(277.172)

As of December 31, 2019 and 2018, the reconciliation of theoretical income tax calculated with the tax rates used in the countries that the Company operates in and total income tax is as follows:

	2019	2018
Consolidated profit before tax	**1.945.449**	376.058
Effect of associate income net off tax	**123.732**	81.065
Consolidated profit before tax (excluding effect of associate income net off tax)	**2.069.181**	457.123
Enacted tax rate	**22%**	22%
Tax calculated at the parent company tax rate	**(455.220)**	(100.567)
Tax effect of non-deductible expenses	**(96.397)**	(10.181)
Tax effect of impairment for goodwill	**(674)**	-
Tax effect of income excluded from tax bases	**47.620**	13.100
Effect of different tax rates	**4.502**	837
Deffered tax effect of translation on non-monetary items	**(12.413)**	(37.846)
Cancellation of deferred tax calculated in previous periods	**(122.593)**	(7.351)
Impact of tax base increase regarding law no 7143 (1)	**-**	(53.083)
Effect of deferred tax asset on non-recognized income	**(80)**	(12.459)
Other	**(14.257)**	(69.622)
	(649.512)	(277.172)

(1) Includes amounts paid as a result of the increase in the amount of the tax base and and offsetted from carry forward tax losses in accordance with the "Law on Restructuring of Certain Receivables" numbered 7143.

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

NOTE 29. TAX ASSETS AND LIABILITIES (continued)

As of December 31, 2019 and December 31, 2018 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	31 December 2019	31 December 2018
Deferred tax assets	**694.454**	675.375
Deferred tax liabilities	**(3.073.271)**	(2.741.615)
	(2.378.817)	(2.066.240)

As of December 31, 2019 and 2018 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		**Liability**		**Net**	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018	**31 December 2019**	31 December 2018
PP&E and intangible assets	**-**	-	**(3.554.745)**	(3.161.316)	**(3.554.745)**	(3.161.316)
Inventories	**18.738**	12.151	**-**	-	**18.738**	12.151
Carry forward losses	**856.743**	781.228	**-**	-	**856.743**	781.228
Retirement pay liability and other employee benefits	**48.089**	71.583	**-**	-	**48.089**	71.583
Other provisions and accruals	**194.674**	163.164	**-**	-	**194.674**	163.164
Unused investment discounts	**72.855**	41.209	**-**	-	**72.855**	41.209
Derivative financial instruments	**-**	25.741	**(15.171)**	-	**(15.171)**	25.741
	1.191.099	1.095.076	**(3.569.916)**	(3.161.316)	**(2.378.817)**	(2.066.240)

As of December 31, 2019 and 2018, the movement of deferred tax liability is as follows:

	2019	2018
Balance at January 1	**(2.066.240)**	(1.600.685)
Recorded to the consolidated income statement	**(76.217)**	(8.550)
Recognized in other comprehensive income	**145.759**	221.228
Addition through business combination	**-**	(460.051)
Unused provisions	**(122.593)**	(7.351)
Currency translation adjustment	**(259.526)**	(210.831)
Balance at December 31	**(2.378.817)**	(2.066.240)

As a result of the Group management’s assessment that sufficient taxable income will be generated and such carried losses will be utilized until 2024, deferred tax asset amounting to TRL856.743 has been recognized. Carried forward tax losses of JSC AB Inbev Efes, PJSC AB Inbev Efes Ukraine and Coca-Cola Beverages Pakistan Limited according to local tax regulations can be carried forward with an indefinite life.

As of December 31, 2019, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL259.308 (December 31, 2018 - TRL 205.441) with a total tax advantage of TRL73.612 (December 31 - 2018, TRL41.209). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL2.392 (December 31, 2018 - TRL 2.119).

