(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)

COCA-COLA İÇECEK ANONİM ŞİRKETİ

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Coca Cola İçecek A.Ş.;

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Coca Cola İçecek A.Ş. (the "Company") and its Subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Independent Auditor's Responsibility

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

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

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

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

4. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Coca Cola İçecek A.Ş. and its Subsidiaries as at 31 December 2016 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 1 March 2017.

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

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

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

Burak Özpoyraz, SMMM
Partner

Istanbul, 1 March 2017

(Convenience Translation of Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi

(Convenience Translation of Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi

Consolidated Balance Sheet as at December 31, 2016

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	Audited
	Notes	**December 31, 2016**	December 31, 2015
ASSETS			
Cash and Cash Equivalents	**6**	**1.466.109**	**1.002.214**
Investments in Securities	**7**	**11.036**	**148**
Trade Receivables		**604.345**	**557.898**
- Due from related parties	*39*	*76.633*	*109.681*
- Other trade receivables	*11*	*527.712*	*448.217*
Other Receivables	**12**	**41.375**	**34.022**
- Other receivables from third parties		*41.375*	*34.022*
Derivative Financial Instruments	**8**	**1.123**	**260**
Inventories	**15**	**521.303**	**620.807**
Prepaid Expenses	**13**	**147.652**	**140.577**
Tax Related Current Assets		**101.734**	**70.103**
Other Current Assets	**28**	**238.171**	**232.248**
- Other current assets from third parties		*238.171*	*232.248*
Total Current Assets		**3.132.848**	**2.658.277**
Other Receivables		**11.417**	**16.992**
- Other receivables from third parties		*11.417*	*16.992*
Property, Plant and Equipment	**20**	**5.084.815**	**4.366.714**
Intangible Assets		**2.077.668**	**1.760.831**
- Goodwill	*22*	*671.195*	*606.621*
- Other intangible assets	*21*	*1.406.473*	*1.154.210*
Prepaid Expenses	**13**	**142.281**	**140.781**
Deferred Tax Assets	**37**	**6.917**	**2.223**
Total Non-Current Assets		**7.323.098**	**6.287.541**
Total Assets		**10.455.946**	**8.945.818**
LIABILITIES			
Short-term Borrowings	**9**	**109.184**	**252.757**
Current Portion of Long-term Borrowings	**9**	**256.300**	**310.240**
Trade Payables		**773.481**	**673.517**
- Due to related parties	*39*	*180.810*	*156.218*
- Other trade payables	*11*	*592.671*	*517.299*
Payables Related to Employee Benefits	**26**	**31.508**	**21.883**
Other Payables	**12**	**211.717**	**173.861**
- Other payables from third parties		*211.717*	*173.861*
Derivative Financial Instruments	**8**	**65**	**11.279**
Provision for Corporate Tax		**-**	**526**
Current Provisions	**26**	**82.341**	**47.819**
- Current provisions for employee benefits		*82.341*	*47.819*
Other Current Liabilities	**28**	**33.043**	**30.081**
Total Current Liabilities		**1.497.639**	**1.521.963**
Long-term Borrowings	**9**	**3.404.663**	**2.810.946**
Trade Payables		**26.425**	**21.305**
- Due to related parties	*39*	*25.697*	*20.092*
- Other trade payables		*728*	*1.213*
Derivative Financial Instruments	**8**	**-**	**98**
Non-Current Provisions	**26**	**65.217**	**52.433**
- Non-current provisions for employee benefits		*65.217*	*52.433*
Deferred Tax Liability	**37**	**353.905**	**281.754**
Other Non-Current Liabilities	**28**	**111.150**	**115.748**
Total Non-Current Liabilities		**3.961.360**	**3.282.284**
Equity of the Parent		**4.305.168**	**3.608.996**
Share Capital	**29**	**254.371**	**254.371**
Share Capital Adjustment Differences		**(8.559)**	**(8.559)**
Share Premium		**214.241**	**214.241**
Non-Controlling Interest Put Option Valuation Fund		**21.653**	**(6.453)**
Other comprehensive income items not to be reclassified to profit or loss		**(12.492)**	**(6.724)**
- Actuarial gains / losses		*(22.274)*	*(16.506)*
- Other valuation funds		*9.782*	*9.782*
Other comprehensive income items to be reclassified to profit or loss		**1.992.722**	**1.260.478**
- Currency translation adjustment		*1.929.045*	*1.269.372*
- Cash flow hedge reserve	8	*63.677*	*(8.894)*
Restricted Reserves Allocated from Net Profit	**29**	**131.734**	**154.982**
Accumulated Profit / Loss		**1.739.892**	**1.629.501**
Net Income		**(28.394)**	**117.159**
Non-Controlling Interest		**691.779**	**532.575**
Total Equity		**4.996.947**	**4.141.571**
Total Liabilities		**10.455.946**	**8.945.818**

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

(Convenience Translation of Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Income for the year ended December 31, 2016
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	
	Notes	**December 31, 2016**	December 31, 2015
Net Revenue	30	7.050.245	6.723.866
Cost of Sales (-)	30	(4.657.765)	(4.389.456)
Gross Profit / (Loss)		**2.392.480**	**2.334.410**
General and Administration Expenses (-)	31	(344.227)	(337.294)
Distribution, Selling and Marketing Expenses (-)	31	(1.419.298)	(1.328.656)
Other Operating Income	33	132.152	116.238
Other Operating Expense (-)	33	(120.362)	(145.186)
Profit / (Loss) From Operations		**640.745**	**639.512**
Gain from Investing Activities	33	453	166
Loss from Investing Activities (-)	33	(79.426)	(7.892)
Gain / (Loss) from Associates	18	(1.176)	(916)
Profit / (Loss) Before Financial Income / (Expense)		**560.596**	**630.870**
Financial Income	34	311.985	355.107
Financial Expenses (-)	34	(801.815)	(782.031)
Profit / (Loss) Before Tax from Continuing Operations		**70.766**	**203.946**
Tax Expense of Continuing Operations		**(48.375)**	**(77.293)**
Deferred Tax Income / Expense (-)	*37*	*3.064*	*(23.172)*
Current Period Tax Expense (-)	*37*	*(51.439)*	*(54.121)*
Net Income / (Loss) from Continuing Operations		**22.391**	**126.653**
Attributable to:			
Non-controlling interest		50.785	9.494
Equity holders of the parent	38	(28.394)	117.159
Net Income / (Loss)		**22.391**	**126.653**
Equity Holders Earnings Per Share from Continuing Operations (full TL)	38	(0,0011)	0,0046
Equity Holders Earnings Per Diluted Share from Continuing Operations (full TL)	38	(0,0011)	0,0046

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Comprehensive Income
For the year ended December 31, 2016
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Audited	
	December 31, 2016	December 31, 2015
Net Income	**22.391**	126.653
Actuarial Losses (Note 26)	**(5.768)**	(3.152)
Other comprehensive income items, not to be reclassified to profit or loss subsequently	**(5.768)**	(3.152)
Cash flow hedge reserve (Note 8)	**90.714**	(13.169)
Deferred tax effect	**(18.143)**	2.634
Currency translation adjustment	**767.254**	658.174
Other comprehensive income items to be reclassified to profit or loss subsequently	**839.825**	647.639
Total of Other Comprehensive Income After Tax	**856.448**	771.140
Attributable to:		
Non-controlling interest	**158.366**	80.730
Equity holders of the parent	**698.082**	690.410

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(Convenience Translation of Financial Statements and Footnotes Originally Issued in Turkish)

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Change in Shareholders’ Equity for the year ended December 31, 2016
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

					Other comprehensive income and expense items									
					Subsequently not to be reclassified to profit or loss		Subsequently to be reclassified to profit or loss							
Consolidated Statement of Changes in Shareholders’ Equity	Share Capital	Share Capital Adjustment Differences	Share Premium	Non-Controlling Interest Put Option Valuation Fund	Other Valuation Funds	Actuarial Gains / Losses	Cash Flow Hedge Reserve	Currency Translation Adjustment	Restricted Reserves Allocated from Net Profit	Accumulated Profit / Loss	Net Income	Total Equity of the Parent	Non-Controlling Interest	Total Equity
January 1, 2015	**254.371**	**(8.559)**	**214.241**	**(442)**	**9.782**	**(13.354)**	**1.641**	**682.434**	**146.232**	**1.423.042**	**315.431**	**3.024.819**	**348.213**	**3.373.032**
Other comprehensive gain / (loss)	-	-	-	-	-	(3.152)	(10.535)	586.938	-	315.431	(315.431)	573.251	71.236	644.487
Net income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	117.159	117.159	9.494	126.653
Total Comprehensive Income / (loss)	-	-	-	-	-	(3.152)	(10.535)	586.938	-	315.431	(198.272)	690.410	80.730	771.140
Dividend paid	-	-	-	-	-	-	-	-	-	(100.222)	-	(100.222)	-	(100.222)
Transfers	-	-	-	-	-	-	-	-	8.750	(8.750)	-	-	-	-
Increase in capital of subsidiaries by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	105.838	105.838
Increase (Decrease) from Other Changes (*)	-	-	-	(6.011)	-	-	-	-	-	-	-	(6.011)	(2.206)	(8.217)
December 31, 2015	**254.371**	**(8.559)**	**214.241**	**(6.453)**	**9.782**	**(16.506)**	**(8.894)**	**1.269.372**	**154.982**	**1.629.501**	**117.159**	**3.608.996**	**532.575**	**4.141.571**
January 1, 2016	**254.371**	**(8.559)**	**214.241**	**(6.453)**	**9.782**	**(16.506)**	**(8.894)**	**1.269.372**	**154.982**	**1.629.501**	**117.159**	**3.608.996**	**532.575**	**4.141.571**
Other comprehensive gain / (loss)	-	-	-	-	-	(5.768)	72.571	659.673	-	117.159	(117.159)	726.476	107.581	834.057
Net income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	(28.394)	(28.394)	50.785	22.391
Total Comprehensive Income / (loss)	-	-	-	-	-	(5.768)	72.571	659.673	-	117.159	(145.553)	698.082	158.366	856.448
Dividend paid	-	-	-	-	-	-	-	-	-	(30.016)	-	(30.016)	-	(30.016)
Transfers	-	-	-	-	-	-	-	-	(23.248)	23.248	-	-	-	-
Increase (Decrease) from Other Changes (*)	-	-	-	28.106	-	-	-	-	-	-	-	28.106	838	28.944
December 31, 2016	**254.371**	**(8.559)**	**214.241**	**21.653**	**9.782**	**(22.274)**	**63.677**	**1.929.045**	**131.734**	**1.739.892**	**(28.394)**	**4.305.168**	**691.779**	**4.996.947**

(*) Non-controlling interest share put option liability.

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Cash Flows for the year ended December 31, 2016
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	
	Notes	**December 31, 2016**	December 31, 2015
Net Income		**22.391**	**126.653**
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		**1.112.013**	**934.712**
Depreciation and amortization	32	**424.188**	**361.643**
Adjustments for impairment loss (reversal)		**81.184**	**14.565**
- *Provision / (reversal) for doubtful receivable*	11	*4.535*	*1.688*
- *Provision / (reversal) for inventories*	15	*1.317*	*5.225*
- *Impairment loss / (reversal) in property, plant and equipment*	20, 33	*21.281*	*7.652*
- *Impairment loss provided for positive goodwill*	22	*54.051*	-
Adjustments for provisions		**75.240**	**54.502**
- *Provision / (reversal) for employee benefits*	26	*75.240*	*54.502*
Adjustments for interest (income) expenses		**121.360**	**133.759**
- *Interest income*	*34*	*(41.045)*	*(39.027)*
- *Interest expense*	*35*	*162.405*	*172.786*
Unrealized foreign exchange (gain) / loss		**356.849**	**291.960**
(Gain) / loss from associates	**18**	**1.176**	**916**
Income tax expense		**48.375**	**77.293**
(Gain) / loss on sale of property, plant and equipment	**33**	**3.641**	**74**
Change in operating activities		**152.289**	**(72.439)**
Adjustments for decrease (increase) in trade accounts receivable		**(50.982)**	**(137.536)**
- *Increase / (decrease) on trade receivables*		*33.048*	(74.173)
- *Increase / (decrease) on due from related parties*		*(84.030)*	*(63.363)*
Change in inventories		**98.187**	**(50.345)**
Adjustments for increase (decrease) in trade accounts payable		**105.084**	**115.442**
- *Increase / (decrease) on trade payables*		*30.197*	45.011
- *Increase / (decrease) on due to related parties*		*74.887*	*70.431*
Cash flows from operating activities:		**1.286.693**	**988.926**
Interest paid		**(162.190)**	**(167.461)**
Interest received	34	**41.045**	**39.027**
Payments made for employee benefits	26	**(24.074)**	**(69.294)**
Tax returns / (payments)		**(31.338)**	**(1.682)**
Change in other working capital		**48.720**	**84.972**
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		**1.158.856**	**874.488**
Cash outflows arising from purchase of property, plant, equipment and intangible assets		**(517.063)**	**(828.681)**
- *Purchase of property, plant and equipment*	20	*(492.378)*	*(818.282)*
- *Purchase of intangibles*	21	*(24.685)*	*(10.399)*
Proceeds from sale of property, plant and equipment and intangibles		**11.369**	**16.327**
Increase in capital of subsidiaries by non-controlling interest		**-**	**105.838**
Change in other investing activities		**(10.888)**	**2.823**
B. NET CASH (USED) / GENERATED IN INVESTING ACTIVITIES		**(516.582)**	**(703.693)**
Proceeds from borrowings		**618.467**	**942.514**
Repayments of borrowings		**(864.992)**	**(849.787)**
Cash flow hedge reserve		**78.475**	**-**
Dividends paid	**29**	**(30.016)**	**(100.222)**
C. NET CASH (USED) / GENERATED FROM FINANCING ACTIVITIES		**(198.066)**	**(7.495)**
Net increase / (decrease) in cash and cash equivalents before currency translation effects (A+B+C)		**444.208**	**163.300**
Effects of currency translation on cash and cash equivalents		59.467	62.661
Effects of currency translation intercompany borrowings		97.567	149.798
Currency translation adjustment		(137.347)	(130.513)
D. CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		**19.687**	**81.946**
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)		**463.895**	**245.246**
E. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6**	**1.002.214**	**756.968**
CASH AND CASH EQUIVALENTS AT PERIOD END (A+B+C+D+E)		**1.466.109**	**1.002.214**