NOTE 30. 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:

	2019	2018
Net Income / (loss)	**1.021.504**	(11.684)
Weighted average number of shares	**592.105.263**	592.105.000
Earnings/ (losses) per share (full TRL)	**1,7252**	(0,0197)

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

NOTE 31. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Borrowings from Related Parties

The Group has a no loans from related party (31 December 2018- USD thousand 37.405 and RUR thousand 4.335.581 total of TRL thousand 525.111 from Brandbev SARL has a floating interest rate of Libor + 3,20% and RUR borrowings has interest rate of Mosprime+2,56%).

The Group has lease liability amounting total of TRL791 as current portion from Çelik Motor, which is a related party of AG Anadolu Grubu Holding A.Ş.(shareholder).

Due from Related Parties

	December 31, 2019	December 31, 2018
Migros Group Companies (2)	**230.936**	177.459
AB InBev Group Companies (3)	**125.960**	69.440
AG Anadolu Grubu Holding A.Ş. (1) (*)	**48.697**	-
Other	**9.263**	11.496
	414.856	258.395

The Group has TRL354 short term deferred revenue TRL6.406 long term deferred revenue related to AG Anadolu Grubu Holding A.Ş (1). (December 31, 2018 – short term deferred revenue TRL147, long term deferred revenue TRL376) (Note 13).

Due to Related Parties

	December 31, 2019	December 31, 2018
AB InBev Group Companies (3)	**473.482**	259.479
Oyex Handels GmbH (2)	**8.277**	14.496
Other	**4.545**	8.603
	486.304	282.578

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(*) According to TFRS 16, there are TRL27.303 short term and TRL21.394 long term sub-lease receivables totaling TRL48.697.

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

NOTE 31. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

	Nature of transaction	2019	2018
Ab InBev Group Companies [3]	Service and Purchase of Trade Goods	**162.712**	189.539
Anadolu Efes Spor Kulübü	Service	**110.750**	63.250
Oyex Handels GmbH [2]	Purchase of Materials and Fixed Assets	**44.605**	58.669
AG Anadolu Grubu Holding A.Ş. [1]	Consultancy Service	**46.756**	38.495
Çelik Motor Ticaret A.Ş. [2]	Vehicle Leasing	**5.151**	37.942
Efestur Turizm İşletmeleri A.Ş. [2]	Travel and Accommodation	**14.893**	10.948
Anadolu Bilişim Hizmetleri A.Ş. [2] [4]	Information Service	**1.728**	2.561
Other		**18.535**	14.199
		405.130	415.603

Financial Income and Expense

	Nature of transaction	2019	2018
Brandbev SARL [3]	Interest expense	**(35.625)**	(34.568)
AG Anadolu Grubu Holding A.Ş. [1]	Interest income from subleases	**10.166**	-
Çelik Motor Ticaret A.Ş. [2]	Interest expense from leases	**(971)**	-
Çelik Motor Ticaret A.Ş. [2]	Gain arising from the termination of lease agreements	**165**	-
		(26.265)	(34.568)

Revenue and Other Income / (Expenses), Net

	Nature of transaction	2019	2018
Migros Group Companies [2]	Sales Income	**788.096**	594.580
Ab Inbev Group Companies [3]	Other Income	**54.560**	40.451
Other	Other Income	**2.439**	3.140
		845.095	638.171

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(4) The Group's long term financial asset.

Director's remuneration

As of December 31, 2019 and 2018, total benefits to Anadolu Efes Board of Directors are TRL484 and TRL424, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of December 31, 2019 and 2018 are as follows:

	2019	2018
Short-term employee benefits	**45.383**	43.810
Other long term benefits	**5.052**	5.509
Termination benefits	**-**	291
Post-employment benefits	**-**	-
Share-based payments	**-**	-
	50.435	49.610

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

NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Interest Rate Risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreement. Total outstanding amount of IRS agreements was USD43 million as of December 31, 2019 (December 31, 2018 – USD43 million).

Certain parts of the interest rates related to borrowings are based on market interest rates; therefore the Group is exposed to interest rate fluctuations on domestic and international markets. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations.

The Group's financial instruments sensitive to interest rate risk is as follows:

	2019	2018
Financial instruments with fixed interest rate		
Financial assets		
Financial assets at fair value through profit or loss	**5.463.709**	3.957.127
Financial liabilities	**(9.032.725)**	(7.519.472)
Financial instruments with floating interest rate		
Financial liabilities	**(1.071.265)**	(1.709.208)

At December 31, 2019, if interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit before tax and minority interest for the period ended March 31, 2020 which is the following reporting period, would be:

	2019	2018
Change in EURO denominated borrowing interest rate	**1.472**	2.275
Change in USD denominated borrowing interest rate	**715**	634
Change in Other denominated borrowing interest rate	**672**	1.543
Total	**2.859**	4.452

b) Foreign Currency Risk

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

NOTE 32. 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, 2019 and December 2018 are presented below:

Foreign Currency Position Table
December 31, 2019

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	171.337	19.874	118.057	7.358	48.938	4.342
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.921.549	307.788	1.828.324	10.004	66.533	26.692
2b. Non- monetary Financial Assets	160.168	24.429	145.111	2.264	15.057	-
3. Other Current Assets and Receivables	25.500	-	-	3.834	25.500	-
4. Current Assets (1+2+3)	**2.278.554**	**352.091**	**2.091.492**	**23.460**	**156.028**	**31.034**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	**2.278.554**	**352.091**	**2.091.492**	**23.460**	**156.028**	**31.034**
10.Trade Payables and Due to Related Parties	(1.038.947)	(102.564)	(609.249)	(57.671)	(383.549)	(46.149)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(1.263.835)	(132.434)	(786.686)	(71.744)	(477.141)	(8)
12a. Monetary Other Liabilities	(8.013)	(974)	(5.785)	(335)	(2.228)	-
12b. Non-monetary Other Liabilities	(14.019)	(2.360)	(14.019)	-	-	-
13. Current Liabilities (10+11+12)	**(2.324.814)**	**(238.332)**	**(1.415.739)**	**(129.750)**	**(862.918)**	**(46.157)**
14. Trade Payables and Due to Related Parties	(9.973)	-	-	(1.499)	(9.969)	(4)
15. Long-Term Borrowings	(6.574.241)	(971.939)	(5.773.513)	(120.393)	(800.686)	(42)
16 a. Monetary Other Liabilities	(209.204)	(35.218)	(209.204)	-	-	-
16 b. Non-monetary Other Liabilities	(2)	-	(2)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(6.793.420)**	**(1.007.157)**	**(5.982.719)**	**(121.892)**	**(810.655)**	**(46)**
18. Total Liabilities (13+17)	**(9.118.234)**	**(1.245.489)**	**(7.398.458)**	**(251.642)**	**(1.673.573)**	**(46.203)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**4.973.484**	**781.279**	**4.640.954**	**50.000**	**332.530**	**-**
19a. Total Hedged Assets (*)	**4.973.484**	**781.279**	**4.640.954**	**50.000**	**332.530**	**-**
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(1.866.196)**	**(112.119)**	**(666.012)**	**(178.182)**	**(1.185.015)**	**(15.169)**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(7.011.327)**	**(915.467)**	**(5.438.056)**	**(234.280)**	**(1.558.102)**	**(15.169)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	(3.708)	**(573)**	**(3.403)**	**-**	**-**	**(305)**
23.Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-