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

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES

General

Coca-Cola İçecek Anonim Şirketi ("CCI" - "the Company"), is the bottler and distributor of alcohol-free beverages in Turkey, Pakistan, Central Asia and the Middle East. The operations of the Company consist of production, sales and distribution of sparkling and still beverages with The Coca-Cola Company ("TCCC") trademarks. The Company has 9 (2015 - 9) production facilities in different regions of Turkey and operates 15 (2015 - 16) production facilities in countries other than Turkey. The registered office address of CCI is OSB Mah. Deniz Feneri Sok. No:4 Ümraniye İstanbul, Turkey. CCI is a listed company on the Borsa Istanbul A.Ş. ("BIST"). The American Depositary receipt issued under the Level I ADR program are traded over the counter in the United States, starting from July 2013. The sale of Capital Markets Board ("CMB") Tranche Issuance Certificated bonds to investors outside of Turkey has been completed as of October 1, 2013, and these bonds were admitted to Irish Stock Exchange.

The Group consists of the Company, its subsidiaries and joint ventures.

The consolidated financial statements of the Group were approved for issue by the Board of Directors on March 1, 2017, which were signed by the Audit Committee and Chief Financial Officer Michael Anthony Coombs. The General Assembly and the regulatory bodies have the right to make amendments on the financial statements after their issuance.

Shareholders of the Company

Anadolu Efes Biracılık ve Malt Sanayi A.Ş. is the ultimate controlling party of the Company. As of December 31, 2016 and December 31, 2015 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2016		December 31, 2015	
	Nominal Amount	**Percentage**	Nominal Amount	Percentage
Anadolu Efes Biracılık ve Malt Sanayi A.Ş. ("Anadolu Efes")	**102.047**	**40,12%**	102.047	40,12%
The Coca-Cola Export Corporation ("TCCEC")	**51.114**	**20,09%**	51.114	20,09%
Efes Pazarlama ve Dağıtım Ticaret A.Ş. ("Efpa")	**25.788**	**10,14%**	25.788	10,14%
Özgörkey Holding A.Ş.	**9.392**	**3,69%**	9.392	3,69%
Publicly Traded	**66.030**	**25,96%**	66.030	25,96%
	254.371	**100,00%**	254.371	100,00%
Inflation Restatement Effect	**(8.559)**	**-**	(8.559)	-
	245.812		245.812	

Özgörkey Holding A.Ş. shares with a nominal value of TL 3.033 has been listed to Central Registry Agency, with a sale purpose (December 31, 2015 - TL 3.033).

Nature of Activities of the Group

CCI and its subsidiary Coca-Cola Satış ve Dağıtım A.Ş. ("CCSD") are among the leading bottlers and distributors of alcohol-free beverages, operating in Turkey. The sole operation area of the Company is production, sales and distribution of sparkling and still beverages.

The Company has exclusive rights to produce, sell and distribute TCCC branded beverages including Coca-Cola, Coca-Cola Zero, Coca-Cola Light, Fanta, Sprite, Cappy, Sen Sun, Powerade and Fuse Tea in TCCC authorized packages throughout Turkey provided with Bottler's and Distribution Agreements signed between the Group with TCCEC and TCCC. Renewal periods of the signed Bottler's and Distribution Agreements varies between 2016 and 2018.

The Company has exclusive rights to produce, sell and distribute Burn and Gladiator branded energy drinks in authorized packages throughout Turkey according to the Bottlers Agreements signed between the Company and Monster Energy Company ("MEC") and has the right for selling and distribution of Monster branded products in accordance with the International Distribution Agreement signed with Monster Energy Limited ("MEL") which has taken over TCCC's global energy drink portfolio and partially owned by TCCC as well.

According to Sales and Distribution Agreement signed with Doğadan Gıda Ürünleri Sanayi ve Pazarlama A.Ş. ("Doğadan"), a subsidiary of TCCC, it's approved that sales and distribution of Doğadan products will be realized solely by CCSD throughout Turkey starting from September 2008.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

The Company's international subsidiaries and joint ventures operating outside of Turkey are also engaged in the production, sales and distribution of sparkling and still beverages with TCCC trademarks.

Company's subsidiary Mahmudiye Kaynak Suyu Limited Şirketi ("Mahmudiye"), which was acquired by CCI on March 16, 2006, is engaged in the production and filling of natural spring water Damla, a registered trademark of CCI, with TCCC approved packages, in Turkey.

Group has the exclusive bottling and distribution rights in Turkey for Schweppes branded beverages under Bottler's and Distribution Agreement signed with Schweppes Holdings Limited. Special authorization for the Group operating countries, other than Turkey, may be granted from time to time.

Subsidiaries and Joint Ventures

As of December 31, 2016 and December 31, 2015 the list of CCI's subsidiaries and joint ventures and its effective participation percentages are as follows:

Subsidiaries

				Effective Shareholding and Voting Rights	
		Place of Incorporation	**Principal Activities**	**December 31, 2016**	December 31, 2015
1)	Coca-Cola Satış ve Dağıtım Anonim Şirketi ("CCSD")	Turkey	Distribution and sales of Coca-Cola, Doğadan and Mahmudiye products	**99,97%**	99,97%
2)	Mahmudiye Kaynak Suyu Limited Şirketi ("Mahmudiye")	Turkey	Filling of natural spring water	**100,00%**	100,00%
3)	J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership ("Almaty CC")	Kazakhstan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
4)	Azerbaijan Coca-Cola Bottlers Limited Liability Company ("Azerbaijan CC")	Azerbaijan	Production, distribution and sales of Coca-Cola products	**99,87%**	99,87%
5)	Coca-Cola Bishkek Bottlers Closed Joint Stock Company ("Bishkek CC")	Kyrgyzstan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
6)	CCI International Holland B.V. ("CCI Holland")	Holland	Holding company	**100,00%**	100,00%
7)	Tonus Turkish-Kazakh Joint Venture Limited Liability Partnership ("Tonus")	Kazakhstan	Holding company	**100,00%**	100,00%
8)	The Coca-Cola Bottling Company of Jordan Limited ("TCCBCJ")	Jordan	Production, distribution and sales of Coca-Cola products	**90,00%**	90,00%
9)	Turkmenistan Coca-Cola Bottlers ("Turkmenistan CC")	Turkmenistan	Production, distribution and sales of Coca-Cola products	**59,50%**	59,50%
10)	(CC) Company for Beverages Industry/Ltd. ("CCBIL")	Iraq	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
11)	Waha Beverages B.V. ("Waha B.V.")	Holland	Holding Company	**80,03%**	80,03%
12)	Coca-Cola Beverages Tajikistan Limited Liability Company ("Tajikistan CC")	Tajikistan	Production, distribution and sales of Coca-Cola products	**100,00%**	100,00%
13)	Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC ("Al Waha")	Iraq	Production, distribution and sales of Coca-Cola products	**80,03%**	80,03%
14)	Coca-Cola Beverages Pakistan Limited ("CCBPL")	Pakistan	Production, distribution and sales of Coca-Cola products	**49,67%**	49,67%

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

Joint Venture

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights	
			December 31, 2016	December 31, 2015
Syrian Soft Drink Sales and Distribution L.L.C. (''SSDSD'')	Syria	Distribution and sales of Coca-Cola products	**50,00%**	50,00%

Economic Conditions and Risk Factors of Subsidiaries and Joint Ventures

The countries, in which certain subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. 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 subsidiaries' and joint ventures ability to operate commercially. Group Management closely monitors uncertainties and adverse changes to minimize the probable effects of such changes.

In this context, Risk Detection Committee; which was established under the arrangements, terms and principles of Turkish Commercial Code, Capital Market Legislation and CMB's "Corporate Governance Principles" assess, manage and report Group risks. Some of the Group priority risks are defined as category perception, industrial relations, sustainable talent capability, cyber security, volatile tax and regulatory environment, economic slowdown and exchange rate volatility and management of environmental effects and reputation. Group does not expect any adverse effect on the business related to any significant regulatory changes and/or legal arrangements by the authorities. All compliance efforts are in place and there is no legal dispute that may adversely affect the business.

Average Number of Employees

Category-based average number of employees working during the period is as follows (joint ventures are considered with full numbers for December 31, 2016 and 2015).

	December 31, 2016	December 31, 2015
Blue-collar	**4.265**	4.945
White-collar	**5.070**	5.408
Average number of employees	**9.335**	10.353

2. BASIS OF PRESENTATION

Basis of Preparation

CCI and its subsidiaries that are incorporated in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TL") in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the CMB, Turkish Commercial Code ("TCC") and Tax Legislation and the Uniform Chart of Accounts which is issued by the Ministry of Finance. The subsidiaries incorporated outside of Turkey maintain their books of account and prepare their statutory financial statements in accordance with the regulations of the countries in which they operate.

The consolidated financial statements have been prepared from the statutory financial statements of Group's subsidiaries' and joint ventures and presented in TL in accordance with CMB Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employee termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities included in Business Combination application, consolidated financial statements are prepared on a historical cost basis.

The consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the CMB (hereinafter will be referred to as "the CMB Accounting Standards") on June 13, 2013 which is published on Official Gazette numbered 28676.

2. BASIS OF PRESENTATION (continued)

In accordance with article 5 of the CMB Accounting Standards, companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS" / "TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with the Accounting Standards of the POA and are presented in TL.

Restatement and changes in the accounting policies and estimates

Accounting policy changes that result from the first-time adoption of a new TAS/TFRS is applied either retrospectively or prospectively in accordance with the transition requirements (if any) of related TAS/TFRS. Accounting policy changes with no transition requirements or important changes that are discretionary are reflected retrospectively by restating the prior period consolidated financial statements and comparative information. The estimates used in the preparation of the current period consolidated financial statements are consistent with those used in the preparation of annual consolidated financial statements for the year ended December 31, 2015, except for the classification change explained below.

Classification change for the impairment provision or its' reversal of property, plant and equipment and intangible assets*;*
Impairment losses of property, plant and equipment and intangible assets are recognized in the income statement. The increase in the carrying value of property, plant and equipment as a result of the impairment reversal is recognized in the income statement, by considering not to exceed the book value amount if the impairment losses were not reflected to financial statements in prior years (net book value after depreciation). As of December 31, 2016, impairment provision or reversal of property, plant and equipment and intangible assets are classified into "gain or loss from investing activities", from "other operating income / expense". Related classification change has been reflected to prior period consolidated financial statements accordingly, for the consistency of comparison.

Summary of Significant Accounting Policies

The consolidated financial statements of the Group for the year ended December 31, 2016 have been prepared in accordance with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2015, except for the adoption of new and amended standards.

a) Standards, amendments and interpretations applicable as at 31 December 2016

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

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

Amendments to IAS 16 'Property, plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants, effective from annual periods beginning on or after 1 January 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. It has been decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation, effective from annual periods beginning on or after 1 January 2016. In this amendment it has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

2. BASIS OF PRESENTATION (continued)

Amendments to IAS 27, 'Separate financial statements' on the equity method, effective from annual periods beginning on or after 1 January 2016. These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

Amendment to IFRS 10 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016.These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative, effective from annual periods beginning on or after 1 January 2016, these amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

b) Standards, amendments and interpretations effective after 1 January 2017

Amendments to IAS 7 'Statement of cash flows' on disclosure initiative, effective from annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. The Group is in the process of assessing the impact of the new standard on the financial position of the Group.

Amendments IAS 12 'Income Taxes', effective from annual periods beginning on or after 1 January 2017. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarify certain other aspects of accounting for deferred tax assets. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

IFRS 9 'Financial instruments', effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group is in the process of assessing the impact of the new standard on the financial position of the Group.

IFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The Group is in the process of assessing the impact of the new standard on the financial position of the Group.