Foreign Currency Position Table
December 31, 2018

	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	115.657	12.148	63.912	8.079	48.701	3.044
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.720.097	289.529	1.523.181	19.394	116.907	80.009
2b. Non- monetary Financial Assets	10.362	-	-	1.719	10.362	-
3. Other Current Assets and Receivables	22.265	365	1.918	3.375	20.343	4
4. Current Assets (1+2+3)	**1.868.381**	**302.042**	**1.589.011**	**32.567**	**196.313**	**83.057**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.438	6	31	564	3.400	8
8. Non-Current Assets (5+6+7)	3.438	**6**	**31**	**564**	**3.400**	**8**
9. Total Assets (4+8)	**1.871.820**	**302.048**	**1.589.042**	**33.131**	**199.713**	**83.065**
10.Trade Payables and Due to Related Parties	(908.912)	(110.335)	(580.464)	(50.453)	(304.131)	(24.317)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(1.498.428)	(84.459)	(444.330)	(174.867)	(1.054.098)	-
12a. Monetary Other Liabilities	(4.794)	(199)	(1.045)	(622)	(3.749)	-
12b. Non-monetary Other Liabilities	(12.416)	(2.360)	(12.416)	-	-	-
13. Current Liabilities (10+11+12)	**(2.424.550)**	**(197.353)**	**(1.038.255)**	**(225.942)**	**(1.361.978)**	**(24.317)**
14. Trade Payables and Due to Related Parties	(5.338)	-	-	(885)	(5.335)	(3)
15. Long-Term Borrowings	(6.398.523)	(1.108.985)	(5.834.260)	(93.607)	(564.263)	-
16 a. Monetary Other Liabilities	(2)	-	(2)	-	-	-
16 b. Non-monetary Other Liabilities	(198.022)	(37.640)	(198.022)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(6.601.885)**	**(1.146.625)**	**(6.032.284)**	**(94.492)**	**(569.598)**	**(3)**
18. Total Liabilities (13+17)	**(9.026.435)**	**(1.343.978)**	**(7.070.539)**	**(320.434)**	**(1.931.576)**	**(24.320)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**4.713.031**	**781.279**	**4.110.231**	**100.000**	**602.800**	**-**
19a. Total Hedged Assets (*)	**4.713.031**	**781.279**	**4.110.231**	**100.000**	**602.800**	**-**
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(2.441.584)**	**(260.651)**	**(1.371.266)**	**(187.302)**	**(1.129.063)**	**58.745**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(6.980.243)**	**(1.002.301)**	**(5.273.008)**	**(292.961)**	**(1.765.968)**	**58.733**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-
23.Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-

(*) In order to hedge foreign exchange risk arising from the translation of net investments in the subsidiaries operating in the Netherlands to Turkish Lira, the USD denominated bonds and the borrowings denominated in EURO have been designated as hedges of net investment risk.

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

NOTE 32. 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, 2019 and 2018 is as follows:

	2019	2018
Total Export	**600.638**	567.491
Total Import	**4.242.289**	3.376.887

The following table demonstrates the sensitivity analysis of foreign currency as of December 31, 2019 and 2018:

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2019(*)		December 31,2018(*)	
	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)	**(543.806)**	**543.806**	(527.301)	527.301
USD denominated hedging instruments (-)	**464.095**	**(464.095)**	411.023	(411.023)
Net effect in USD	**(79.711)**	**79.711**	(116.278)	116.278
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	**(155.810)**	**155.810**	(176.597)	176.597
EURO denominated hedging instruments (-)	**33.253**	**(33.253)**	60.280	(60.280)
Net effect in EURO	**(122.557)**	**122.557**	(116.317)	116.317
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**(1.517)**	**1.517**	5.873	(5.873)
Other foreign currency hedging instruments (-)	-	-	-	-
Net effect in other foreign currency	**(1.517)**	**1.517**	5.873	(5.873)
TOTAL	**(203.785)**	**203.785**	(226.722)	226.722

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

c) Foreign Currency Hedge of Net Investments in Foreign Operations

The Group designated denominated bond issued amounting to USD500 million as of January 1, 2018 and EURO100 million as of April 1, 2018 as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries). The Group paid loan amounting to EURO50 million in December 2019 and as of 31 December 2019, the Group has EURO50 million as hedging instrument in EURO currency.

As of April 1, 2018, CCİ designated USD 281 million out of USD denominated bond issued amounting to USD500 million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, CCI Holland and Waha B.V.

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL572.837 (TRL426.815 - including deferred tax effect) is recognized as " Gains (Losses) on Hedge" under Equity and to "Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations" under Other Comprehensive Income (31 December 2018 - TRL1.229.608 (TRL959.094 - including deferred tax effect)).

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

NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

d) Liquidity Risk

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

The analysis of non-derivative financial liabilities as at 31 December 2019 and 2018 in the statement of financial position is as follows:

2019 **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	**10.103.990**	**11.909.417**	**1.195.006**	**1.530.481**	**9.127.694**	**56.236**
Financial leasing borrowings	**446.051**	**693.097**	**37.978**	**125.994**	**166.199**	**362.926**
Trade payable and due to related parties	**5.304.586**	**5.304.586**	**4.657.568**	**1.070.430**	**(429.102)**	**5.690**
Liability for put option	**223.223**	**223.223**	**-**	**14.019**	**209.204**	**-**
Employee Benefit Obligations	**81.955**	**81.955**	**81.955**	**-**	**-**	**-**
Total	**16.159.805**	**18.212.278**	**5.972.507**	**2.740.924**	**9.073.995**	**424.852**

2018 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	9.228.680	10.595.777	985.518	1.654.440	5.284.259	2.671.560
Trade payable and due to related parties	3.644.817	3.644.817	3.076.564	554.930	6.203	7.120
Liability for put option	210.436	210.436	-	12.416	198.020	-
Employee Benefit Obligations	77.035	77.035	77.035	-	-	-
Total	13.160.968	14.528.065	4.139.117	2.221.786	5.488.482	2.678.680

e) 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.

f) Credit Risk

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

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

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group keeps guarantees for a part of its receivables by means of DDS (Direct Debit System). The Group also obtains guarantees from the customers when appropriate and keep considerable portion of the receivables under guarantee.

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

NOTE 32. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

f) Credit Risk (continued)

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of December 31, 2019 and 2018 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)	**290.784**	**2.438.036**	**102.678**	**118.237**	**6.101.695**	**3.492**
- Maximum credit risk secured by guarantees	**184.614**	**1.160.129**	-	-	-	-
	-	-	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	**284.757**	**2.329.579**	**102.678**	**102.342**	**6.101.695**	**3.492**
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	**6.027**	**110.208**	-	**15.895**	-	-
- Under guarantee, securities and credit insurance	-	**47.494**	-	-	-	-
D. Net carrying amount of financial assets impaired	-	**(1.751)**	-	-	-	-
- past due (gross carrying value)	-	**114.132**	-	-	-	-
- impaired (-)	-	**(115.883)**	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	**(1.751)**	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Current Year	**Trade Receivables**	**Other Receivables**	**Deposits**	**Derivative Instruments**
Past due between 1-30 days	**76.896**	**-**	**-**	**-**
Past due between 1-3 months	**14.272**	**-**	**-**	**-**
Past due between 3-12 months	**3.726**	**-**	**-**	**-**
Past due for more than 1 year	**15.314**	**-**	**-**	**-**

	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)	230.018	2.185.223	28.377	126.517	4.616.661	47.010
- Maximum credit risk secured by guarantees	66.023	1.302.984	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	225.296	2.062.132	28.377	115.335	4.616.661	47.010
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	4.722	116.673	-	11.182	-	-
- Under guarantee, securities and credit insurance	-	19.488	-	-	-	-
D. Net carrying amount of financial assets impaired	-	6.418	-	-	-	-
- past due (gross carrying value)	-	104.792	-	-	-	-
- impaired (-)	-	(98.374)	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	6.418	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Prior Year	**Trade Receivables**	**Other Receivables**	**Deposits**	**Derivative Instruments**
Past due between 1-30 days	70.193	-	-	-
Past due between 1-3 months	34.100	-	-	-
Past due between 3-12 months	6.776	-	-	-
Past due for more than 1 year	5.604	-	-	-

g) 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 borrowing.