Amendment to IFRS 15, 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

IFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019, This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group is in the process of assessing the impact of the new standard on the financial position of the Group.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF PRESENTATION (continued)

Annual improvements 2014–2016, effective from annual periods beginning on or after 1 January 2018. These amendments impact 3 standards:

• IFRS 1,' First-time adoption of IFRS', regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
• IFRS 12,'Disclosure of interests in other entities' regarding clarification of the scope of the standard. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
• IAS 28,'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value effective 1 January 2018.
• IFRIC 22,' Foreign currency transactions and advance consideration', effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice

Functional and Presentation Currency

Functional and presentation currency of the Company is Turkish Lira (TL).

Functional Currencies of the Subsidiaries and Joint Ventures

	December 31, 2016		December 31, 2015	
	Local Currency	**Functional Currency**	Local Currency	Functional Currency
CCSD	**Turkish Lira**	**Turkish Lira**	Turkish Lira	Turkish Lira
Mahmudiye	**Turkish Lira**	**Turkish Lira**	Turkish Lira	Turkish Lira
Almaty CC	**Kazakh Tenge**	**U.S. Dollars**	Kazakh Tenge	U.S. Dollars
Tonus	**Kazakh Tenge**	**U.S. Dollars**	Kazakh Tenge	U.S. Dollars
Azerbaijan CC	**Manat**	**U.S. Dollars**	Manat	U.S. Dollars
Turkmenistan CC	**Turkmen Manat**	**U.S. Dollars**	Turkmen Manat	U.S. Dollars
Bishkek CC	**Som**	**U.S. Dollars**	Som	U.S. Dollars
TCCBCJ	**Jordanian Dinar**	**U.S. Dollars**	Jordanian Dinar	U.S. Dollars
CCBIL	**Iraq Dinar**	**U.S. Dollars**	Iraq Dinar	U.S. Dollars
SSDSD	**Syrian Pound**	**U.S. Dollars**	Syrian Pound	U.S. Dollars
CCBPL	**Pakistan Rupee**	**Pakistan Rupee**	Pakistan Rupee	Pakistan Rupee
CCI Holland	**Euro**	**U.S. Dollars**	Euro	U.S. Dollars
Waha B.V.	**Euro**	**U.S. Dollars**	Euro	U.S. Dollars
Al Waha	**Iraq Dinar**	**U.S. Dollars**	Iraq Dinar	U.S. Dollars
Tajikistan CC	**Somoni**	**U.S. Dollars**	Somoni	U.S. Dollars

The multinational structure of foreign operations and realization of most of their operations in terms of U.S. Dollars ("USD") resulted in determination of the foreign subsidiaries' and joint ventures' functional currency as USD except Pakistan. The majority of the consolidated foreign subsidiaries and joint ventures are regarded as foreign operations since they are financially, economically and organizationally autonomous.

Since the functional and presentation currency of foreign subsidiaries and joint ventures are determined as USD in the consolidated financial statements, USD amounts presented in the balance sheet are translated into Turkish Lira at the official TL exchange rate for purchases of USD announced by the Central Bank of the Republic of Turkey on December 31, 2016, USD 1,00 (full) = TL 3,5192 (December 31, 2015; USD 1,00 (full) = TL 2,9076). Furthermore, USD amounts in the income statement have been translated into TL, at the average TL exchange rate for purchases of U.S. Dollars for the year ended December 31, 2016 is USD 1,00 (full) = TL 3,0181 (December 31, 2015; USD 1,00 (full) = TL 2,7191).

Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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 asset and settle the liability simultaneously.

2. BASIS OF PRESENTATION (continued)

Estimation Uncertainty

Group management has to make key assumptions concerning the future and other key sources of estimation uncertainty on the balance sheet date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities in the preparation of consolidated financial statements. Actual results can be different from estimations. These estimations are reviewed at each balance sheet date; required corrections are made and reflected in the results of operations of the related period.

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the financial statements are as follows:

a) Allowance for doubtful receivables are based on Group management's impairment tests. During these tests for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the consolidated financial statements; and also the renegotiation conditions with these debtors are considered. The provisions for doubtful receivables are followed in the Note 11.

b) The Group has made significant assumptions over the useful life of buildings, machinery and equipment based on the expertise of the technical departments (Note 20).

c) Regarding the allowance for inventory obsolescence, the inventory is physically observed, the aging list is reviewed and according the expertise of the technical departments estimation on the remaining useful life of the items is made; allowance is calculated for the goods which are assessed as not usable. The net realizable value (NRV) of the inventory is calculated by using the sales price lists and average annual discount ratios, along with certain estimations on the selling and marketing expenses to be accumulated to sell the products (Note 15).

d) The Group reviews the carrying values of property, plant and equipment for impairment when events or changes in circumstances indicate that 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 (net realizable value) of property, plant and equipment is the greater of net selling price and value in use (Note 20 and Note 21).

e) The Group performs impairment test for intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of December 31, 2016, 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 determined taking the value in use calculation as basis. During these 5-year period calculations, estimated free cash flow before tax from financial budgets that were approved by board of directors are used for 3-year period. Estimated free cash flows before tax after 3-year period are calculated 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 per capita and consumer price indices were derived from external sources. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets, cash generating units. For the impairment test, between 0,86% - 3,0% varying rates for perpetuity growth rate and between 10,55% - 17,50% varying rates for weighted average cost of capital assumptions were used (Note 21 and Note 22).

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.

Basis of Consolidation and Interests in Joint Ventures

The consolidated financial statements comprise the financial statements of the parent company, CCI, its subsidiaries and joint ventures prepared as for the year ended December 31, 2016. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The consolidated financial statements cover CCI and the subsidiaries it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities.

2. BASIS OF PRESENTATION (continued)

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 non-controlling interests are shown separately in the consolidated balance sheet and consolidated income statement.

TFRS 11 "Joint Arrangements" is effective for annual periods beginning on or after 1 January 2013. This standard defines joint control with a realistic view, which is the contractually agreed sharing of control of an arrangement. There are two types of joint arrangements: joint operations and joint ventures. Among other changes introduced, under this new standard, proportionate consolidation is not permitted for joint ventures. With this amendment, joint ventures were accounted for under the equity method of accounting at the consolidated financial statements, starting from January 1, 2013. Investment in associates accounted for under the equity method of accounting is carried in the consolidated balance sheet at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group's share of the results of operations of the associates.

Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short-term deposits with an original maturity of less than 3 months and cheques dated on or before the relevant period end which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Investments in Securities

All investments in securities are measured at cost value that was paid to acquire the asset plus the expenses incurred during the acquisition and considered to reflect the fair value of the related investment.

After initial recognition, investments that are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized in other comprehensive income until the investment is sold, collected or otherwise disposed of, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs.

Interest calculated on available-for-sale investments is calculated using the effective interest rate and is reported as interest income. Dividends collected are recorded as dividend income on the date of entitlement. For available-for-sale investments that are actively traded in organized financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

Investments that are intended to be held to maturity, such as government bonds, are subsequently measured at amortized cost using the effective interest rate method, less any impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition.

Short term deposits with an original maturity of more than 3 months classified under investments in securities.

Derivative financial instruments

The Company engages in commodity swap transactions in order to hedge price risk arising from fluctuations in the prices of required commodity for final production and forward currency purchase agreements in order to hedge foreign currency risk arising from the fact that prices of required commodity for final production are currency indexed.

Hedge accounting

For the purpose of hedge accounting, hedges 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

- 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 or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

2. BASIS OF PRESENTATION (continued)

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 consolidated income statement. 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 consolidated income statement as part of finance income and costs.

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 costs.

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 forecasted purchase occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the statement of consolidated income when a sale occurs.

The Company has made aluminum swap and aluminum swap call option contracts in order to offset the possible losses that may arise from anticipated purchases of cans which are subject to aluminum price volatility and designates these aluminum swap transactions as hedging instruments for cash flow hedge relation against highly probable future outflows as the hedged item (Note 8, Note 40, Note 41).

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 statement of consolidated income as part of finance income and costs.

Trade Receivables

Trade receivables, which generally have payment terms of 15 - 65 days, are recognized at original invoice amount less doubtful receivable. An estimate for doubtful receivable is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Provision for doubtful receivables is reflected as expense in the income statement. The provision is the amount that is proposed to compensate the losses that possibly occur due to economic conditions expected by the Group or the risks carried as a part of the nature of the account.

2. BASIS OF PRESENTATION (continued)

Related Parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) Parties are considered related to the Company if;
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Inventories

Inventories are valued at the lower of cost or net realizable value, less provision for obsolete and slow moving items. Net realizable value is the selling price in the ordinary course of business, less the costs of completion, marketing and distribution. Cost includes all costs incurred in bringing the product to its present location and condition, and is determined primarily based on weighted average cost method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings and Leasehold Improvements	5 - 49 years
Machinery and Equipment	6 - 20 years
Furniture and Fixtures	5 - 10 years
Vehicles	5 - 10 years
Other Tangible Assets	5 - 12 years

Useful life of leasehold improvements is determined according to contract based lease period. Useful life of the investment is equal to the contract based remaining lease period of the leased asset.

Repair and maintenance costs for tangible assets are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits with the item will flow to the Group. All other costs are charged to the statements of income during the financial year in which they are incurred. All costs incurred for the construction of property, plant and equipment are capitalized and are not depreciated until the asset is ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that 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 (net realizable value) of property, plant and equipment is the greater of net selling price and value in use. Value in use is assessed by discounting future cash flows to their present value using a pre-tax discount rate that reflects current market conditions and the risks specific to the asset. If the related asset is not a unit that generates cash inflows by itself, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

The increase in the carrying value of property, plant and equipment as a result of the impairment reversal is recognized in the income statement, by considering not to exceed the book value amount if the impairment losses were not reflected to financial statements in prior years (net book value after depreciation).

2. BASIS OF PRESENTATION (continued)

Intangible Assets

Intangible assets acquired separately are measured at initial acquisition cost. The cost of an intangible asset acquired in a business combination is recognized at fair value, if its fair value can be reliably measured. 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, except Bottlers and Distribution Agreements.

In the scope of consolidation, intangible assets identified during the acquisition and in the fair value financial statements of subsidiaries and joint venture which are operating in foreign countries, represent the “Bottlers and Distribution Agreements” that are signed with TCCC. Taking into consideration TCCC’s ownership in the Company, contribution to development of long term strategic plans and business processes, and its working principles with other bottlers the Company management believes that no time constraint is required for bottling and distribution agreements as they will be extended without additional cost after expiration date. The intangible assets relating to the Bottlers and Distribution Agreements are therefore not amortized. Such intangible assets which are not amortized are annually reviewed for impairment or when events or changes in circumstances indicate that the carrying value may not be recoverable.

Water sources usage rights are amortized on a straight-line basis over their useful lives, which are between 9 and 40 years.

Other rights are amortized on a straight-line basis over their 2-15 years estimated useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Business Combinations and Goodwill

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed are recognized at TFRS 3 fair values on the date of acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting. Temporarily determined business combination accounting has to be completed within twelve months following the combination date and adjustment entries have to be made beginning from combination date.

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of the acquired business, at the date of acquisition. Group do not amortize goodwill arising from the business combinations and annually review for impairment.

Any goodwill arising from the acquisition of a foreign operation and fair value adjustments to the carrying amounts of assets and liabilities are treated as assets and liabilities of the acquired foreign operation. Therefore these assets and liabilities are translated at the closing rate from their presentation currencies.

Due to ongoing uncertainties regarding the political and regulatory environment in South Iraq and by closely monitoring to minimize the probable effects of such changes, Group Management decided to provide impairment loss for the positive goodwill amounting to USD 17,9 million which was accounted as of December 31, 2012 in accordance with IFRS 3 “Business Combinations” with the full consolidation of Al-Waha (Note 22, Note 33).

2. BASIS OF PRESENTATION (continued)

Recognition and Derecognition of Financial Assets and Liabilities

The Group recognizes a financial asset or financial liability in its consolidated balance sheet when and only when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of a financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of a financial asset. The Group derecognizes a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

Borrowings

All borrowings are initially recognized at cost.

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 liabilities are derecognized, as well as through the amortization process.

Borrowing Costs

All borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are being capitalized and other costs except them are being expensed after January 1, 2009. Before this date, borrowing costs were expensed as they incurred.

Leases (Group as a lessee)

a) Finance Lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Lease payments are presented under borrowings. Finance charges calculated over fixed interest rate are charged directly against income. Capitalized leased assets are depreciated over the estimated useful life of the asset.

b) Operating Lease

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

Trade Payables

Trade payables which generally have 7 - 30 day terms are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, when they are billed to the Group.

Employee Benefits

Turkish Entities:

(a) Defined Benefit Plans

The reserve for employee termination benefits is provided for in accordance with TAS 19 “Employee Benefits” and is based on actuarial study. In the consolidated financial statements, the Group has reflected a liability calculated using the “Projected Unit Credit Method”. According to the valuations made by qualified actuaries, all actuarial gains and losses are recognized in the income statement.

The employee termination benefits are discounted to the present value of the estimated future cash outflows using government bonds’ rate of return on the balance sheet date.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

2. BASIS OF PRESENTATION (continued)

The gains/loss originated from the changes in actuarial assumptions and the fluctuations between actuarial assumptions and the actual results are reflected to other comprehensive income. Actuarial assumptions used to determine net periodic pension costs are as follows as of balance sheet dates:

	December 31, 2016	December 31, 2015
Discount rate	**11,1%**	10,7%
Inflation	**8,0%**	7,8%
Rate of compensation increase	**8,0%**	7,8%

(b) Defined Contribution Plan

The Company pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. For the year ended December 31, 2016, contributions paid by the Group to the Social Security Institution of Turkey is amounting to TL 31.902 (December 31, 2015 - TL 26.207).

Foreign Subsidiaries

Subsidiaries and joint ventures in foreign countries pay contributions according to each country's local regulations and these payments are expensed as incurred. Both employee and employer make payments as social security contribution calculated on employee salary and these contributions reflected to employee expense when they accrued.

	Employee contribution rate	**Employer contribution rate**
Almaty CC	10%	11%
Azerbaijan CC	3%	22%
Bishkek CC	10%	17%
Turkmenistan CC	-	20%
Tajikistan CC	1%	25%
TCCBCJ	7%	14%
CCBIL	5%	12%
CCBPL	1% (on minimum wage)	5% (on minimum wage)

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 to other comprehensive income.

Provisions, Contingent Assets and Liabilities

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 assessment 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 interest expense.

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

Revenue Recognition

Sale of Goods

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

2. BASIS OF PRESENTATION (continued)

Net sales is reflected after deducting sales discounts, VAT, sales taxes and taxes. Sales discounts consist of deductions from sales, the cost of free products and special consumption tax.

Interest Income

Income is recognized as the interest accrues.

Income Taxes

Tax expense (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred taxes.

Deferred income 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 income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable 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 income 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 income tax asset to be utilized.

Deferred income 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 that have been enacted or substantively enacted at the balance sheet date.

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

Foreign Currency Transactions

Each entity within the Group translates its foreign currency transactions and balances into its functional currency by applying the exchange rate between the functional currency and the foreign currency on the date of the transaction. Exchange rate differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized in the income statement in the period in which they arise.

Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net profit for the period to the weighted average number of ordinary shares outstanding during the reporting periods. The weighted average number of shares outstanding during the year has been adjusted in respect of free shares issued without corresponding increase in resources. The Company has no diluted instruments.

Subsequent Events

Post period-end events that provide additional information about the Group's position at the balance sheet date (adjusting events), are reflected in the financial statements and footnotes. Post period-end events that are not adjusting events are disclosed in the notes when material.

3. BUSINESS COMBINATIONS

None (December 31, 2015 - None).

4. INTERESTS IN JOINT VENTURES

None (December 31, 2015 - None).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

5. SEGMENT REPORTING

The Company produces segment reports for the chief operating decision maker (Board of Directors and Executive Management) in accordance with basis of preparation as explained in Note 2. Reported information is used by management for observing performance at operation segments and for deciding resource allocation. Transfer prices between related parties are on an arm's length basis in a manner similar to transactions with third parties.

Group's subsidiaries and joint ventures presented under Note 1 and Group's segment reporting is as follows:

	December 31, 2016			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	**3.600.849**	**3.450.087**	**(691)**	**7.050.245**
Cost of sales (-)	**(2.255.022)**	**(2.403.367)**	**624**	**(4.657.765)**
Gross profit	**1.345.827**	**1.046.720**	**(67)**	**2.392.480**
Operating expenses (-)	**(1.084.751)**	**(711.725)**	**32.951**	**(1.763.525)**
Other operating income / (expense), net	**98.810**	**10.714**	**(97.734)**	**11.790**
Profit from operations	**359.886**	**345.709**	**(64.850)**	**640.745**
Gain from investing activities	**2.810**	**453**	**(2.810)**	**453**
Loss from investing activities (-)	**(5.045)**	**(77.191)**	**2.810**	**(79.426)**
Gain / (loss) from associates	**-**	**(1.176)**	**-**	**(1.176)**
Profit before financial income / (expense)	**357.651**	**267.795**	**(64.850)**	**560.596**
Financial income	**312.737**	**27.993**	**(28.745)**	**311.985**
Financial expense (-)	**(736.405)**	**(94.156)**	**28.746**	**(801.815)**
Profit before tax	**(66.017)**	**201.632**	**(64.849)**	**70.766**
Tax income / (expense)	**5.455**	**(50.909)**	**(2.921)**	**(48.375)**
Net income	**(60.562)**	**150.723**	**(67.770)**	**22.391**
Non-controlling interest	**-**	**51.503**	**(718)**	**50.785**
Equity holders of the parent	**(60.562)**	**99.220**	**(67.052)**	**(28.394)**
Purchase of property, plant, equipment and intangible asset	**272.525**	**244.538**	**-**	**517.063**
Depreciation and amortization expenses	**139.379**	**285.681**	**(872)**	**424.188**
Other non-cash items	**16.208**	**16.379**	**(4.662)**	**27.925**
Earnings before interest and tax (EBITDA)	**515.473**	**647.769**	**(70.384)**	**1.092.858**

	December 31, 2016			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	**5.289.621**	**5.510.129**	**(343.804)**	**10.455.946**
Total Liabilities	**3.676.991**	**2.219.669**	**(437.661)**	**5.458.999**

As of December 31, 2016, the portion of Almaty CC in the consolidated net revenue and total assets is 9% and 9% respectively.

As of December 31, 2016, the portion of CCBPL in the consolidated net revenue and total assets is 23% and 17% respectively.

As of December 31, 2015, the portion of Almaty CC in the consolidated net revenue and total assets is 12% and 9% respectively.

As of December 31, 2015, the portion of CCBPL in the consolidated net revenue and total assets is 20% and 18% respectively.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

5. SEGMENT REPORTING (continued)

	December 31, 2015			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	3.366.701	3.359.405	(2.240)	6.723.866
Cost of sales (-)	(2.046.176)	(2.345.110)	1.830	(4.389.456)
Gross profit	**1.320.525**	**1.014.295**	**(410)**	**2.334.410**
Operating expenses (-)	(1.020.933)	(680.874)	35.857	(1.665.950)
Other operating income / (expense), net	93.140	(29.216)	(92.872)	(28.948)
Profit / (loss) from operations	**392.732**	**304.205**	**(57.425)**	**639.512**
Gain from investing activities	4.202	1.120	(5.156)	166
Loss from investing activities (-)	(5.230)	(7.818)	5.156	(7.892)
Gain / (loss) from associates	-	(916)	-	(916)
Profit before financial income/(expense)	**391.704**	**296.591**	**(57.425)**	**630.870**
Financial income	351.914	31.909	(28.716)	355.107
Financial expense (-)	(694.674)	(116.073)	28.716	(782.031)
Profit before tax	**48.944**	**212.427**	**(57.425)**	**203.946**
Tax income / (expense)	474	(73.853)	(3.914)	(77.293)
Net income	**49.418**	**138.574**	**(61.339)**	**126.653**
Non-controlling interest	-	7.432	2.062	9.494
Equity holders of the parent	**49.418**	**131.142**	**(63.401)**	**117.159**
Purchase of property, plant, equipment and intangible asset	**154.708**	**674.486**	**(513)**	**828.681**
Depreciation and amortization expenses	125.394	237.038	(789)	361.643
Other non-cash items	6.631	43.774	(98)	50.307
Earnings before interest and tax (EBITDA)	**524.757**	**585.017**	**(58.312)**	**1.051.462**

	December 31, 2015			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	4.759.657	4.718.881	(532.720)	8.945.818
Total Liabilities	3.126.108	2.068.606	(390.467)	4.804.247

Company's "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)" definition and calculation is defined as; "Profit / (Loss) From Operations" plus relevant non-cash expenses including depreciation and amortization, provision for employee benefits like retirement and vacation pay (provision for management bonus not included) and other non-cash expenses like negative goodwill and value increase due to change in scope of consolidation.

EBITDA calculation comparatively restated according to classification change of provision or reversal for the impairment of fixed assets, which was made consistent with the illustrative financial statements and reporting guide of CMB as explained in detail in Note 2. As of December 31, 2016 and 2015, reconciliation of EBITDA to profit / (loss) from operations is explained in the following table:

	December 31, 2016	December 31, 2015
Profit / (loss) from operations	**640.745**	639.512
Depreciation and amortization (Note 32)	**424.188**	361.643
Provision for employee benefits (Note 26)	**14.677**	10.449
Foreign exchange gain / (loss) under other operating income / (expense) (Note 33)	**13.248**	39.798
Other	**-**	60
EBITDA	**1.092.858**	1.051.462

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

6. CASH AND CASH EQUIVALENTS

	December 31, 2016	December 31, 2015
Cash on hand	**3.392**	2.724
Cash in banks		
-Time	**1.245.375**	905.612
-Demand	**214.136**	90.549
Cheques	**3.206**	3.329
	1.466.109	1.002.214

As of December 31, 2016, time deposits with maturities less than 3 months in foreign currencies equivalent to TL 980.591, existed for periods varying between 1 day to 68 days (December 31, 2015 - TL 524.309, 1 day to 78 days) and earned interest between 0,02% - 6,00% (December 31, 2015 - 0,20% - 4,25%).

As of December 31, 2016, time deposits in local currency amounting to TL 264.784 existed for periods between 2 days and 41 days (December 31, 2015 - TL 381.303, 4 days to 78 days) and earned interest between 6,50 % - 11,50% (December 31, 2015 - 11,60% - 13,85%).

As of December 31, 2016, there is TL 3.699 (December 31, 2015 - TL 2.811) of interest income accrual on time deposits with maturities less than 3 months. As of December 31, 2016, and 2015, the fair values of cash and cash equivalents are equal to book value.

As of December 31, 2016, TL 477.987 (USD 136 million) on time deposits are reserved for the future raw materials purchases (December 31, 2015 - None) and related cash flow hedge reserve reflected to other comprehensive gain.

7. INVESTMENTS IN SECURITIES

	December 31, 2016	December 31, 2015
Time deposits with maturities more than 3 months	**11.036**	148
	11.036	148

As of December 31, 2016, time deposits with maturities over 3 months are composed of USD and KZT with 206 and 262 days' maturity and have 2% - 10% interest rates respectively (December 31, 2015 - USD, 206 days, 2,00%).

8. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2016, the Company has 4 aluminum swap transactions with a total nominal amount of TL 12.379 for 2.220 tones. The total of these aluminum swap contracts is designated as hedging instruments as of 29 May 2015 and 2 June 2016 in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk (Note 40).

As of December 31, 2016, the Company has 4 aluminum swap call options at 1.650 USD/per tone for 6.300 tones. The total of these option contracts is designated as hedging instruments in cash flow hedges related to 2017 and 2018 forecasted cash flows, for the high probability purchases of production material exposed to commodity price risk.

All the changes in the fair value of commodity swap and forward derivative financial instruments, that are accounted as hedge accounting, are effective and recognized in consolidated other comprehensive income.

	December 31, 2016		December 31, 2015	
	Nominal Value	**Fair Value Assets / (Liabilities)**	Nominal Value	Fair Value Assets / (Liabilities)
Held for hedging:				
Commodity swap contracts fair value assets / (liabilities)	**12.379**	**1.058**	54.283	(7.812)
Forward contracts assets / (liabilities)	**-**	**-**	101.766	(3.305)
	12.379	**1.058**	156.049	(11.117)

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

9. BORROWINGS

	December 31, 2016	December 31, 2015
Short-term borrowings	**109.184**	252.757
Current portion of long-term borrowings	**256.300**	310.240
Total short-term borrowings	**365.484**	562.997
Long-term borrowings	**3.404.663**	2.810.946
Total borrowings	**3.770.147**	3.373.943

As of December 31, 2016, there is interest expense accrual amounting to TL 20.986 on total amount of borrowings (December 31, 2015 - TL 20.092). The Group has complied with the financial covenants of its borrowing facilities during the 2016 and 2015 reporting period. Short and long-term borrowings denominated in TL and foreign currencies as of December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016		December 31, 2015	
	Short-term	**Long-term**	Short-term	Long-term
USD	**92.757**	**2.890.220**	150.183	2.449.214
EUR	**157.103**	**489.041**	218.077	336.036
TL	**62**	**-**	3.966	-
Pakistan Rupee	**104.534**	**-**	184.772	-
Kazakh Tenge	**6.440**	**25.402**	129	25.696
Jordanian Dinar	**4.588**	**-**	5.870	-
	365.484	**3.404.663**	562.997	2.810.946

Range for the minimum and maximum effective interest rates on the balance sheet date are as follows:

	December 31, 2016	December 31, 2015
Short-term		
USD denominated borrowings	**(1M Libor + 2.00%) - (4.75%)**	(3M Libor+2.00%)
EURO denominated borrowings	**(3M Euribor + 0.90%) - (6M Euribor + 1.75%)**	(3M Euribor+1.25%) - (6M Euribor+1.75%)
Jordanian Dinar denominated borrowings	**(8.8%)**	(8.8%)
Pakistan Rupee denominated borrowings	**(1M Kibor + 0.25%) - (3M Kibor + 0.50%)**	(1M Kibor+0.40%) - (3M Kibor+0.50%)
Long-term		
USD denominated borrowings	**(1M Libor + 2.00%) - (4.75%)**	(3M Libor+2.10%) - (4.75%)
EUR denominated borrowings	**(3M Euribor + 0.80%) - (6M Euribor + 1.50%)**	(3M Euribor+1.25%) - (6M Euribor+1.75%)
KZT denominated borrowings	**(6.00%)**	(6.00%)

Repayment plans of long-term borrowings as of December 31, 2016 and December 31, 2015 are scheduled as follows (including current portion of long-term borrowings):

	December 31, 2016	December 31, 2015
2016	**-**	310.240
2017	**256.300**	152.851
2018	**2.479.064**	1.887.374
2019	**122.722**	104.521
2020	**381.131**	318.051
2023	**421.746**	348.149
	3.660.963	3.121.186

10. OTHER FINANCIAL LIABILITIES

None (December 31, 2015 - None).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

11. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	December 31, 2016	December 31, 2015
Trade receivables	**538.295**	458.372
Cheques receivables	**18.221**	12.502
Less: Allowance for doubtful receivables	**(28.804)**	(22.657)
	527.712	448.217

As of December 31, 2016 and 2015 allowance for doubtful receivables movement is as following:

	December 31, 2016	December 31, 2015
Balance at January 1,	**22.657**	20.093
Current year provision	**5.839**	2.439
Reversals from provision	**(1.304)**	(751)
Write-offs from doubtful receivables	**(631)**	(759)
Currency translation difference	**2.243**	1.635
	28.804	22.657

As of December 31, 2016 and 2015 aging of receivables table is as following:

	Neither past due nor impaired	Past due receivables without provision					
December 31, 2016		Up to 1 month	1-2 months	2-3 months	3-6 months	More than 6 months	Total
Accounts receivable	**455.218**	**32.482**	**2.907**	**9.107**	**3.421**	**6.356**	**509.491**
Cheques receivables	**18.221**	**-**	**-**	**-**	**-**	**-**	**18.221**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	473.439	**32.482**	**2.907**	**9.107**	**3.421**	**6.356**	**527.712**
December 31, 2015							
Accounts receivable	390.053	30.296	7.007	2.783	486	5.090	435.715
Cheques receivables	12.502	-	-	-	-	-	12.502
Other	-	-	-	-	-	-	-
	402.555	30.296	7.007	2.783	486	5.090	448.217

Trade Payables

	December 31, 2016	December 31, 2015
Suppliers	**592.671**	517.299
	592.671	517.299

12. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	December 31, 2016	December 31, 2015
Due from personnel	**8.299**	6.393
Deposits and guarantees given	**2.393**	3.850
Receivable from tax office and other official receivables	**20.358**	16.606
Other	**10.325**	7.173
	41.375	34.022

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

12. OTHER RECEIVABLES AND PAYABLES (continued)

Other Payables

	December 31, 2016	December 31, 2015
Deposits and guarantees	**169.790**	136.957
Taxes and duties payable	**39.358**	32.562
Other	**2.569**	4.342
	211.717	173.861

13. PREPAID EXPENSES

a) Short term prepaid expenses

	December 31, 2016	December 31, 2015
Prepaid marketing expenses	**58.210**	54.506
Prepaid insurance expenses	**12.400**	11.620
Prepaid rent expenses	**8.395**	7.083
Prepaid other expenses	**12.140**	7.214
Advances given	**56.507**	60.154
	147.652	140.577

b) Long term prepaid expenses

	December 31, 2016	December 31, 2015
Prepaid marketing expenses	**95.005**	97.158
Prepaid rent expenses	**33.637**	30.572
Prepaid other expenses	**175**	666
Advances given	**13.464**	12.385
	142.281	140.781

14. RECEIVABLES AND PAYABLES RELATED TO FINANCE SECTOR

None (December 31, 2015 - None).

15. INVENTORIES

	December 31, 2016	December 31, 2015
Finished goods	**158.268**	139.648
Raw materials	**248.832**	324.103
Packaging materials	**48.161**	88.582
Goods in transit	**60.435**	61.546
Other materials	**18.670**	17.108
Less: reserve for obsolescence (-)	**(13.063)**	(10.180)
	521.303	620.807

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

15. INVENTORIES (continued)

As of December 31, 2016 and 2015 reserve for obsolescence movement is as following, net loss recorded during year is TL 1.317 (December 31, 2015 net loss is amounting to TL 5.225).

	December 31, 2016	December 31, 2015
Balance at January 1,	**10.180**	4.101
Current year provision - reversal, net	**3.976**	9.075
Inventories written off	**(2.659)**	(3.850)
Currency translation difference	**1.566**	854
	13.063	10.180

16. BIOLOGICAL ASSETS

None (December 31, 2015 - None).

17. RECEIVABLE AND PAYABLE FROM CONSTRUCTION CONTRACTS

None (December 31, 2015 - None).

18. INVESTMENT IN ASSOCIATES

Investment in associates, consolidated under the equity method of accounting, is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group’s share of net assets of the associates, less any impairment in value. The consolidated income statement reflects the Group’s share of the results of operations of the associates.

As of December 31, 2016, shareholder loan payables of SSDSD in proportion to shareholdings with a total amount of USD 3 million has been converted as share capital in its statutory financials, to be set off from accumulated losses.

As of December 31, 2016 and 2015 total assets, total liabilities, net sales and current period loss of SSDSD is as follows:

SSDSD	**December 31, 2016**	December 31, 2015
Total Assets	**1.425**	2.358
Total Liabilities	**3.241**	13.756
Equity	**(1.816)**	(11.398)

SSDSD	**December 31, 2016**	December 31, 2015
Revenue	**-**	3.035
Net Loss	**(2.352)**	(1.833)
Group’s share in loss	**(1.176)**	(916)

19. INVESTMENT PROPERTY

None (December 31, 2015 - None).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

20. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Net book value at December 31, 2014	772.179	1.392.895	58.840	33.427	682.754	11.077	410.881	3.362.053
Additions	42.978	138.484	14.784	7.265	180.279	252	434.240	818.282
Disposals, net	(198)	(2.218)	(1.576)	(58)	(12.312)	-	-	(16.362)
Transfers	249.771	369.399	215	2.187	67.094	-	(688.666)	-
Provision and reverse for impairment	-	(4.098)	-	-	(3.554)	-	-	(7.652)
Currency translation adjustment	132.350	248.833	12.139	3.337	89.529	-	76.491	562.679
Depreciation charge for the current year	(26.488)	(112.364)	(12.372)	(5.833)	(193.481)	(1.748)	-	(352.286)
Net book value at December 31, 2015	1.170.592	2.030.931	72.030	40.325	810.309	9.581	232.946	4.366.714
Net book value at December 31, 2015	**1.170.592**	**2.030.931**	**72.030**	**40.325**	**810.309**	**9.581**	**232.946**	**4.366.714**
Additions	**30.736**	**133.462**	**6.129**	**10.574**	**161.781**	**126**	**149.570**	**492.378**
Disposals, net	**(486)**	**(5.019)**	**(2.148)**	**(246)**	**(2.650)**	**(4.461)**	**-**	**(15.010)**
Transfers	**149.998**	**41.719**	**506**	**5.709**	**25.455**	**(3.619)**	**(219.768)**	**-**
Provision and reverse for impairment	**(7)**	**(8.393)**	**-**	**21**	**(12.902)**	**-**	**-**	**(21.281)**
Currency translation adjustment	**208.260**	**339.370**	**11.605**	**3.851**	**97.756**	**-**	**14.522**	**675.364**
Depreciation charge for the current year	**(33.686)**	**(140.699)**	**(14.375)**	**(9.047)**	**(214.958)**	**(585)**	**-**	**(413.350)**
Net book value at December 31, 2016	**1.525.407**	**2.391.371**	**73.747**	**51.187**	**864.791**	**1.042**	**177.270**	**5.084.815**
At December 31,2015								
Cost	1.096.142	2.790.666	121.454	78.721	1.622.798	20.009	136.305	5.866.095
Accumulated depreciation	(188.045)	(1.167.974)	(75.536)	(45.228)	(964.921)	(10.510)	-	(2.452.214)
Accumulated provision for impairment	(9.306)	(52.159)	(551)	-	(22.675)	-	-	(84.691)
Currency translation adjustment	271.801	460.398	26.663	6.832	175.107	82	96.641	1.037.524
Net book value at December 31,2015	1.170.592	2.030.931	72.030	40.325	810.309	9.581	232.946	4.366.714
At December 31, 2016								
Cost	**1.276.390**	**2.960.828**	**125.941**	**94.758**	**1.807.384**	**12.055**	**66.107**	**6.343.463**
Accumulated depreciation	**(221.731)**	**(1.308.673)**	**(89.911)**	**(54.275)**	**(1.179.879)**	**(11.095)**	**-**	**(2.865.564)**
Accumulated provision for impairment	**(9.313)**	**(60.552)**	**(551)**	**21**	**(35.577)**	**-**	**-**	**(105.972)**
Currency translation adjustment	**480.061**	**799.768**	**38.268**	**10.683**	**272.863**	**82**	**111.163**	**1.712.888**
Net book value at December 31, 2016	**1.525.407**	**2.391.371**	**73.747**	**51.187**	**864.791**	**1.042**	**177.270**	**5.084.815**

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

20. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment Loss

As of December 31, 2016 the Group had provided impairment losses amounting to TL 21.734 (December 31, 2015 - TL 7.818) for property, plant and equipment that had greater carrying value than its estimated recoverable amount. This impairment had been provided for "Out of Use" tangible assets. As of December 31, 2016, TL 453 impairment losses provided at prior years were reversed (December 31, 2015 - TL 166) (Note 33).

For the year ended December 31, 2016, there isn't any capitalized borrowing costs on construction in progress (December 31, 2015 - TL 5.846).

Finance Leases

Property leased by the Group includes coolers, vehicles, buildings, machinery and equipment.

As of December 31, 2016 net book value of assets under finance leases included in property, plant and equipment is amounting to TL 1.275 (December 31, 2015 - TL 1.488).

21. INTANGIBLE ASSETS

	January 1, 2016	**Additions/ (Amortization)**	**Disposals**	**Currency translation adjustment**	**December 31, 2016**
Cost					
Water sources usage right	**31.980**	**-**	**-**	**-**	**31.980**
Bottlers and distribution agreements	**1.114.682**	**-**	**-**	**234.864**	**1.349.546**
Other Rights	**60.011**	**24.685**	**-**	**4.983**	**89.679**
Less: Accumulated amortization					
Water sources usage right	**(25.023)**	**(3.582)**	**-**	**-**	**(28.605)**
Other Rights	**(27.440)**	**(7.256)**	**-**	**(1.431)**	**(36.127)**
Net book value	**1.154.210**	**13.847**	**-**	**238.416**	**1.406.473**

	January 1, 2015	Additions/ (Amortization)	Disposals	Currency translation adjustment	December 31, 2015
Cost					
Water sources usage right	31.980	-	-	-	31.980
Bottlers and distribution agreements	888.612	-	-	226.070	1.114.682
Other Rights	46.984	10.399	(71)	2.699	60.011
Less: Accumulated amortization					
Water sources usage right	(21.441)	(3.582)	-	-	(25.023)
Other Rights	(20.792)	(5.775)	32	(905)	(27.440)
Net book value	925.343	1.042	(39)	227.864	1.154.210

There is no water sources usage right acquired through government incentive.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

22. GOODWILL

As of December 31, 2016 and 2015 movements of goodwill are as follows:

	January 1, 2016	**Additions/ (Provisions)**	**Currency Translation Difference**	**December 31, 2016**
Cost	**620.484**	**-**	**118.625**	**739.109**
Accumulated depreciation / Impairment reserve	**(13.863)**	**(54.051)**	**-**	**(67.914)**
Net book value	**606.621**	**(54.051)**	**118.625**	**671.195**

	January 1, 2015	Currency Translation Difference	December 31, 2015
Cost	497.662	122.822	620.484
Accumulated depreciation / Impairment reserve	(13.863)	-	(13.863)
Net book value	483.799	122.822	606.621

Due to ongoing uncertainties regarding the political and regulatory environment in South Iraq and by closely monitoring to minimize the probable effects of such changes, Group Management decided to provide impairment loss for the positive goodwill amounting to USD 17,9 million (equivalent to TL 54.051) and reflected to consolidated financial statements as of December 31, 2016, which was accounted as of December 31, 2012 in accordance with IFRS 3 “Business Combinations” with the full consolidation of Al-Waha (Note 22, Note 33).

23. GOVERNMENT INCENTIVES

As of December 31, 2016, TL 394 tax advantage is recognized from the future tax advantage of the incentives used for Bursa mineral water, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin and İzmir production line investments (As of December 31, 2015 tax advantage has not been calculated since the Company was in statutory loss).