NOTE 33. FINANCIAL INSTRUMENTS

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. The optimum fair value of a financial instrument is the quoted market value, if any.

The financial assets and liabilities which are denominated in foreign currencies are evaluated by the foreign exchange rates prevailing on the date of balance sheet which approximate to market rates. The following methods and assumptions were used to estimate the fair value of each class of financial instrument of the Group for which it is practicable to estimate a fair value:

a) Financial Assets

The fair values of certain financial assets carried at cost in the consolidated financial statements, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for unearned income and uncollectibility are estimated to be their fair values.

b) Financial Liabilities

Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of loans and bank borrowings. The fair value of bank borrowings are considered to state their respective carrying values since the interest rate applied to bank loans and borrowings are updated periodically by the lender to reflect active market price quotations. The carrying value of trade payables along with the related allowance for unrealized cost is estimated to be their fair values.

Fair value hierarchy table

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows

Level 1: Market price valuation techniques for the determined financial instruments traded in markets
Level 2: Other valuation techniques including direct or indirect observable inputs
Level 3: Valuation techniques not containing observable market inputs**.**

Current Year	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value	**-**	**-**	**-**
Derivative financial instruments (Note 8)	**-**		**-**
Financial liabilities at fair value	**-**	**-**	**-**
Derivative financial instruments (Note 8)	**-**	**(9.868)**	**-**
Put option liabilities (Note 21)	**14.019**	**-**	**209.204**
Prior Year	Level 1	Level 2	Level 3
Financial assets at fair value	-	-	-
Derivative financial instruments (Note 8)	-	17.178	-
Financial liabilities at fair value	-	-	-
Derivative financial instruments (Note 8)	-	-	-
Put option liabilities (Note 21)	12.416	-	198.020

Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments and hedging transactions are explained in Note 6 and Note 8.

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

NOTE 34. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	2019	2018
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 16)	**36.864**	27.597
Adjustments for impairment loss (reversal of impairment) of receivables (Note 10, 26)	**11.515**	18.677
Adjustments for impairment loss (reversal of impairment) of inventories (Note 12, 26)	**32.729**	6.124
Adjustments for impairment loss (reversal of impairment) of intangible assets (Note 17)	**67.776**	103.894
	148.884	156.292

b) Adjustments for (Reversal of) Provisions Related with Employee Benefits

	2019	2018
Provision for vacation pay liability (Note 20)	**13.865**	11.732
Provision for retirement pay liability (Note 20)	**53.739**	36.675
Provision for seniority bonus (Note 20)	**13.517**	23.739
	81.121	72.146

c) Adjustments for Interest (Income) Expenses

	2019	2018
Adjustments for interest income (Note 28)	**(265.247)**	(296.027)
Adjustments for interest expenses (Note 28)	**538.744**	555.814
Adjustments for interest income income sub-lease receivables	**(10.220)**	-
Adjustments for interest income expense related to leases	**51.188**	-
	314.465	259.787

d) Cash Flows From (used in) Investing Activities

	2019	2018
Cash inflows due to commitments determined within the scope of the business combination (Note 3)	**-**	193.614
Capital increases made by non-controlling shareholders	**-**	42.890
	-	236.504

e) Cash Flows From (used in) Financing Activities

	2019	2018
Income / (loss) from cash flow hedge	**(37.463)**	(224.588)
Change in time deposits with maturity more than three months	**(356.855)**	67.425
	(394.318)	(157.163)

f) Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments

	2019	2018
Adjustments for fair value (gains) losses on derivative financial instruments	**48.594**	16.347
Put option revaluation	**(14.384)**	-
	34.210	16.347

NOTE 35. EVENTS AFTER REPORTING PERIOD

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

b) Efes Breweries International N.V.'s loan agreement with 43million USD amount, whose maturity date was 6 January 2020, has been terminated together with the Company's sponsorship for this loan and the interest rate swap signed on 8 June 2015 in order to mitigate interest rate risk.

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