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES

CCI and its Subsidiaries in Turkey

Litigations against the Group

CCI and subsidiaries in Turkey are involved on an ongoing basis in litigation arising in the ordinary course of business as of December 31, 2016 with an amount of TL 8.557 (December 31, 2015 - TL 7.545). As of December 31, 2016, no court decision has been granted yet. Group management does not expect any adverse consequences related with these litigations that would materially affect Group’s operation results or financial status or liquidity.

Guarantee Letters

As of December 31, 2016, the aggregate amount of letter of guarantees provided to banks are TL 418.807 (December 31, 2015 - TL 325.660).

Subsidiaries and joint ventures operating in foreign countries

Litigations against the Group

As of December 31, 2016, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be USD 14,0 million (December 31, 2015 - USD 14,0 million).

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

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Mortgages

As of December 31, 2016, the mortgages on buildings and lands of TCCBCJ and CCBPL amounts to TL 12.392 (December 31, 2015 - TL 10.238) and TL 89.730 (December 31, 2015 - TL 74.135) respectively, for the credit lines obtained.

Letter of Credit

As of December 31, 2016, CCBPL obtained letter of credits amounting to USD 0,1 million and EUR 7,6 million (December 31, 2015 - CCBPL USD 1,0 million and EUR 2,2 million).

Guarantee Letters

As of December 31, 2016, amount of letters of guarantee obtained from banks and given to suppliers and government authorities is TL 17.989 (December 31, 2015 - TL 14.811).

As of December 31, 2016, and December 31, 2015 total guarantees and pledges given by the Group are as follows:

	December 31, 2016					
	Total TL Equivalent	**Original TL Amount**	**Original USD in Thousands**	**Original EUR in Thousands**	**Original PKR in Thousands**	**Other Foreign Currency TL Equivalent**
A. Total guarantees and pledges given by the Company for its own corporation	**530.352**	**418.807**	**14**	**204**	**2.667.000**	**21.005**
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	**430.395**	**-**	**22.856**	**75.113**	**1.177.535**	**31.673**
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees and pledges given	-	-	-	-	-	-
i. Total guarantees and pledges given by the Company for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	**960.747**	**418.807**	**22.870**	**75.317**	**3.844.535**	**52.678**
Other guarantees and pledges given / Total equity (%)	-	-	-	-	-	-

	December 31, 2015					
	Total TL Equivalent	Original TL Amount	Original USD in Thousands	Original EUR in Thousands	Original PKR in Thousands	Other Foreign Currency TL Equivalent
A. Total guarantees and pledges given by the Company for its own corporation	410.038	325.660	-	-	2.667.000	10.238
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	488.129	-	50.000	75.280	2.800.285	25.696
C. Total guarantees and pledges given by the Company for other third parties for its ordinary commercial activities	-	-	-	-	-	-
D. Other guarantees and pledges given						
i. Total guarantees and pledges given by the Company for its parent company	-	-	-	-	-	-
ii. Total guarantees and pledges given by the Company for other group companies which are not covered in B and C clauses	-	-	-	-	-	-
iii. Total guarantees and pledges given by the Company for other third parties which are not covered in the C clause	-	-	-	-	-	-
Total guarantees and pledges	898.167	325.660	50.000	75.280	5.467.285	35.934
Other guarantees and pledges given / Total equity (%)	-	-	-	-	-	-

Contingent liability related to letter of credits, guarantee letters and borrowings utilized under asset pledges are totally covered by the pledge amount in the related countries, and not separately disclosed under total guarantee and pledge position table.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

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. 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 are subject to review and investigation by a number of authorities, who are enabled by law to impose significant fines, penalties and interest charges. These facts create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

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.

After the withdrawal, Federal tax office in Pakistan requested USD 33,5 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 favorable (December 31, 2015 - USD 33,5 million).

25. COMMITMENTS

Murabaha

CCBPL has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited ("Banks"). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2016, CCBPL has USD 0,1 million sugar and resin purchase commitment from the Banks until the end of March 2017 and has USD 29,8 million sugar purchase commitment from the Banks until the end of December 2017.

Operating Leases

CCI and CCSD have signed various operating lease agreements for vehicles.

TL 16.653 of rent expense was reflected for the year-ended December 31, 2016 (December 31, 2015, TL 19.298) in the consolidated income statement due to the non-cancellable operating lease agreement for vehicles.

As of December 31, 2016, and December 31, 2015, future minimum lease payments under non-cancellable operating lease agreements are as follows:

	December 31, 2016	December 31, 2015
Less than 1 year	**3.446**	1.849
Next 1-5 years	**19.788**	21.477

26. EMPLOYEE BENEFITS

As of December 31, 2016 and 2015, payables related to employee benefits amounts to TL 31.508 and TL 21.883 respectively and are comprised of payables for wages and salaries, social security premiums and withholding taxes.

a) Short term employee benefits

	December 31, 2016	December 31, 2015
Management premium accrual	**30.434**	15.797
Vacation pay accrual	**12.036**	10.662
Wages and salaries	**39.871**	21.360
	82.341	47.819

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

26. EMPLOYEE BENEFITS (continued)

As of December 31, 2016 and 2015, movements of the management premium accrual are as follows:

	December 31, 2016	December 31, 2015
Balance at January 1,	**15.797**	18.300
Payments made	**(34.480)**	(36.117)
Current year charge	**44.954**	30.776
Currency translation difference	**4.163**	2.838
	30.434	15.797

As of December 31, 2016 and 2015, movements of the vacation pay accrual are as follows:

	December 31, 2016	December 31, 2015
Balance at January 1,	**10.662**	12.476
Payments made	**(1.445)**	(2.605)
Reversals made	**(1.482)**	(2.444)
Current year charge	**3.710**	2.348
Currency translation difference	**591**	887
	12.036	10.662

b) Long term employee benefits

As of December 31, 2016 and 2015, details of long-term employee benefits are as follows:

	December 31, 2016	December 31, 2015
Employee termination benefits	**63.637**	51.230
Long term incentive plan accrual	**1.580**	1.203
	65.217	52.433

As of December 31, 2016 and 2015, the movements of long-term incentive plan provisions are as follows:

	December 31, 2016	December 31, 2015
Balance at January 1,	**1.203**	1.467
Payments made	**(15.232)**	(13.541)
Current year charge	**15.609**	13.277
	1.580	1.203

Employee Termination Benefits

In accordance with the existing social legislation, the Company and its subsidiaries operating in Turkey are required to make lump-sum payments to employees who have completed at least one year of service with the Company and 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 and limited to a maximum of TL 4,30 as of December 31, 2016 (December 31, 2015 - TL 3,71) per year of employment at the rate of pay applicable on the date of retirement or termination.

Starting from January 1, 2017, retirement pay liability ceiling increased to TL 4,43.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

26. EMPLOYEE BENEFITS (continued)

The movement of the defined benefit obligation recognized in the consolidated balance sheet is as follows:

	December 31, 2016	December 31, 2015
At January 1,	**51.230**	49.152
Interest expense	**5.687**	5.235
Benefit payments	**(6.615)**	(8.756)
Current year service charge	**6.762**	5.310
Actuarial gain/(loss)	**6.573**	289
	63.637	51.230

In the scope of defined benefit plan, actuarial losses under short term employee benefits and employee termination benefits were reflected to consolidated comprehensive income statement as of 31 December, 2016 and 2015 with an amount of TL 5.768 and TL 3.152 respectively.

27. POST-RETIREMENT BENEFIT PLANS

None (December 31, 2015 - None).

28. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	December 31, 2016	December 31, 2015
VAT receivables	**229.825**	228.197
Other	**8.346**	4.051
	238.171	232.248

b) Other Current Liabilities

	December 31, 2016	December 31, 2015
Advance received	**15.125**	12.660
Buying option of share from non-controlling interest	**8.305**	6.862
Other	**9.613**	10.559
	33.043	30.081

The obligation of TL 8.305 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase.

c) Other Non-current Liabilities

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 TL 111.150 and the amount is recorded under “other non-current liabilities” account (December 31, 2015 - TL 115.748).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

29. EQUITY

Share Capital

	December 31, 2016	December 31, 2015
Common shares 1 Kr par value		
Authorized and issued (units)	**25.437.078.200**	25.437.078.200

Reserves

The legal reserves consist of first and second legal reserves in accordance with the TCC. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's restated share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's restated share capital. Under TCC, the legal reserves are only available for netting off losses unless they exceed 50% of the historical paid-in share capital otherwise they are not allowed to be used for other purposes.

Listed companies are subject to dividend requirements regulated by the CMB as follows:

In accordance with the Capital Markets Board decisions, the first dividend shall not be below 20% of the distributable profit after deducting the accumulated losses. Based on their decisions taken in the ordinary general boards, listed joint-stock companies have their right to distribute dividends in cash, in share certificates, in partial distribution within cash or share certificates while retaining a portion in the partnership.

Based on the CMB decision numbered 7/242 taken on February 25, 2005; distributable profit -calculated upon the regulations of CMB related with the dividend distribution- shall be fully distributed if the amount is adequate to be provided by the distributable profits with respect to the statutory books, otherwise, all of the net distributable amount in the statutory books shall be distributed. No profit distribution shall be made in the case of tax loss is met in either local books or the financial statements prepared in accordance with CMB regulations.

It was announced in the CMB decision dated January 9, 2009, number 1/6 that without considering the fact that a profit distribution has been declared in the general assemblies of the subsidiaries, joint ventures and associates, which are consolidated into the parent company's financial statements, the net income from these companies that are consolidated into the financial statements of the parent company can be considered when calculating the distributable amount, as long as the statutory reserves of these entities are sufficient for a such profit distribution. After completing these requirements, the parent company may distribute profit by considering the net income included in the consolidated financial statements prepared in accordance with Communiqué No. XI-29 of CMB.

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

According to Article 19 of the Capital Market Law numbered 6362 effective from 30 December 2012, listed companies shall distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulations. Regarding the profit distribution policies of listed companies, the assembly may set different principles on the basis of similar companies.

No decision may be made to set aside profits for other reserves, to transfer profits to the following year, or to distribute a share from the profits to the members of the board of directors, officials, employees or workers unless the reserves required to be set aside as required by law and the profit share determined for shareholders in the main contract have been so set aside and unless the profit share determined is paid.

In listed companies, as of the date of dividend distribution, dividend distribution is held evenly to all current shares without considering their dates of issuance and acquisition.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source for capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. In case inflation adjustment to issued capital is used as dividend distribution in cash, it is subject to corporation tax.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

29. EQUITY (continued)

As of December 31, 2016, and December 31, 2015 breakdown of the equity of the Company in its tax books is as follows.

	December 31, 2016			December 31, 2015		
	Historical Amount	**Inflation Restatement Differences**	**Restated Amount**	Historical Amount	Inflation Restatement Differences	Restated Amount
Share Capital	**254.371**	**(8.559)**	**245.812**	254.371	(8.559)	245.812
Restricted reserves allocated from net profit	**118.338**	**13.396**	**131.734**	141.586	13.396	154.982
Extraordinary Reserves	**540.621**	**9.551**	**550.172**	527.518	9.551	537.069

Dividends

Cash dividends paid starting from May 27, 2016 with a total amount of TL 30.016 gross dividends (TL 0,1003 (full) paid per 100 shares, representing TL 1 nominal value), of that TL 19.221 was remained after legal liabilities were deducted from 2015 net distributable profit and the amount of TL 10.795 from extraordinary reserves for the year 2012. The remainder of 2015 net profit added to the extraordinary reserves. In year 2015 the Group paid dividend related with the fiscal year of 2014 to its shareholders with an amount of TL 100.222 (TL 0,394 (full) was paid per 100 shares, representing TL 1 nominal value).

There is not any privilege granted to shareholders related to dividend payments.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

30. CONTINUING OPERATIONS

a) Net Revenue

	December 31, 2016	December 31, 2015
Gross sales	**10.947.999**	10.238.819
Sales discounts	**(3.386.562)**	(3.098.677)
Other discounts	**(511.192)**	(416.276)
	7.050.245	6.723.866

b) Cost of Sales

	December 31, 2016	December 31, 2015
Raw material cost	**3.955.508**	3.737.084
Depreciation and amortization	**222.899**	189.319
Personnel expenses	**184.374**	172.028
Other expenses	**294.984**	291.025
	4.657.765	4.389.456

31. OPERATING EXPENSES

a) General administrative expenses	December 31, 2016	December 31, 2015
Personnel expenses	**192.396**	182.181
Depreciation on property, plant and equipment	**22.414**	21.083
Consulting and legal fees	**20.112**	22.602
Utilities and communication expenses	**10.089**	12.376
Provision for doubtful receivables (Note 11)	**5.839**	2.439
Repair and maintenance expenses	**4.980**	4.497
Rent expense	**27.158**	24.361
Other	**61.239**	67.755
	344.227	337.294

b) Selling, distribution and marketing expenses	December 31, 2016	December 31, 2015
Marketing and advertising expenses	**496.490**	468.591
Personnel expenses	**331.757**	304.667
Transportation expenses	**260.271**	247.830
Depreciation on property, plant and equipment	**175.067**	148.375
Maintenance expenses	**31.930**	31.037
Utilities and communication expenses	**27.344**	28.075
Rent expenses	**35.830**	33.047
Other	**60.609**	67.034
	1.419.298	1.328.656

32. EXPENSES BY NATURE

a) Depreciation and amortization expenses	December 31, 2016	December 31, 2015
Property, plant and equipment		
Cost of sales	**219.115**	185.540
Selling, distribution, marketing and general administrative expenses	**190.427**	163.842
Inventory	**2.566**	2.274
Other operating expense	**1.242**	592
Intangible assets		
Cost of sales	**3.784**	3.779
Selling, distribution, marketing and general administrative expenses	**7.054**	5.616
	424.188	361.643

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

32. EXPENSES BY NATURE (continued)

b) Employee Benefits	December 31, 2016	December 31, 2015
Personnel expenses		
Wages and salaries	**600.355**	558.161
Social security premium expenses	**42.591**	41.400
Employee termination benefits	**12.449**	10.545
Other	**53.132**	48.770
	708.527	658.876

33. OTHER INCOME / EXPENSE

a) Other operating income / expense	December 31, 2016	December 31, 2015
Other operating income		
Gain on sale of scrap materials	**16.293**	12.957
Insurance compensation income	**5.536**	1.118
Foreign exchange gains	**88.697**	81.875
Other income	**21.626**	20.288
	132.152	116.238
Other operating expense		
Donations	**(1.083)**	(538)
Foreign exchange loss	**(101.945)**	(121.673)
Other expenses	**(17.334)**	(22.975)
	(120.362)	(145.186)

b) Gain / (Loss) from Investing Activities	December 31, 2016	December 31, 2015
Gain from Investing Activities		
Impairment reversal in property, plant and equipment (Note 20)	**453**	166
	453	166
Loss from Investing Activities		
Impairment reversal in property, plant and equipment (Note 20)	**(21.734)**	(7.818)
Impairment provision on positive goodwill (Note 2, Note 22)	**(54.051)**	-
Loss on disposal of property, plant and equipment	**(3.641)**	(74)
	(79.426)	(7.892)

34. FINANCIAL INCOME

	December 31, 2016	December 31, 2015
Interest income	**41.045**	39.027
Foreign exchange gain	**246.850**	312.852
Foreign exchange gain on derivative transactions	**24.090**	3.228
	311.985	355.107

35. FINANCIAL EXPENSES

	December 31, 2016	December 31, 2015
Interest expense	**(162.405)**	(172.786)
Foreign exchange loss	**(611.073)**	(605.350)
Foreign exchange loss on derivative transactions	**(28.337)**	(3.895)
	(801.815)	(782.031)

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

35. FINANCIAL EXPENSES (continued)

As of December 31, 2016 and 2015 foreign exchange gain / (loss) from foreign currency denominated borrowings are as follows:

	December 31, 2016	December 31, 2015
Foreign exchange gain / (loss) from foreign currency denominated borrowings, net	**(513.877)**	(504.451)

36. NON-CURRENT ASSETS AVAILABLE FOR SALE AND DISCONTINUING OPERATIONS

None (December 31, 2015 - None).

37. TAX RELATED ASSETS AND LIABILITIES

General information

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries 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.

In Turkey, corporate tax rate is 20% (December 31, 2015 - 20%). Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in full by the end of the fourth month. The tax legislation provides for a provisional tax of 20% (2015 - 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. Corporate tax losses can be carried forward for a maximum period of 5 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 5 years.

The reconciliation of current period tax charge for the years ended December 31, 2016 and 2015 is as follows:

	December 31, 2016	December 31, 2015
Income before tax and non-controlling interest	**70.766**	203.946
Provision for corporate tax (20%)	**(14.153)**	(40.789)
Effect of not deductible (taxable) amounts in taxable income		
Effect of difference in the tax rate from subsidiaries	**773**	8.770
Deductions after non-deductible expenses	**(1.728)**	(1.126)
Unused investment incentive	**3.644**	972
Deferred tax effect of translation on non-monetary items	**(7.497)**	(27.110)
Effect of impairment provision on positive goodwill	**(10.810)**	-
Other	**(18.604)**	(18.010)
Total tax charge	**(48.375)**	(77.293)

The breakdown of current period tax charge for the years ended December 31, 2016 and 2015 is as follows:

	December 31, 2016	December 31, 2015
Deferred tax expense	**3.064**	(23.172)
Current period tax expense	**(51.439)**	(54.121)
Total tax charge	**(48.375)**	(77.293)

Different corporate tax rates of foreign subsidiaries are as follows:

	December 31, 2016	December 31, 2015
Kazakhstan	**20%**	20%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Turkmenistan	**8%**	8%
Tajikistan	**14%**	14%
Jordan	**14%**	14%
Iraq	**15%**	15%
Pakistan	**32%**	33%

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

37. INCOME TAXES, DEFERRED TAX ASSETS AND LIABILITIES (continued)

Because of the international nature of the Group's activities and the fact that the Group transacts more of its business in U.S. Dollars than in any other currency, the functional currency of the Group's foreign subsidiaries is U.S. Dollars. except Pakistan. For the consolidated financial statements, subsidiaries financial statements have been translated from U.S. Dollars into TL and the "translation differences" arising from such translation have been recorded in equity, under Currency Translation Adjustment. Since it's not planned to sell any subsidiary share, these translation differences will not be reversed in the foreseeable future and not subject to deferred tax calculation in accordance with TAS 12, Income Taxes.

The list of temporary differences and the resulting deferred tax liabilities, as of December 31, 2016 and December 31, 2015 using the prevailing effective statutory tax rate is as follows:

	December 31, 2016		December 31, 2015	
	Cumulative Temporary Difference	**Deferred Tax Assets / (Liabilities)**	Cumulative Temporary Difference	Deferred Tax Assets / (Liabilities)
Tangible and intangible assets	**(2.130.572)**	**(535.771)**	(1.809.344)	(458.427)
Borrowings	**(18.218)**	**(3.644)**	(22.081)	(4.416)
Employee termination, other employee benefits and other payable accruals	**78.400**	**15.645**	65.719	13.029
Unused investment incentive	**132.802**	**24.648**	107.922	21.004
Carry forward tax loss	**523.312**	**142.973**	382.892	118.603
Trade receivables, payables and other	**63.449**	**14.252**	86.542	17.068
Derivative financial instruments	**(91.318)**	**(18.264)**	10.683	2.137
Inventory	**62.391**	**13.173**	55.507	11.471
	(1.379.754)	**(346.988)**	(1.122.160)	(279.531)
Deferred tax assets		**210.691**		183.312
Deferred tax liabilities		**(557.679)**		(462.843)
Deferred tax liability, net		**(346.988)**		(279.531)

Carried forward tax losses of Pakistan which were formed by the depreciation expenses according to local tax regulations are subject to deferred tax. In accordance with the local tax regulations in Pakistan, these tax losses has an exception of normal time limit (6 years) and can be carried forward with an indefinite life.

As of December 31, 2016 and 2015, the movement of net deferred tax liability is as follows:

	December 31, 2016	December 31, 2015
Balance at January 1,	**279.531**	212.317
Deferred tax expense / (income)	**(3.064)**	23.172
Tax expense recognized in comprehensive income	**16.828**	(3.422)
Currency translation adjustment	**53.693**	47.464
	346.988	279.531

38. EARNINGS / (LOSSES) PER SHARE

Basic earnings / (losses) per share is calculated by dividing net income / (loss) for the period by the weighted average number of ordinary shares outstanding during the related period. The Company has no diluted instruments.

As of December 31, 2016 and 2015 earnings / (losses) per share is as follows:

	December 31, 2016	December 31, 2015
Net income for the period	**(28.394)**	117.159
Weighted average number of ordinary shares	**25.437.078.200**	25.437.078.200
Net Earnings Per Share (Full TL)	**(0,0011)**	0,0046

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

39. RELATED PARTY BALANCES AND TRANSACTIONS

The Group has various transactions with related parties in normal course of the business. The most significant transactions with related parties are as follows:

	December 31, 2016				
	Sales to related parties and other revenues	**Purchases from related parties and other expenses**	**Amounts owed by related parties**	**Amounts owed to related parties**	
				Short Term	**Long Term**
Related Parties and Shareholders					
Anadolu Group Companies (1)	**161.120**	**34.318**	**44.023**	**2.394**	**-**
Beverage Partners Worldwide (2)	**-**	**-**	**-**	**-**	**-**
The Coca-Cola Company (1)	**67.790**	**1.392.124**	**29.258**	**145.046**	**25.697**
Özgörkey Holding Group Companies (1)	**438**	**15.141**	**-**	**893**	**-**
Efes Karaganda Brewery J.S.C.(1)	**-**	**598**	**-**	**194**	**-**
Syrian Soft Drink Sales and Distribution L.L.C.(4)	**-**	**-**	**2.178**	**-**	**-**
Doğadan (2)	**25.597**	**144.531**	**-**	**32.283**	**-**
Day Trade (2)	**-**	**-**	**1.174**	**-**	**-**
National Beverage Co. (3)	**5.653**	**1.368**	**-**	**-**	**-**
Total	**260.598**	**1.588.080**	**76.633**	**180.810**	**25.697**

	December 31, 2015				
	Sales to related parties and other revenues	**Purchases from related parties and other expenses**	**Amounts owed by related parties**	**Amounts owed to related parties**	
				Short Term	**Long Term**
Related Parties and Shareholders					
Anadolu Group Companies (1)	81.822	34.334	38.929	1.827	-
Beverage Partners Worldwide (2)	-	-	-	-	-
The Coca-Cola Company (1)	114.803	1.337.681	68.171	123.279	20.092
Özgörkey Holding Group Companies (1)	520	14.733	-	1.382	-
Efes Karaganda Brewery J.S.C.(1)	-	759	-	26	-
Syrian Soft Drink Sales and Distribution L.L.C.(4)	2.602	-	76	-	-
Doğadan (2)	8.642	109.144	-	29.401	-
Day Trade (2)	-	-	2.505	303	-
National Beverage Co. (3)	2.222	3.467	-	-	-
Total	210.611	1.500.118	109.681	156.218	20.092

(1) Shareholder of the Company, subsidiaries and joint ventures of the shareholder
(2) Related parties of the shareholder
(3) Other shareholders of the joint ventures and subsidiaries
(4) Investment in associate consolidated under equity method of accounting

As of December 31, 2016 Alternatifbank A.Ş. is not subsidiary of the shareholder. As of December 31, 2015, Group has deposits in Alternatifbank A.Ş. with an amount of TL 620.

As of December 31, 2016, and 2015, purchases from related parties and significant portion of other expenses consist of services obtained, fixed asset and raw material purchases and toll production.

As of December 31, 2016, and 2015, sales to related parties and other revenues consist of sale of finished goods and support charges of promotional expenses reflected to related parties.

As of December 31, 2016, and 2015, remuneration received by the executive members of the Board of Directors, Chief Executive Officer, Chief Operating Officers and Directors of the Company are as follows:

	December 31, 2016		December 31, 2015	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**428**	**17.414**	371	12.317
Other long-term benefits	**-**	**5.550**	-	3.436
	428	**22.964**	371	15.753
Number of top executives	**4**	**13**	4	12

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

40. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, and credit risk. The Group management reviews and agrees policies for managing each of these risks which are summarized below. The Group also monitors the market price risk arising from all financial instruments.

(a) Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or return capital to shareholders and may decide on issue of new shares or sell assets to decrease net financial debt.

As of December 31, 2016 and December 31, 2015 debt to equity ratio, obtained by dividing the total net debt to share capital is as follows:

Net debt is the financial borrowings less cash and cash equivalents and short-term financial assets.

	December 31, 2016	December 31, 2015
Borrowings	**3.770.147**	3.373.943
Less: Cash and cash equivalents and short-term financial assets	**(1.477.145)**	(1.002.362)
Net debt	**2.293.002**	2.371.581
Total share capital	**254.371**	254.371
Net debt / Total equity ratio (%)	**9,01**	9,32

(b) 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 balancing the interest rate of assets and liabilities or derivative financial instruments.

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.

As of December 31, 2016, if variable interest rate on the Group's borrowings would have been 100 basis points higher / lower with all other variables held constant, then profit / (loss) before tax and non-controlling interest for March 31, 2017, which is the following reporting period would be:

	Effect on Profit Before Tax and Non-Controlling Interest	
	December 31, 2016	December 31, 2015
Increase / decrease of 1% interest in USD denominated borrowing interest rate	**401**	588
Increase / decrease of 1% interest in Euro denominated borrowing interest rate	**1.606**	943
Increase / decrease of 1% interest in PKR denominated borrowing interest rate	**144**	359
Increase / decrease of 1% interest in JOD denominated borrowing interest rate	**-**	15
Total	**2.151**	1.905

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

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

As of December 31, 2016, and 2015, the analysis of financial assets of the Group exposed to interest risk as follows:

Interest Rate Risk	December 31, 2016	December 31, 2015
Financial Instruments with Fixed Interest Rate		
Financial assets at fair value through profit or loss	**1.256.411**	905.760
Financial Liabilities	**54.142**	2.374.665
Financial Instruments with Floating Interest Rate		
Financial Liabilities	**3.716.005**	999.278

(c) Foreign Currency Risk

The Group is exposed to exchange rate fluctuations due to the nature of its business. This risk occurs due to purchases, sales, demand / time deposits and bank borrowings of the Group, which are denominated in currencies other than the functional currency. The Group manages its foreign currency risk by balancing the amount of foreign currency denominated assets and liabilities.

	December 31, 2016	December 31, 2015
Total export	**32.816**	40.640
Total import	**1.128.229**	1.273.061

Foreign Currency Position

As of December 31, 2016, and December 31, 2015, the foreign currency position (except functional currency) of the Group and its subsidiaries is as follows:

	Foreign Currency Position Table					
	December 31, 2016					
	Total TL Equivalent	**USD**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	72.147	347	1.221	-	-	70.926
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.055.826	255.625	899.598	1.120	4.153	152.075
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	52.729	351	1.236	21	81	51.412
4. Current Assets (1+2+3)	**1.180.702**	**256.323**	**902.055**	**1.141**	**4.234**	**274.413**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	11.154	(368)	(1.103)	3.202	11.880	377
8. Non-Current Assets (5+6+7)	**11.154**	**(368)**	**(1.103)**	**3.202**	**11.880**	**377**
9. Total Assets (4+8)	**1.191.856**	**255.955**	**900.952**	**4.343**	**16.114**	**274.790**
10. Trade Payables and Due to Related Parties	141.772	14.299	50.320	7.538	27.972	63.480
11. Short-term Borrowings and Current Portion of Long - term Borrowings	247.502	23.858	83.959	42.331	157.103	6.440
12a. Monetary Other Liabilities	39.772	2.361	8.310	-	-	31.462
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**429.046**	**40.518**	**142.589**	**49.869**	**185.075**	**101.382**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	2.837.314	660.056	2.322.871	131.712	489.042	25.401
16 a. Monetary Other Liabilities	111.172	31.584	111.150	-	-	22
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**2.948.486**	**691.640**	**2.434.021**	**131.712**	**489.042**	**25.423**
18. Total Liabilities (13+17)	**3.377.532**	**732.158**	**2.576.610**	**181.581**	**674.117**	**126.805**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**-**	**-**	**-**	-	-	-
19a. Total Hedged Assets	-	-	-	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(2.185.676)**	**(476.203)**	**(1.675.658)**	**(177.238)**	**(658.003)**	**147.985**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(2.249.559)**	**(476.186)**	**(1.675.791)**	**(180.461)**	**(669.964)**	**96.196**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**-**	**-**	**-**	-	-	-

As of the reporting date, intercompany principal loan receivables in amount of USD 164,0 million is netted on foreign currency position and foreign currency position sensitivity analysis (December 31, 2015, USD 181,9 million). These receivables are due from the subsidiaries of the Company, and were provided to finance their ongoing investment activities and working capital requirements.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

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

	Foreign Currency Position Table					
	December 31, 2015					
	Total TL Equivalent	**USD**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	45.835	850	2.471	-	-	43.364
2a. Monetary Financial Assets (Cash and cash equivalents included)	554.925	179.860	522.962	1.862	5.917	26.046
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	61.846	156	455	595	1.893	59.498
4. Current Assets (1+2+3)	**662.606**	**180.866**	**525.888**	**2.457**	**7.810**	**128.908**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	1.391	24	68	318	1.012	311
8. Non-Current Assets (5+6+7)	**1.391**	**24**	**68**	**318**	**1.012**	**311**
9. Total Assets (4+8)	**663.997**	**180.890**	**525.956**	**2.775**	**8.822**	**129.219**
10. Trade Payables and Due to Related Parties	85.886	1.490	4.332	8.546	27.175	54.379
11. Short-term Borrowings and Current Portion of Long -term Borrowings	351.685	45.906	133.476	68.628	218.078	131
12a. Monetary Other Liabilities	41.099	2.359	6.862	-	-	34.237
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	**478.670**	**49.755**	**144.670**	**77.174**	**245.253**	**88.747**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	2.282.341	660.548	1.920.610	105.656	336.037	25.694
16 a. Monetary Other Liabilities	116.038	39.909	116.038	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**2.398.379**	**700.457**	**2.036.648**	**105.656**	**336.037**	**25.694**
18. Total Liabilities (13+17)	**2.877.049**	**750.212**	**2.181.318**	**182.830**	**581.290**	**114.441**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**101.766**	**35.000**	**101.766**	-	-	-
19a. Total Hedged Assets	101.766	35.000	101.766	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(2.111.286)**	**(534.322)**	**(1.553.596)**	**(180.055)**	**(572.468)**	**14.778**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(2.276.289)**	**(569.502)**	**(1.655.885)**	**(180.968)**	**(575.373)**	**(45.031)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**(3.305)**	**(1.137)**	**(3.305)**	-	-	-

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, Euro and other foreign currency denominated exchange rates against TL by 10%, with all other variables held constant.

	Foreign Currency Position Sensitivity Analysis			
	December 31, 2016		December 31, 2015	
	Income / (Loss)	**Income / (Loss)**	Income / (Loss)	Income / (Loss)
	Increase of the foreign currency	**Decrease of the foreign currency**	Increase of the foreign currency	Decrease of the foreign currency
Changes in the USD against TL by 10%:				
1- USD denominated net asset / (liability)	**(167.566)**	**167.566**	(165.536)	165.536
2- USD denominated hedging instruments (-)	**-**	**-**	10.177	(10.177)
3- Net effect in USD (1+2)	**(167.566)**	**167.566**	(155.359)	155.359
Changes in the Euro against TL by 10%:				
4- Euro denominated net asset / (liability)	**(65.800)**	**65.800**	(57.247)	57.247
5- Euro denominated hedging instruments (-)	**-**	**-**	-	-
6- Net effect in Euro (4+5)	**(65.800)**	**65.800**	(57.247)	57.247
Average changes in the other foreign currencies against TL by 10%:				
7- Other foreign currency denominated net asset / (liability)	**14.798**	**(14.798)**	1.478	(1.478)
8- Other foreign currency hedging instruments (-)	**-**	**-**	-	-
9- Net effect in other foreign currency (7+8)	**14.798**	**(14.798)**	1.478	(1.478)
TOTAL (3+6+9)	**(218.568)**	**218.568**	(211.128)	211.128

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

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

(d) 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. Financial instruments that potentially subject the Group to significant concentration of credit risk consist principally of cash and cash equivalents and trade receivables. Maximum credit risk on the Group is limited to the amounts disclosed on the financial statements.

The Group maintains cash and cash equivalents with various financial institutions. It is the Group's policy to limit exposure to any one institution and revalue the credibility of the related financial institutions continuously.

The credit risk associated with trade receivables is partially limited due to a large customer base and due to management's limitation on the extension of credit to customers. The Group generally requires collateral to extend credit to its customers excluding its distributors.

Credit risk exposure from financial instruments as of December 31, 2016 and 2015 are as follows:

	Receivables			
December 31, 2016	**Trade Receivables and Due from Related Parties**	**Other Receivables**	**Advances Given**	**Bank Deposits**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	**604.345**	**52.792**	**69.926**	**1.473.753**
- Maximum risk secured by guarantee	457.375	-	33.911	-
A. Net book value of financial assets neither overdue nor impaired	550.072	52.792	69.926	1.473.753
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	54.273	-	-	-
-Under guarantee	19.903	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	28.804	-	-	-
- Impairment (-)	(28.804)	-	-	-
- Net value under guarantee	-	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

	Receivables			
December 31, 2015	**Trade Receivables and Due from Related Parties**	**Other Receivables**	**Advances Given**	**Bank Deposits**
Maximum credit risk exposure as of reporting date (A+B+C+D+E)	**557.898**	**51.014**	**72.183**	**999.638**
- Maximum risk secured by guarantee	474.728	-	13.273	-
A. Net book value of financial assets neither overdue nor impaired	512.229	51.014	72.183	999.638
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-
C. Net book value of assets overdue but not impaired	45.669	-	-	-
-Under guarantee	31.431	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	22.657	-	-	-
- Impairment (-)	(22.657)	-	-	-
- Net value under guarantee	-	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

(e) 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, bond issues, cash and short term deposits.

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

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

The maturity breakdown of financial assets and liabilities has been indicated by considering the period from the balance sheet date to maturity date. Those financial assets and liabilities which have no maturities have been classified under “1 to 5 years”.

The table below summarizes the maturity profile of the Group’s financial and liabilities at December 31, 2016 and 2015.

December 31, 2016 Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Financial liabilities	**3.770.147**	**4.179.996**	**58.164**	**434.390**	**3.220.323**	**467.119**
Trade payables	**593.399**	**593.399**	**556.165**	**36.506**	**728**	**-**
Due to related parties	**206.507**	**206.507**	**177.769**	**3.041**	**25.697**	**-**
Other non-current liabilities	**111.150**	**115.522**	**-**	**-**	**115.522**	**-**
Non-derivative financial liabilities	**4.681.203**	**5.095.424**	**792.098**	**473.937**	**3.362.270**	**467.119**

Expected maturities	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Other Payables	**211.717**	**211.717**	**211.717**	**-**	**-**	**-**
Non-derivative financial liabilities	**211.717**	**211.717**	**211.717**	**-**	**-**	**-**

December 31, 2015 Maturities according to agreement	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Financial liabilities	3.373.943	3.772.585	14.807	650.651	2.719.485	387.642
Trade payables	518.512	518.512	510.846	6.453	1.213	-
Due to related parties	176.310	176.310	156.218	-	20.092	-
Other non-current liabilities	115.748	115.748	-	-	115.748	-
Non-derivative financial liabilities	4.184.513	4.583.155	681.871	657.104	2.856.538	387.642

Expected maturities	Book Value	Total cash outflow according to agreement (=I+II+III+IV)	Less than 3 months(I)	3 to 12 months (II)	1 to 5 years (III)	more than 5 years(IV)
Other Payables	173.861	173.861	173.861	-	-	-
Non-derivative financial liabilities	173.861	173.861	173.861	-	-	-

(f) Commodity Price Risk

The Company may be affected by the volatility of certain commodities such as sugar, aluminum and resin. As its operating activities require the ongoing purchase of these commodities, the Company’s management has a risk management strategy regarding commodity price risk and its mitigation.

Based on a 12-month anticipated purchase of can, the Company hedges the purchase price using commodity (aluminum) swap contracts and aluminum swap call option (Note 8).

(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

41. FINANCIAL INSTRUMENTS

Fair Values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and best evidenced by a quoted market price, if one exists.

Foreign currency-denominated financial assets and liabilities are revalued at the exchange rates prevailing at the balance sheet dates.

The following methods and assumptions were used in the estimation of the fair value of the Group's financial instrument:

***Financial Assets* –** The fair values of certain financial assets carried at cost, including cash and cash equivalents and held to maturity investments plus the respective accrued interest are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying values of trade receivables along with the related allowances for bad debt are estimated to be at their fair values.

***Financial Liabilities* –** The fair values of trade payables and other monetary liabilities are estimated to approximate carrying values, due to their short-term nature. The fair values of bank borrowings are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The carrying values of trade payable are estimated to be their fair values due to their short-term nature.

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 includes direct or indirect observable inputs
Level 3: Valuation techniques does not contain observable market inputs

December 31, 2016	**Level 1**	**Level 2**
a) Assets presented at fair value		
Derivative financial instruments	**-**	**1.123**
Total assets	**-**	**1.123**
b) Liabilities presented at fair value		
Derivative financial instruments	**-**	**65**
Buying option of share from non-controlling interest	**8.305**	**111.150**
Total liabilities	**8.305**	**111.215**

December 31, 2015	**Level 1**	**Level 2**
a) Assets presented at fair value		
Derivative financial instruments	-	260
Total assets	-	260
b) Liabilities presented at fair value		
Derivative financial instruments	-	11.377
Buying option of share from non-controlling interest	6.862	115.748
Total liabilities	6.862	127.125

41. FINANCIAL INSTRUMENTS (continued)

Derivative Financial Instruments

As of December 31, 2016, the Company has 4 aluminum swap transactions with a total nominal amount of TL 12.379 for 2.220 tones. The total of these aluminum swap contracts is designated as hedging instruments as of 29 May 2015 and 2 June 2016 in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk (Note 8) (December 31, 2015 - 8 aluminum swap transactions with a total nominal amount of TL 54.283 for 10.580 tones).

As of December 31, 2016, the Company has 4 aluminum swap call options at 1.650 USD/per tone for 6.300 tones. The total of these option contracts is designated as hedging instruments in cash flow hedges related to 2017 and 2018 forecasted cash flows, for the high probability purchases of production material exposed to commodity price risk.

42. SUBSEQUENT EVENTS

On January 1, 2017, the Group changed the functional currency of the foreign subsidiaries and joint venture from US Dollars ("USD") to the foreign subsidiaries' and joint ventures' local currencies (Note 2). The change in functional currency has been applied prospectively with effect from 1 January 2017 in accordance with the requirements of IFRS and the relevant Accounting Standards. All assets and liabilities are converted into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost.