COCA-COLA İÇECEK ANONİM ŞİRKETİ

US$500,000,000 4.215% Notes due 2024

Coca-Cola İçecek Anonim Şirketi, a public joint stock company ("*CCI*", the "*Company*" or the "*Issuer*"), is issuing US$500,000,000 4.215% Notes due 2024 (the "*Notes*"). The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "*Securities Act*"), or the securities or "blue sky" laws of any state of the United States of America ("*United States*" or "*US*"), the United Kingdom or any other jurisdiction, and are being offered: (a) for sale in the United States (the "*US Offering*") to qualified institutional buyers only (each a "*QIB*") as defined in, and in reliance upon, Rule 144A under the Securities Act ("*Rule 144A*") and (b) for sale to non-US persons outside the United States (the "*International Offering*" and, with the US Offering, the "*Offering*") in reliance upon Regulation S under the Securities Act ("*Regulation S*"). For a description of certain restrictions on sale and transfer of investments in the Notes, see "*Plan of Distribution*", "*Selling Restrictions*" and "*Transfer Restrictions*" herein.

INVESTING IN THE NOTES INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD CONSIDER THE FACTORS SET FORTH UNDER "RISK FACTORS" BEGINNING ON PAGE 10 OF THIS OFFERING CIRCULAR.

Interest on the Notes will be paid in arrear on the nineteenth day of each March and September; *provided* that if any such date is not a Business Day (as defined below), then such payment will be made on the next Business Day. Principal of the Notes is scheduled to be paid on 19 September 2024, but may be paid earlier under certain circumstances as further described herein. The Notes initially will be sold to investors at a price equal to 100% of the principal amount thereof. For a more detailed description of the Notes, see "*Conditions of the Notes*".

This Offering Circular (the "*Offering Circular*") has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC (the "*Prospectus Directive*") as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area (the "EEA")). The Central Bank of Ireland only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "*Main Securities Market*") or on another regulated market for the purposes of Directive 2004/39/EC ("*MiFID I*") and/or which are to be offered to the public in any Member State of the EEA. Application has been made to the Irish Stock Exchange for the Notes to be admitted to its official list (*the "Official List")* and trading on the Main Securities Market. References in this Offering Circular to the Notes being "listed" (and all related references) will mean that the Notes have been admitted to the Official List and trading on the Main Securities Market.

Application has been made to the Capital Markets Board of Turkey (the "*CMB*") in its capacity as competent authority under Law No. 6362 of the Republic of Turkey ("*Turkey*") relating to capital markets (the "*Capital Markets Law*") for the approval of the issuance and sale of the Notes by the Company outside Turkey and the issuance certificate (*ihraç belgesi*) relating to the Notes. The issuance certificate relating to the Notes dated 11 August 2017 was approved by the CMB in its meeting of 11 August 2017 and numbered 31/1039 and sent to the Issuer with a letter dated 11 August 2017 and numbered 29833736-100-E.9580. The written approval (in the form required by applicable law) relating to the Notes will be obtained from the CMB on or before the Issue Date (as defined below).

Under current Turkish tax law, withholding tax at the rate of 0% applies to interest on the Notes. See "*Taxation—Certain Turkish Tax Considerations*".

The Notes are expected to be rated at issuance "Baa3" by Moody's Investors Service Ltd. ("*Moody's*") and "BBB" by Fitch Ratings Limited ("*Fitch*" and, together with Moody's and Standard & Poor's Credit Market Services Europe Limited ("*S&P*"), the "*Rating Agencies*"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. As of the date of this Offering Circular, each of the Rating Agencies is established in the European Union and is registered under Regulation (EU) No 1060/2009, as amended (the "*CRA Regulation*").

The Notes are being offered under Rule 144A and Regulation S by each of BNP Paribas, Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc and MUFG Securities EMEA plc (each, a "*Joint Bookrunner*" and, collectively, the "*Joint Bookrunners*"), subject to their acceptance and right to reject orders in whole or in part.

The Notes will initially be represented by two global certificates in registered form (the "*Global Certificates*"), one of which will be issued in respect of the Notes ("*Rule 144A Notes*") offered and sold in reliance on Rule 144A (the "*Restricted Global Certificate*") and will be registered in the name of Cede & Co., as nominee for DTC, and the other of which will be issued in respect of the Notes ("*Regulation S Notes*") offered and sold in reliance on Regulation S (the "*Unrestricted Global Certificate*") and will be registered in the name of a nominee of a common depositary for Euroclear Bank S.A./N.V. ("*Euroclear*") and Clearstream Banking, S.A. ("*Clearstream, Luxembourg*"). It is expected that delivery of the Global Certificates will be made in immediately available funds on 19 September 2017 (*i.e.*, the fifth Business Day following the date of pricing of the Notes (such date being referred to herein as the "*Issue Date*" and such settlement cycle being herein referred to as "*T+5*"*)*.

Joint Bookrunners

BNP PARIBAS **Citigroup** **HSBC** **J.P. Morgan** **MUFG**

The date of this Offering Circular is 15 September 2017.

This Offering Circular constitutes a prospectus for the purpose of Article 5 of the Prospectus Directive. This Offering Circular is to be read in conjunction with the Consolidated Financial Statements (as defined in "Presentation of Information—Presentation of Financial Information") of the Group (as defined below), which form part of this Offering Circular and are included herein.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Company and the Joint Bookrunners to subscribe for or purchase, any Notes (or beneficial interests therein). This Offering Circular is intended only to provide information to assist potential investors in deciding whether or not to subscribe for or purchase Notes (or beneficial interests therein) in accordance with the terms and conditions specified by the Joint Bookrunners. The Notes (and beneficial interests therein) may not be offered or sold, directly or indirectly, and this Offering Circular may not be circulated, in any jurisdiction except in accordance with legal requirements applicable to such jurisdiction.

The distribution or delivery of this Offering Circular and the offer or sale of the Notes (or beneficial interests therein) in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes (or beneficial interests therein) and on the distribution or delivery of this Offering Circular and other offering material relating to the Notes, see "*Selling Restrictions*" and "*Transfer Restrictions*".

No person has been authorised in connection with the offering of the Notes (or beneficial interests therein) to give any information or make any representation regarding the Group, the Joint Bookrunners or the Notes other than as contained in this Offering Circular. Any such representation or information must not be relied upon as having been authorised by the Company or the Joint Bookrunners. The delivery of this Offering Circular at any time does not imply that there has been no change in the Group's affairs or that the information contained in it is correct as of any time subsequent to its date or that any other information supplied in connection with the Offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. This Offering Circular may only be used for the purpose for which it has been published. The Joint Bookrunners expressly do not undertake to review the financial condition or affairs of the Company during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. None of the Joint Bookrunners assumes any responsibility for the accuracy or completeness of the information contained herein. Accordingly, no representation or warranty, express or implied, is made by the Joint Bookrunners as to the accuracy or completeness of the information set forth in this Offering Circular, and nothing contained in this Offering Circular is, or should be relied upon as, a promise or representation, whether as to the past or the future. None of the Joint Bookrunners assumes any responsibility or liability for the accuracy or completeness of the information set forth in this Offering Circular. No Joint Bookrunner accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Company in connection with the offer or sale of the Notes or their distribution.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Bookrunners that any recipient of this Offering Circular or any other information supplied in connection with the offer or sale of the Notes should purchase the Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Company and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement,

- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio,

- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency,
- understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets in which they participate, and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

None of the Company, the Joint Bookrunners or any of their respective representatives is making any representation to any offeree or purchaser of the Notes (or beneficial interests therein) regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of an investment in the Notes.

GENERAL INFORMATION

The Notes have not been and will not be registered under the Securities Act or under the securities or ''blue sky'' laws of any state of the United States or any other US jurisdiction. Each investor, by purchasing a Note (or a beneficial interest therein), agrees that the Notes (or beneficial interests therein) may only be reoffered, resold, pledged or otherwise transferred only upon registration under the Securities Act or pursuant to the exemptions therefrom described under ''*Transfer Restrictions*''. Each investor also will be deemed to have made certain representations and agreements as described therein. Any resale or other transfer, or attempted resale or other attempted transfer, that is not made in accordance with the transfer restrictions may subject the transferor and transferee to certain liabilities under applicable securities laws.

The offering and sale of the Notes has been approved by the CMB only for the purpose of the sale of the Notes outside of Turkey in accordance with Article 15(b) of Decree 32 on the Protection of the Value of the Turkish Currency (as amended from time to time, ''*Decree 32*'') and Communiqué No. VII-128.8 on Debt Instruments (the ''*Communiqué*''). In order for the Notes (or beneficial interest therein) to be sold in Turkey, CMB approval is needed, however in accordance with Decree 32, residents of Turkey may purchase or sell the Notes (or beneficial interests therein) in offshore transactions on an unsolicited (reverse inquiry) basis; provided that such purchase or sale is made through licensed banks authorised by the Banking Regulatory and Supervisory Agency (the ''*BRSA*'') or licensed brokerage institutions authorised pursuant to CMB regulations and the purchase price is transferred through such licensed banks. As such, Turkish residents should use such licensed banks or licensed brokerage institutions while purchasing the Notes (or beneficial interests therein) and transfer the purchase price through such licensed banks. The issuance certificate (*ihraç belgesi*) relating to the Notes was approved by the CMB in its meeting of 11 August 2017 and numbered 31/1039.

The CMB amended the Communiqué to remove the requirement that issuers of debt instruments to be issued outside of Turkey had to obtain a tranche issuance certificate (tertip ihraç belgesi) before any sale and issuance of such instruments. As of 18 February 2017, such issuers are now only required to pay the relevant CMB fee in accordance with the Communique and submit certain information to the CMB before they can proceed with the sale and issuance of such instruments; however, as of the date of this Offering Circular, the CMB's system allowing such application has not become operational yet. Therefore, unless such system becomes operational before the Issue Date, the written approval of the CMB in respect of the Notes must be obtained by the Issuer from the CMB on or before the Issue Date in order to proceed with the sale and issuance of the Notes. In addition, these amendments removed the previous requirement that debt instruments to be issued outside of Turkey had to be traded in an electronically registered form in the Central Registry Agency (*Merkezi Kayıt Kuruluşu A.Ş.*) (trade name: Central Registry İstanbul (*Merkezi Kayıt İstanbul*)) (''*Central Registry İstanbul*''); however, the Issuer is still required to notify the Central Registry İstanbul within three İstanbul business days from the Issue Date of the amount, Issue Date, ISIN, interest commencement date, maturity date, interest rate, name of the custodian, the currency of the Notes and the country of issuance.

This Offering Circular is being provided on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. It may not be copied or reproduced in whole or in part nor may it be distributed or any

of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Notes offered and sold to QIBs in reliance upon Rule 144A will be represented by beneficial interests in one or more permanent global certificates in fully registered form without interest coupons. Notes offered and sold outside the United States to non-US persons pursuant to Regulation S will be represented by beneficial interests in one or more permanent global certificates in fully registered form without interest coupons. Except as described in this Offering Circular, beneficial interests in the Global Certificates will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC, Euroclear and Clearstream, Luxembourg. Except as described in this Offering Circular, owners of beneficial interests in the Global Certificates will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered holders of the Notes under the Notes and the Agency Agreement.

An application has been made to admit the Notes to listing on the Official List and to have the Notes admitted to trading on the Main Securities Market; *however*, no assurance can be given that such application will be accepted.

In connection with the issue of the Notes, J.P. Morgan Securities plc (the "*Stabilisation Manager*") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail; *however*, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules. Notwithstanding anything herein to the contrary, the Company may not (whether through over-allotment or otherwise) issue more Notes than have been approved by the CMB.

The Notes have not been approved or disapproved by the US Securities and Exchange Commission (the "*SEC*"), any state securities commission or any other US, Turkish, Irish, United Kingdom or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this Offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary may be a criminal offense.

The distribution of this Offering Circular and the offering of the Notes (and beneficial interests therein) in certain jurisdictions may be restricted by law. Persons that come into possession of this Offering Circular are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes (or any beneficial interest therein) in any jurisdiction to the extent that such offer or solicitation is unlawful. In particular, there are restrictions on the distribution of this Offering Circular and the offer and sale of the Notes (and beneficial interests therein) in the United States, Turkey, Ireland, the United Kingdom and numerous other jurisdictions.

In this Offering Circular "*CCI*", "*Company*" or "*Issuer*" means Coca-Cola İçecek Anonim Şirketi on a stand-alone basis and "*Group*" means the Company and its subsidiaries and joint ventures. Unless otherwise noted, references to "management" are to the members of the Company's board of directors and statements as to the Company's or Group's beliefs, expectations, estimates and options are to those of the Company's management.

In addition, references to "*Anadolu Efes*" are to Anadolu Efes Biracılık ve Malt Sanayii A.S., references to "*TCCC*" are to The Coca-Cola Company and references to "*CC Pakistan*" are to Coca-Cola Beverages Pakistan Ltd.

RESPONSIBILITY STATEMENT

The Company accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and contains no omission likely to affect the import of such information.

The Company has extracted substantially all of the information contained in this Offering Circular concerning the Turkish market and its competitors from publicly available information, including press releases and filings made under various securities laws. Unless otherwise indicated, all data relating to the Turkish economy, including statistical data, has been obtained from the website of the Turkish Statistical Institute (*Türkiye Istatistik Kurumu)* ("*TurkStat*") at www.turkstat.gov.tr, the website of the Central Bank of Turkey (*Türkiye Cumhuriyeti Merkez Bankası*) (the "*Central Bank*") at www.tcmb.gov.tr or the Turkish Treasury's website at www.hazine.gov.tr. Macroeconomic data in relation to Kazakhstan, Pakistan and Iraq in this Offering Circular have been obtained from the website of the International Monetary Fund at www.imf.org and population data in relation to Kazakhstan, Pakistan and Iraq in this Offering Circular have been obtained from the website of the Central Intelligence Agency (in its World Factbook) at www.cia.gov/library. Data have been downloaded/observed on various different days and may be the result of calculations made by the Company, and therefore may not appear in the exact same form on such websites or elsewhere. Such websites do not, and should not, be deemed to be a part of, or to be incorporated into, this Offering Circular.

Where third-party information has been used in this Offering Circular, the source of such information has been identified. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. Information regarding the Company's shareholders (including ownership levels and agreements) in "*Risk Factors*", "*The Group and Its Business*" and "*Ownership*" sections has been based upon public filings and announcements by such parties, including the Group. Such data (including from TurkStat and the Central Bank), while believed to be reliable and accurately extracted by the Company for the purposes of this Offering Circular, has not been independently verified by the Company or any other party and prospective investors should not place undue reliance upon such data included in this Offering Circular. As far as the Company is aware and able to ascertain from the information published by such third-party sources, this information has been accurately reproduced and no facts have been omitted that would render the reproduction of this information inaccurate or misleading.

Where information in this Offering Circular has been identified as obtained from Nielsen, calculations and data:

- with respect to Turkey, are based in part on data reported by Nielsen with July 2017 data through its Retail Index Service:
  - for the FMCG market excluding Tobacco & Alcohol (Coca-Cola defined), for the year total 2016 ending December 2016, for Total Turkey (Copyright © 2017, The Nielsen Company), and
  - for the Carbonated Soft Drinks / Fruit Juice / Packaged Water / Ice Tea / Energy Drinks (Coca-Cola defined), for the year total 2016 ending December 2016, for Total Turkey (Copyright © 2017, The Nielsen Company);
- with respect to Kazakhstan, are based in part on data reported by "AC Nielsen Kazakhstan" LLP:
  - through its Mineral Water category Retail Measurement Service, for total National Kazakhstan market, 52-week period ending December 31, 2016 (Copyright © 2017, "AC Nielsen Kazakhstan" LLP);
  - through its Carbonated Soft Drinks category Retail Measurement Service, for total National Kazakhstan market, 52-week period ending December 31, 2016 (Copyright © 2017, "AC Nielsen Kazakhstan" LLP);
  - through its RTD Ice tea category Retail Measurement Service, for total National Kazakhstan market, 52-week period ending December 31, 2016 (Copyright © 2017, "AC Nielsen Kazakhstan" LLP); and
  - through its Juice category Retail Measurement Service, for total National Kazakhstan market, 52-week period ending December 31, 2016 (Copyright © 2017, "AC Nielsen Kazakhstan" LLP);

- with respect to Pakistan, are based in part on data reported by Nielsen with 2017 data through its Retail Index Service for the Carbonated Soft Drinks/JNSD/Packaged Water (Coca-Cola defined), for the year total 2016 ending December 2016 (Copyright © 2017, The Nielsen Company); and
- with respect to Azerbaijan, are based in part on data reported by "AC Nielsen Kazakhstan" LLP through its Retail Measurement Service, for total Baku, Sumgait and Ganja market, 52-week period ending December 31, 2012 (Copyright © 2013, "ACNIELSEN KAZAKHSTAN" LLP).

Where information in this Offering Circular has been identified as obtained from Ipsos, calculations and data:

- with respect to Azerbaijan, are based in part on data reported by "Ipsos Turkey" through its Carbonated Soft Drinks category (Retail Panel Data) for Baku traditional market, for the period January-December 2016 (© 2016 Ipsos. All rights reserved);
- with respect to Turkmenistan, are based in part on data reported by "Ipsos Turkey" through its Carbonated Soft Drinks category (Retail Panel Data) for Ashgabat traditional&modern market, for the period January-December 2016 (© 2016 Ipsos. All rights reserved); and
- with respect to Kyrgyzstan, are based in part on data reported by "Ipsos Turkey" through its Carbonated Soft Drinks category (Retail Panel Data) for Bishkek traditional market, for the period January-December 2016 (© 2016 Ipsos. All rights reserved).

Where information in this Offering Circular has been identified as obtained from GlobalData, calculations and data with respect to Azerbaijan, Jordan, Kazakhstan, Kyrgyzstan, and Turkey, are based in part on 2017 research by GlobalData PLC, based on 2016 actual volume sales data (Copyright © 2017, GlobalData PLC).

TURKISH TAX CONSIDERATIONS

The withholding tax rates for interest payments of bonds issued by Turkish companies outside of Turkey vary depending upon the maturity of such bonds as specified under Decree No 2009/14592 dated 12 January 2009, which has been amended by Decree No 2010/1182 dated 20 December 2010 and Decree No 2011/1854 dated 26 April 2011 (together, the "*Decrees*"). According to the Decrees, the withholding tax rate on interest payments on the Notes (including any original-issue discount) is 0% for notes with an initial maturity of five years and more. See "*Taxation—Certain Turkish Tax Considerations*".

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OVERVIEW

Overview

The Group principally produces, sells and distributes sparkling and still beverages trademarked by TCCC in ten markets across Turkey, Central Asia, Pakistan and the Middle East (except Syria, where the Group sells and distributes sparkling and still beverages trademarked by TCCC but does not engage in production). Based on information provided by TCCC to the Company, as of 30 June 2017 the Group is the fifth largest independent bottler among the approximately 200 bottling partners of TCCC, as measured by sales volume. Based on information from Nielsen and the Company's own estimates, management believes that the Group ranks first, or in certain cases second, in all of the major markets in which it operates as of 30 June 2017, as measured by sales volume.

The Group, which has 25 bottling plants as of 30 June 2017, has operations in Turkey, Pakistan, Kazakhstan, Iraq, Azerbaijan, Turkmenistan, Kyrgyzstan, Jordan and Tajikistan. In addition, the Group has a 50.00% indirect ownership interest in Syrian Soft Drinks Sales and Distribution LLC ("*CCI Syria*") through its subsidiary, CCI International Holland B.V. ("*CCI Holland*"), accounted for on an equity basis, through which the Group sells Coca-Cola products. The Group's beverages are supplied to a consumer base of over 380 million people. The Group's products include sparkling beverages such as Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Diet Coke, Crystal, Sprite, Sprite Light, Sprite Zero, Sprite3G, Schweppes, Sensun and Fanta, as well as still beverages such as fruit juice (Cappy, Minute Maid, Piko, Rani), bottled water (Damla, Damla Minera, Bonaqua, Kinley, Al-Waha, Arwa), energy and sports drinks (Burn, Powerade, Monster, Gladiator), tea (Doğadan), coffee (Illy, Georgia) and iced tea (Fuse Tea).

The Group is Turkey's leading sparkling soft drinks producer, with a share of 64% of the Turkish sparkling soft drinks market, as well as Turkey's leading juice drink producer with a share of 26% of the juice drink market, each as measured by sales volume in 2016, according to Nielsen and Ipsos. As of 30 June 2017, the Group operated ten bottling plants in Turkey (nine as of 31 December 2016) and had an annual bottling capacity of approximately 660 million unit cases in 2016.

Among its larger international markets, the Group ranks first in terms of sparkling beverage average market share by sales volume in Kazakhstan and Azerbaijan, with 49% and 74%, respectively, and second in Pakistan, with 36%, in each case in 2016, according to Nielsen and Ipsos. As of 30 June 2017, the Group operated 15 bottling plants in its international markets and had an annual bottling capacity of approximately 801 million unit cases in 2016.

The Group operates its business in two segments, domestic (or Turkish) bottling operations and international bottling operations. Since 2005, the Group's international operations have expanded considerably, reaching 59% of its consolidated EBITDA (calculated by attributing eliminations to the related segment) in 2016.

The following table sets forth certain information regarding the Group's sales volume by segment for the six months ended 30 June 2017 and 2016 and the years ended 31 December 2016, 2015 and 2014:

	Six months ended 30 June			For the Year Ended 31 December					
	2017	**2016**	**Change**	**2016**	**2015**	**Change 2016 v 2015**	**2014**	**Change 2015 v 2014**
Segment			*(%)*			*(%)*		*(%)*
Domestic (mn unit cases[1])	300	292	2.8	601	593	1.4	578	2.6
International (*mn unit cases[1]*)	305	290	5.4	588	559	5.2	553	1.1
Consolidated[2] (mn unit cases[1])	**606**	**582**	**4.1**	**1,189**	**1,152**	**3.2**	**1,131**	**1.9**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.

(2) After eliminations.

The following table sets forth the Group's net revenue by segment for the six months ended 30 June 2017 and 2016 and the years ended 31 December 2016, 2015 and 2014:

	Six months ended 30 June			**Year ended 31 December**			
	2017	**2017**	**2016**	**2016**	**2016**	**2015**	**2014**
Segment	*(TRY millions) (unaudited)*	*(% of total)*	*(TRY millions) (unaudited)*	*(TRY millions)*	*(% of total)*	*(TRY millions)*	
Domestic	1,886	46	1,782	3,601	51	3,367	3,061
International	2,230	54	1,649	3,450	49	3,359	2,929
Consolidated[(1)]	**4,115**	**100**	**3,430**	**7,050**	**100**	**6,724**	**5,985**

(1) After eliminations.

CCI has been listed on the Borsa Istanbul A.Ş. ("*Borsa Istanbul*") (then known as the Istanbul Stock Exchange) since 2006 and as of 30 June 2017 had a market capitalization of US$2.9 billion (TRY 10.2 billion).

Strengths

The Group believes that it has developed a number of competitive strengths that have supported its growth to date and are expected to underpin its growth in the future, including:

- Leading market positions in diverse, high-growth, less saturated markets with attractive demographics;
- Leading Coca-Cola franchise in the region with strong brand portfolio;
- Strong shareholding structure;
- Developed local bottling and distribution infrastructure; and
- Experienced management.

Strategy

The Group's vision is to be the best FMCG company across all markets in which it operates, inspiring people and adding value through excellence. To further this vision and implement its strategy of driving sustainable and profitable growth, as well as enhancing its competitive position in its existing markets, the Group aims to:

- Focus on profitable growth in sparkling beverage brands with a new growth strategy through revenue growth management and expanding the customer base;
- Accelerate growth in still beverage brands, including bottled water;
- Focus on increasing revenues and improving profitability in its international operations;
- Maintain commitment to productivity and continuous innovation;
- Focus on strengthening the Group's balance sheet;
- Continue to strengthen its reputation;
- Proactively position sparkling and still beverage brands against changing consumer demand, preferences, trends and potential regulatory changes; and
- Evolve from a soft drinks company into a technology-driven company that predominantly sells soft drinks

RISK FACTORS

An investment in the Notes involves certain risks. Prior to making an investment decision, prospective purchasers of the Notes should carefully read the entire Offering Circular. In addition to the other information in this Offering Circular, prospective investors should carefully consider, in light of their own financial circumstances and investment objectives, the following risks before making an investment in the Notes. If any of the following risks actually occurs, the market value of the Notes may be adversely affected. In addition, factors that are material for the purpose of assessing the market risks associated with the Notes are also described below. The Company believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Company makes no representation that the statements below regarding the risks of holding any Notes are exhaustive.

Risks Related to the Group's Business

The Group's bottlers' agreements with TCCC are critical to the Group's business.

The Group's bottlers' agreements with TCCC are critical to the Group's business. The Group's business relationship with TCCC is mainly governed by the bottlers' agreements. The Group principally produces, sells and distributes TCCC's trademarked beverages pursuant to standard bottlers' agreements with TCCC covering each of its territories. The trademarked beverages of TCCC represent substantially all of the Group's total sales volume. The agreements limit the Group's ability to export products to another territory without TCCC's prior approval. This could constrain the Group's growth, if, for example, it were to experience unexpected capacity constraints in a territory and TCCC did not approve the export of products to ease the constraint, either in a timely manner or at all. While the agreements limit the Group's ability to sell and distribute TCCC-branded products outside each of the Group's territories, TCCC is able to give consent to such sales in appropriate circumstances under these agreements.

The Group enters into separate bottlers' agreements with TCCC for each of its markets. Each of the bottlers' agreements has a fixed initial term, with agreements for eight of the Group's markets, including Turkey and Kazakhstan, expiring in December 2017, and the bottler's agreement for Northern Iraq expiring in February 2018, Pakistan in May 2018 and Southern Iraq in August 2018 unless they are renewed by the parties. These agreements may be renewed at TCCC's discretion. Accordingly, the Group's business is dependent on TCCC's willingness to renew the bottlers' agreements when they expire. In addition, TCCC has the right to terminate the bottlers' agreements upon the occurrence of certain events. See "*The Group and Its Business—Business Overview—Relationship with TCCC*". If TCCC exercises its right to terminate the bottlers' agreements upon the occurrence of certain events, or, if upon expiration, TCCC is unwilling to renew these agreements, or if TCCC is unwilling to renew the bottlers' agreements for the specific country/market upon expiry on terms at least as favourable to the Group as the current terms, or TCCC does not give its consent for product exports to other of the Group's markets in certain circumstances, either in a timely manner or at all, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's bottlers' agreements with TCCC restrict sources of supply for some raw materials, which could increase the Group's costs and otherwise restrict its operations.

The Group's bottlers' agreements govern the purchase of concentrate, which represents one of the most significant raw materials costs for the Group's business. TCCC, in its sole discretion, determines the price the Group pays for concentrate, including the conditions of shipment, payment and currency of the transaction. If the Group is not willing to accept revised payment conditions for Coca-Cola concentrate, the bottlers' agreement automatically terminates three months after the Group notifies TCCC of its disagreement. In practice, TCCC normally sets concentrate prices after periodic discussions with the Group so as to reflect trading conditions in the relevant country. However, there can be no assurance that TCCC will continue this practice in the future. TCCC has other important rights under the bottlers' agreements, including the right to approve suppliers of certain packaging and other raw materials. There can be no assurance that TCCC's objectives with the exercise of its rights under the bottlers' agreements will in all cases be fully aligned with the Group's business objectives. TCCC's right to set concentrate prices could give TCCC influence over the Group's results of operations and thus have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is reliant on TCCC to protect the trademarks of TCCC's products.

TCCC owns or has rights to the trademarks of all of TCCC's products it has authorized the Group to produce, distribute and sell in its territories. The Group relies on TCCC to protect TCCC's trademarks in the countries where the Group operates. Moreover, some of the countries in which the Group operates offer less effective intellectual property protection than may be available in other jurisdictions. If TCCC is unable, unwilling or neglects to protect its intellectual property, and particularly in the Group's territories, any infringement or misappropriation could undermine the competitive position of TCCC's products and therefore materially harm the Group's business. In addition, if the relevance and attractiveness of TCCC's brands are diminished, there is a risk that significant growth opportunities may not be realized. Any failure of TCCC to protect its intellectual property could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's success depends in part on TCCC's success in marketing activities.

The Group derives most of its net revenue from the production, sale and distribution of the trademarked beverages of TCCC. TCCC owns the trademarks of these products and has primary responsibility for consumer marketing and brand promotion, with the Group primarily responsible for in-store promotions, brand activation and other below-the-line marketing activities. The profitable growth of the TCCC's brands that the Group is authorized to produce depends in part on TCCC's consumer marketing activities, including TCCC's discretionary contributions to the Group's annual marketing plan, and the Group may have no control over the marketing strategy and activities of TCCC. If TCCC were to reduce its marketing activities, the level of its contributions to the Group's annual marketing plan or its commitment to the development or acquisition of new products, particularly new still and water beverages, these reductions could lead to decreased consumption of trademarked beverages of TCCC or shifts in the product mix in the countries in which the Group operates. This could, in turn, lead to a decline in the Group's share of the market and sales volume, and thus have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's reputation and those of TCCC and its brands are critical to the Group's business

The Group's results of operations depend on maintaining a positive brand image for its products with customers and consumers Any negative incident that affects consumer loyalty to the brand could significantly reduce its value and damage the Group's business.

The Group may be adversely affected by any negative publicity, regardless of its accuracy, including without limitation with respect to:

- food safety concerns, including food tampering or contamination;
- incidents of food-borne illness;
- the quality of the ingredients the Group uses;
- employee or customer injury;
- security breaches of confidential customer or employee information;
- employment-related claims relating to alleged employment discrimination, wage and hour violations;
- labour standards or healthcare and benefit issues; or
- TCCC's brands being affected globally for reasons outside of the Group's control.

While the Group tries to ensure that its suppliers and distributors maintain the reputation of the TCCC brand and the quality of TCCC branded products, suppliers or distributors may take actions that adversely affect the Group's reputation. In addition, through the increased use of social media, individuals and non-governmental organisations have the ability to disseminate their opinions regarding the safety or healthiness of the Group's products, and the Group's business, to an increasingly wide audience at a faster pace. Any failure to effectively respond to any negative opinions in a timely manner could harm the perception of TCCC's brands and the Group's products and damage the Group's reputation, regardless of the validity of the statements.

Economic conditions in Turkey and other countries in which the Group operates and global economic conditions can affect demand for, and prices of, its products.

Economic conditions, including slowing or negative GDP growth, inflation and declining GDP *per capita* and disposable income, in Turkey and other markets in which the Group operates can have a material impact on the Group's sales and profitability. Soft drinks consumption in many of the countries in which the Group operates is closely linked to general economic conditions in those countries. Slowing or negative GDP growth can affect demand, and can adversely impact sales volumes and prices for soft drinks in the relevant markets. In general, soft drinks consumption levels tend to rise or fall in accordance with moves in *per capita* income, *per capita* disposable income and the perception of economic conditions and prospects. Disposable income levels in many of the countries in which the Group operates are lower than average disposable income levels in more developed economies. Any decrease in disposable income resulting from deteriorating economic conditions, increases in cost of living or taxes, or due to other factors, could adversely affect demand for soft drinks, leading to lower consumption levels, or in some cases, consumption of lower value brands with lower margins for the Group.

In addition, global economic conditions and economic cycles may impact the balance of supply and demand for the Group's products. Since the start of the global financial crisis in 2008, global economic conditions have remained challenging and levels of volatility have remained persistently high. In particular, adverse economic conditions may reduce general levels of consumption, leading to production overcapacity in the soft drinks industry, which may adversely affect product prices. On the other hand, reduced investment in production capacity may lead to under capacity when demand is high in the industry in general, or for certain producers (including the Group), who could then be at a disadvantage as compared to their competitors.

Economic growth in Europe has been weak in recent years, and many European economies continue to face structural challenges, including high levels of unemployment and structural debt levels. In the United States, the tightening monetary policies implemented by the United States Federal Reserve Board starting in December 2015 have increased levels of uncertainty for global economic recovery. Markets, including Turkey, experienced volatility in 2015 amid concerns that the level of foreign investment inflows would decline substantially as the liquidity-tightening measures started in the United States. In addition, the United Kingdom held a referendum on 23 June 2016, in which a majority voted for the United Kingdom to exit the European Union ("*Brexit*"). The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to the European Union markets either during the transitional period or on a permanent basis. Brexit could adversely affect European or worldwide economic markets and contribute to instability in global financial and foreign exchange markets, including volatility in the value of the euro. Any of these effects of Brexit could contribute to the uncertainty and/or increase instability in the economic and financial markets worldwide. Continuing economic uncertainty may adversely affect the Group's customers.

Furthermore, since the global financial crisis, the Turkish unemployment rate has remained high (at 10.2% as of May 2017) (source: tuik.gov.tr) high levels of unemployment may adversely affect the Group's customers, particularly retail customers, reducing the amounts that they are willing or able to spend on the Group's products.

In addition, from time to time political and economic relations between and among the other countries in which the Group operates and other neighboring and nearby countries, such as Russia and Germany, may deteriorate, resulting in the imposition of limits on the export or import of certain goods, and declining levels of cross-border trade, travel and investment. Any such deterioration of political or economic relations could adversely impact demand for the Group's products.

In October 2016, the government of Turkey ("*Turkish Government*") announced a three-year medium-term economic program from 2017 to 2019, focusing on growing GDP and reducing the current account deficit-to-GDP ratio. There can be no assurance that the Turkish Government will continue to implement its current and proposed economic and fiscal policies successfully or that the economic growth achieved in recent years will continue.

Adverse economic conditions, declining disposable income and negative economic expectations can have an adverse effect on consumption levels and prices of the Group's products, while economic cycles may lead to supply and demand imbalances in the countries in which the Group operates and globally. Any or all of these factors may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates in a number of emerging markets, which exposes it to economic and political risks in these markets.

In addition to its operations in Turkey, the Group has operations in a number of emerging markets in the CIS, including Kazakhstan, Kyrgyzstan, Azerbaijan, Tajikistan and Turkmenistan, as well as countries in the Middle East, including Iraq, Jordan and Pakistan, and it has an equity investment, but no assets, in Syria. Operating in these markets exposes the Group to risks greater than those associated with more developed markets. For the year ended 31 December 2016 and the six months ended 30 June 2017, net revenue generated from international operations accounted for 49% and 54% of the Group's total net revenue for the period, respectively. The Group's operations in these markets are subject to the risks of operating in emerging markets, including:

- political, economic and social instability, which could make it difficult for the Group to anticipate future business conditions in these markets;
- uncertainty of local contractual terms and of enforcing terms in disputes before local courts;
- expropriation or nationalisation of property;
- the introduction of exchange controls, changes in regulations on repatriation of dividends and capital and other restrictions by foreign governments;
- generally less developed public infrastructure;
- boycotts and embargoes that may be imposed by the international community on countries in which it operates;
- security and terrorist incidents;
- labour unrest;
- the complexities and uncertainties of complying with local regulatory requirements; and
- incidences of corruption and bribery, and potential violations of applicable laws.

There are also on-going political and security concerns in Pakistan, Iraq and Syria in particular, and these markets have been characterized by incidents of violence and sectarian conflict. Additionally, economies in certain jurisdictions in which the Group operates are heavily dependent on prices of raw materials such as oil, which are in themselves subject to significant volatility. In Turkmenistan, the Group has recently experienced difficulty in converting local currency into U.S. Dollars, due to temporary limitations on convertability. Any or all of these factors could affect the Group's results by causing interruptions to its operations, increasing the costs of operating in those countries or limiting the ability of the Group to extract profits from those countries. Moreover, emerging market economies are often affected by developments in other emerging market countries, and, accordingly, adverse changes in emerging markets elsewhere in the world could have a negative impact on the markets in which the Group operates. Turkey has been adversely affected by such contagion effects on a number of occasions in the past. Any failure by the Group to effectively manage these risks could have a material adverse effect on its business, financial condition and results of operations.

Demand for the Group's products may be adversely affected by changes in consumer preferences.

To generate net revenue and profits, the Group must sell products that appeal to its customers and to consumers generally. Consumer preferences and demand for soft drinks are affected by a variety of factors and considerations, including cost, changes in prevailing economic conditions, changes in the demographics of target consumers, changing social trends, well-being and health consciousness and related considerations, as well as the ability of bottlers to influence consumer preferences and strengthen brand awareness through advertising and marketing. There can be no assurance that the Group will be able to successfully identify and respond to shifting consumer preferences.

The average *per capita* consumption of soft drinks varies widely across the Group's markets and is lower in many cases than in North American and Western and Central European markets. Management believes there is significant potential to increase sparkling beverage consumption across most of the Group's markets, given the relatively low *per capita* consumption levels in the Group's markets. However, such growth may not meet the Group's expectations as consumers may prefer alternative types of beverages, such as in Turkey where hot tea and ayran are popular beverages. In addition, in the soft drinks market, particularly in more developed markets but to some extent in Turkey and other emerging markets, there is increasing consumer focus on well-being and health and fitness, as well as concerns about obesity. Although the Group intends to expand its range of products in the still beverages category (which includes juices, waters, sports and energy drinks and

iced tea) in its key markets, its revenues continue to depend to a large extent on the sales of sparkling beverages. Moreover, a potential shift in focus to still beverages may lower the Group's profit margins. Sales of sparkling beverages accounted for 70% and 71% of the Group's total sales volume for the six months ended 30 June 2017 and the year ended 31 December 2016, respectively. There can be no assurance that demand for soft drinks in its markets will not weaken in the future, and that the Group will be able to respond to changes in consumer preferences.

Significant changes in consumer preferences or the inability of the Group to anticipate, identify or react to such changes could result in reduced demand for its products, or new products introduced in the Group's markets, including in response to shifting consumer tastes, may not be successful, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces competition in the markets in which it operates and may face increased competition in its markets, including as a result of consolidation in the global beverages industry.

The soft drinks market is highly competitive in each of the countries in which the Group operates. Globally, players in the beverage industry compete mainly on the basis of brand image, price, customer service and distribution networks. The Group's distribution, selling and marketing expenses comprised 82.3% and 81.0% of its total operating expenses in the six months ended 30 June 2017 and the year ended 31 December 2016, respectively. The Group competes with, among others, bottlers of other international or domestic brands of soft drinks, some of which are aggressively expanding in certain of the Group's markets. In particular, the Group faces increasing price competition from producers of local soft drink brands, which are typically sold at lower prices than similar products of the Group. In addition, the Group faces increasing price competition from certain large discounters that sell private label products in their outlets at prices that are lower than prices of the Group in Turkey at a smaller scale. The Group also faces increased price competition in Turkey as exclusivity arrangements with the Group's retailers in Turkey are prohibited with respect to sparkling beverages. A change in the number of competitors, the level of brand marketing or investment undertaken by its competitors, or other changes in the competitive environment in its markets may cause a reduction in the consumption of the Group's products and in its market share, and may lead to a decline in its revenues and/or an increase in its marketing or investment expenditures, which may materially and adversely affect its business, financial condition and results of operations.

If there is a change in the Group's competitors' pricing policies, an increase in the volume of cheaper competing products imported into the Group's countries or in the introduction of new competing products or brands, including private label brands, and if the Group fails to effectively respond to such changes, the Group may lose customers and market share and/or the implementation of its pricing strategy may be restricted. Any or all of these factors could have a material adverse effect on the Group's business, financial conditions and results of operations.

The Group may be impacted by changes in the availability or price of raw materials and packaging.

A significant portion, amounting to 85% for the six months ended 30 June 2017 and 84% for the year ended 31 December 2016 of the Group's cost of sales relates to raw materials, primarily carbon dioxide, high fructose corn syrup ("*HFCS*"), concentrate, sugar, cardboard boxes and packaging materials, such as aluminium cans, can ends, returnable and non-returnable glass bottles, polyethylene terephthalate ("*PET*") resin, preforms, aseptic fibre packaging, labels, plastic closures, crowns and plastic film. Most of these raw materials, which the Group aims to source locally in each of its jurisdictions of operations as much as possible, are either commodities or are sourced from commodities. The supply and price of raw materials and packaging used by the Group can fluctuate widely as a result of a number of factors beyond the Group's control, including crop production levels around the world, export demand, government regulations and legislation affecting agriculture, quality and availability of supply, speculative movements in the raw materials or commodities markets, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions and various plant diseases and pests. Consequently, the Group cannot predict the future availability or prices of raw materials required for the production or packaging of its products. Moreover, the prices of these materials are also determined by the relative bargaining power of the suppliers, which can increase through further consolidation of suppliers, thus reducing supply alternatives for the Group.

The Group's results have in the past been negatively impacted by increases in the price of raw materials, particularly sugar, aluminum and PET resin, and there can be no assurance that significant raw material price increases or end-product price increases in the future will not affect the Group's

profitability, or that the Group will benefit from significant raw material price declines in the event it has pre-purchased or hedged significant quantities of such raw materials at higher prices. If the Group cannot pass on raw material or packaging price increases to customers, or if sales volumes decrease as a result of higher product prices, the Group's sales and/or profits may decrease, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The prices of sugar, aluminum and PET resin are volatile and this can affect the Group's results of operations.

The Group's raw material requirements include sugar, aluminum and PET resin. The prices of these raw materials are volatile and are affected by numerous factors beyond the Group's control, including, but not limited to:

- international economic and political conditions;
- changes in global supply and demand; and
- actions of participants in the commodities markets.

In Turkey, domestic sugar prices are set by the Turkish Government and as a result of this sugar quota legislation the Group has to buy sugar locally, typically at much higher prices than those in the international market generally. The crystal sugar price per ton in Turkey as of 30 June 2017 was approximately US$786 (TRY 2,790). As of 30 June 2017, crystal sugar and liquid sugar (produced from crystal sugar) procurement represented approximately 60% of the volume of the Group's sweetener purchases for its domestic operations. In Turkey, the Group has historically used HFCS as an alternative to sugar to the extent that local regulation and availability of HFCS permitted, but there is a regulatory limit on the amount of HFCS that can be produced in the Turkish market. The Group's HFCS suppliers set the price of their HFCS based on a discount from domestic sugar prices.

The Group uses various tools to hedge its raw materials exposure, including through fixing prices with suppliers, derivative instruments and pre-buying. It has hedged approximately 92% of the expected average 2017 sugar price with its suppliers in Kazakhstan, Iraq, Turkmenistan, and Jordan. The Group has also used derivative instruments to hedge the prices for approximately 38% of its aluminum needs for 2017 in Turkey. If the markets experienced a significant decrease in the prices of sugar or aluminum, the Group could incur losses if the prices go below hedged prices. Moreover, these hedging arrangements expose the Group to the credit risk of its counterparties and limit its upside when the price of sugar or aluminum decreases, at least for the part of its raw materials needs that is hedged. Furthermore, in the future, the Group may not be able to secure hedging arrangements at acceptable costs and other terms, or at all, which could negatively impact its cost of sales.

In recent years, market prices for sugar, aluminum and PET resin have fluctuated significantly. Average LIFFE No5 sugar prices per ton (which are relevant for the Group's international sugar needs) were US$440 in 2014, decreasing to US$373 in 2015 and then increasing to US$501 in 2016. Average aluminum and PET resin prices similarly fluctuated between 2014-2016. Average London Metal Exchange prices per ton for aluminum were US$1,867 in 2014, US$1,662 in 2015 and US$1,605 in 2016, while average resin prices were US$1,239 in 2014, US$948 in 2015 and US$878 in 2016. In Pakistan, there is one TCCC approved PET resin supplier. While the Group is free to import PET resin into Pakistan should the need arise, such imports are subject to a 13.5% custom duty (including duty and other custom charges) and any such duty could impact CCI Pakistan's and the Group's margins. There can be no assurance that prices of sugar, aluminum or PET resin will not increase, or to what extent, if they do. A significant increase in sugar, aluminum or PET resin prices would increase the Group's cost of sales, which in turn could have a material adverse effect on its business, financial condition and results of operations.

Weather conditions and climate change may have an adverse impact on the Group's business and results of operations.

Demand for the Group's products may be affected by adverse weather conditions. The Group experiences the strongest demand for its products when temperatures rise and particularly during the summer months. Adverse weather conditions, such as unseasonably cool or wet weather in the spring or summer months, can adversely affect sales volumes. Additionally, there is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the

availability or increase the cost of key agricultural commodities, such as sugarcane, corn, sugar beets, citrus and tea, which are important sources of ingredients for the Group's products, and could impact the food security of communities around the world. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions, which could limit water availability for the Group's operations. Increased frequency or duration of extreme weather conditions could also impair production capabilities, disrupt the Group's supply chain or impact demand for the Group's products. As a result, adverse weather conditions and the effects of climate change could have an adverse impact on the Group's business and results of operations and in the case of the effects of climate change this may be a long-term adverse impact.

The Group relies on a limited number of suppliers for certain raw materials and packaging materials used in the production of its products.

The Group relies on a limited number of third-party suppliers in each of its territories, which must be approved by TCCC, for certain key raw materials and packaging materials for its soft drinks, including for concentrate, sugar and sweetener and packaging (principally bottles and cans). Key suppliers of the Group's raw materials and packaging products are highly consolidated and there can be no assurance that additional consolidation will not occur in the future, which could further reduce the number of suppliers available to the Group and increase the relative bargaining power of such suppliers (and potentially increase the prices the Group pays). Any interruptions in the operations of the Group's suppliers or any failure of such suppliers to maintain their production volumes could result in material production delays, increased production costs, reductions in shipment volumes or delays in shipments of the Group's products, or require the Group to make purchases from alternative suppliers at potentially higher prices, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Interruptions in supply or significant increases in the prices of water and energy can affect the Group's operating and financial performance.

The Group's production of soft drinks requires consumption of large amounts of water. Changes in precipitation patterns and other weather events may affect the Group's water supply and, as a result, its operations. Any stoppage, scarcity or interruption in water supply may result in the Group having to suspend production at its facilities. In addition, significant increases in the price of water in its key countries of operation may result in increases to the Group's manufacturing costs. In Turkey, for example, a consolidated water use and water management law is being discussed that could introduce charges for the commercial use of water.

Furthermore, interruptions in the supply of energy or significant increases in energy prices could also have an adverse effect on the Group's operating and financial performance. The Group uses substantial amounts of electricity, natural gas and other energy sources to operate its bottling plants and, in some of its markets, to operate fleets of motor vehicles. Energy prices have been subject to significant price volatility in the recent past and may be volatile in the future. High energy prices over an extended period of time, as well as changes in energy taxation and regulation in certain jurisdictions, may have an adverse effect on the Group's operating income and profitability in certain markets.

There can be no assurance that the Group will be able to pass on price increases of water or energy to consumers through end-product pricing. Any stoppage, scarcity or interruption in water or energy supplies, or material increases in the price of water or energy, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group depends on independent dealers and distributors to sell its products.

The Group principally uses exclusive independent dealers and distributors to sell and distribute its products to outlets and, to retailers, including supermarkets, kiosks and restaurants. In particular, the Group sells the majority of its products to third party dealers and distributors in its key markets of Turkey and Pakistan. In both of these countries, third party dealers and distributors can act on an exclusive basis with respect to the Group's products, while in Turkey exclusivity arrangements with the Group's retailers are prohibited with respect to sparkling beverages. The Group makes certain investments of time and money in developing its relationship with its exclusive dealers and distributors, including providing extensive training in marketing, sales and finance, process improvement workshops and IT infrastructure support and hosting annual distributors' meetings. Poor performance by a dealer or distributor, and the Group's inability to find a suitable replacement, either in a timely manner or at all, could lead to the loss of the time and money expended by the

Group and disruption to its distribution network in the relevant territory, which could have a material adverse effect on its business, financial condition and results of operations.

Certain of the Group's operations are conducted through affiliates and ventures with shared control.

Certain of the Group's operations are currently conducted through affiliates, ventures with shared control or other arrangements with other shareholders regarding control or management of subsidiaries, and the Group may enter into further similar arrangements in the future. The Group has shared control in certain of its ventures, including CCI Syria, while in certain other subsidiaries, such as CCI Pakistan, Turkmenistan Coca-Cola Bottlers ("*CCI Turkmenistan*") and Waha Beverages B.V. ("*Waha BV*") (which owns 100% of Al Waha for Soft Drinks, Juices, Mineral Water, Plastics and Plastic Caps Production LLC ("*CCI SIQ*")), the Group has entered arrangements that involve strategic partners who have substantial shareholdings and certain minority rights. Accordingly, the Group's ability to exercise control over these operations is limited to varying degrees and the success of such affiliates, ventures or subsidiaries may depend in part on co-operation between the Group and the other shareholders and the satisfactory performance by such shareholders of their respective obligations. While the Group considers its current relationships with other shareholders and partners to be successful, there can be no assurance that this will continue to be the case. In addition, there can be no assurance that the Group will otherwise be able to maintain its current relationships or establish new relationships with partners in the future. Any disputes, deadlocks or litigation with strategic partners or other failure to establish or maintain successful relationships with such partners could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to successfully carry out further acquisitions and business integrations.

The Group has made in the past, and may make in the future, acquisitions of or investments in other companies and businesses. The Group needs to successfully integrate acquired businesses or operations in an efficient and effective manner. This is subject to a number of uncertainties, including:

- the incurrence of unanticipated expenses;
- the failure to realise anticipated synergies or a delay in realising such synergies; and
- the diversion of management's attention from other business concerns and potential disruption to the Group's on-going business.

In addition, the Group's ability to execute further acquisitions or investments is subject to a number of risks, including:

- it may not be able to identify suitable targets or acquire businesses or operations on favourable terms;
- the price it pays may prove to be too high as a result of various factors, including a significant change in market conditions, limited opportunity to conduct due diligence or an unexpected change in the acquired business;
- it may experience increasing competition for targets, which could result in decreased availability of suitable targets or could increase the price the Group would have to pay for such targets;
- it may experience difficulties in the execution of acquisitions, as a result of legal, financial and antitrust factors, among others; and
- it may not have the necessary financial resources or may not be able to obtain the necessary financing, on commercially acceptable terms or at all, to finance such acquisitions.

Such transactions may also involve the assumption of certain actual or potential, known or unknown, liabilities that could have an impact on the Group's financial risk profile. No assurance can be made that the Group will be able to successfully carry out further acquisitions, investments and business integrations. Any failure to successfully acquire or integrate a business, or the acquisition of a business with risks or liabilities that the Group was unaware of, could have a material adverse effect on the Group's business, financial condition and results of operations.

Increases in taxes such as excise taxes and sales taxes could adversely affect the Group's business.

Taxation on the Group's beverages in the countries in which it operates comprises different taxes specific to the Group's products in each jurisdiction, such as excise and other indirect taxes, in addition to general consumption taxes such as value added tax ("*VAT*"). In certain jurisdictions, such

as Turkey (only for cola drinks) Pakistan and Jordan (for sparkling beverages), such excise and other indirect taxes increase the price of soft drinks charged to customers.

In Turkey, an excise tax of 25% applies to sales of all cola-type soft drinks. In Pakistan, the excise tax of 11.5% and sales tax of 17% (or 19% for sales to unregistered distributors) applies to the sales of sparkling beverages. In Jordan an excise tax of 10% applies to sales of sparkling beverages. More recently, a number of jurisdictions, though not any of those in which CCI currently operates, have introduced "sugar" taxes in an effort to promote public policy. There can be no assurance that the jurisdictions in which the Group operates will not introduce similar taxation policies, which would have an adverse effect on the cost of raw materials and may result in an adverse effect on the Group's business, financial condition and results of operations.

Increases in excise and other indirect taxes, applicable to the Group's products, either on an absolute basis or relative to the levels applicable to other beverages, tend to adversely affect sales, both by reducing overall consumption of its products and by encouraging consumers to switch to other categories of beverages. These increases also adversely affect the affordability of the Group's products and its profitability. In addition, in certain jurisdictions the Group may benefit from certain exemptions from specific taxes, such as corporate income tax, or other taxes or duties, which may expire or be revoked earlier than prescribed.

There can be no assurance that the Group's operations will not become subject to increased taxation by national, local or other authorities, that certain tax exemptions currently enjoyed by the Group may not expire or be revoked, or that the Group will be able to pass the tax increase on to the customers and/or consumers. Changes in corporate income tax rates would also adversely affect the Group's cash flow. Adverse changes in taxation, whether on the Group's products or otherwise affecting its operations, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations may be limited by anti-trust regulations.

The Group has leading positions in several of its markets for certain soft drinks, including in Turkey, Kazakhstan, and Azerbaijan and therefore there may be restrictions on how the Group can grow and conduct its operations in these markets. In particular, because of the Group's leading market share in certain of these jurisdictions, any future acquisitions in the relevant product markets by the Group may be subject to closer scrutiny by the relevant anti-trust authorities in these markets, which may conclude that such acquisitions would restrict actual or potential competition in a given market and prohibit such acquisition. Moreover, there can be no assurance that the Group's current market share in certain jurisdictions will not result in the initiation of proceedings or investigations by the relevant authorities for alleged breaches of anti-monopoly laws and regulations. Any decision by the relevant anti-trust authorities to restrict the Group's ability to expand through acquisitions or to impose fines or other sanctions as a result of the Group's market position and practices could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to currency exchange rate risk.

The Company presents its consolidated financial statements in Lira, which is the functional currency of the Company and its Turkish subsidiaries. Subsidiaries and joint ventures outside Turkey historically used the US dollar as their functional currency, except for CCI Pakistan, which used the Pakistan Rupee as its functional currency. With effect from 1 January 2017, the Group changed the functional currency of its foreign subsidiaries and joint ventures to the relevant local currency, in order to better reflect the currency of the primary economic environment for the relevant operations, as well as the currency that influences sales prices, in which receipts from operating activities are retained and that influences costs and other expenses. See note 2 of the Interim Condensed Consolidated Financial Statements for information about the functional currency of certain of the Group's subsidiaries and joint ventures. The results of operations of those subsidiaries and joint ventures whose functional currency is not the Lira are translated into Lira at the applicable exchange rate for inclusion in the Group's consolidated financial statements.

In addition, although the Group incurs its capital and operating expenses and derives its revenues primarily in the currency of the countries in which it operates, the substantial majority of the Group's borrowings are principally in US dollar and in Euro. As of 30 June 2017, 76% and 24% of the Group's long-term borrowings (including the current portion thereof) were denominated in US dollars and Euros respectively. Moreover, 37% and 41% of the Group's short-term borrowings (excluding the current portion of long-term borrowings) were denominated in US dollars and Pakistan Rupees,

respectively, while 12% and 11% of such short-term borrowings were denominated in Jordanian Dinar and Lira, respectively. The local currencies in which the Group derives its revenues have historically been volatile and fluctuated widely against the Lira and US Dollar. The Group also sources raw materials, including carbon dioxide, HFCS, concentrate, sugar, cardboard boxes and packaging materials, such as aluminium cans, can ends, returnable and non-returnable glass bottles, PET resin, preforms, aseptic fibre packaging, labels, plastic closures, crowns and plastic film, locally in each of its jurisdictions of operations as much as possible. The price of these raw materials can fluctuate widely as a result of currency fluctuations which are beyond the Group's control. See "*—The Group may be impacted by changes in the availability or price of raw materials and packaging*". The exchange rate between the Lira and the US dollar was relatively stable during most of 2016 but in the beginning of 2017 and the last quarter of 2016 the US dollar strengthened considerably against the Lira. Between January 2016 and July 2017, the Lira has depreciated by 18% against the US dollar, from a rate of 2.9449 per US dollar on 2 January 2016 to 3.5258 per US dollar on 31 July 2017. The Group principally relies on natural hedges for the protection from foreign currency exchange risk that arises from foreign currency denominated revenues and expenses in the different jurisdictions in which it operates, as well as by holding a portion of its cash in US dollars. The non-cash translation effect resulting from the fluctuations in the exchange rate between the Lira and the relevant functional currencies of Group members, which have historically been volatile, can have a material adverse effect on the Group's consolidated results of operations and financial condition.

Increases in inflation could adversely affect demand for the Group's products.

Rising inflation in the markets in which the Group operates may have an adverse effect on demand for the Group's products. In particular, Turkey has experienced high levels of inflation in the past and has recently experienced rising levels of inflation. The Consumer Price Index ("*CPI*") in Turkey increased by 8.8% for the December 2014 to December 2015 period and decreased to 8.5% for the December 2015 to December 2016 period (source: *TurkStat*). As of 30 June 2017, the year-to-date CPI increased by 5.9% as compared to December 2016 and by 10.9% between June 2016 and June 2017 (source: *TurkStat*). See also "*Operating and Financial Review—Factors Affecting the Group's Financial and Operating Performance—Macroeconomic conditions*". Recent increases in prices, such as commodity and food prices, and depreciation of the Lira against the US dollar could cause further increases in inflation. Higher rates of inflation, particularly if coupled with slowing GDP growth, could result in a reduction of the purchasing power of consumers. While the Group has not experienced a significant impact in the past, this could lead to lower consumption levels of the Group's products. Increases in inflation in the markets in which the Group operates, and particularly in Turkey, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is effectively controlled by Anadolu Efes, whose interests (along with the interests of TCCC, another significant shareholder) may conflict with the interests of the holders of the Notes.

The Company's largest shareholder is Anadolu Efes, which holds 50.3% of the Company's outstanding share capital. The Özilhan and Yazıcı families directly and indirectly together hold 43% of the outstanding share capital of Anadolu Efes and Anheuser Bush InBev SA/NV, which holds 24% of Anadolu Efes' share capital. Anadolu Efes, and thus ultimately the Özilhan and Yazıcı families, therefore has significant influence over the Group's business and operations, matters decided by the board of directors (the current Chairman is a member of the Özilhan family), as well as the outcome of all or substantially all matters decided by a vote of shareholders, including the election of directors and approving mergers or sales of the Group's assets. Furthermore, TCCC holds 20.1% of the Company's outstanding share capital (through TCCEC). It is possible that the interests of Anadolu Efes, and of TCCC as a minority shareholder, may not coincide or may conflict with the interests of the holders of the Notes. See Note 24 of the Interim Condensed Consolidated Financial Statements for information about related party transactions and "*The Group and Its Business—Business Overview—Relationship with TCCC*" and "*Ownership—Certain Arrangements with TCCC*" for information about certain corporate governance and other matters related to the Group's relationship with TCCC.

If any of the Group's products are found to contain contaminants, the Group may be subject to product recalls or other liabilities which could cause it to incur significant additional costs.

The Group takes precautions to ensure that its beverage products are free from contaminants. Such precautions include quality-control programmes for primary materials, the production process and the Group's final products. The Group has established procedures to correct problems detected and

maintains product liability insurance coverage for all its operations up to US$7 million for any one occurrence with a limit of US$21 million in annual aggregate and product recall insurance coverage up to US$0.5 million for Turkey. Although the Group has not had any material problems in the past with contamination of any of its products, in the event that contamination does occur it may lead to business interruption, product recalls or liability for which it is not insured, each of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's costs of compliance with health, safety and environmental laws may increase and failure to comply with existing and new health, safety and environmental laws could adversely affect its results of operations

The Group's operations are subject to health, safety and environmental regulations. Such regulations cover a wide variety of matters, including, without limitation, handling and storage of food products, waste management, obligations in relation to water, waste water, packaging waste; green house gas and air emissions, occupational health & safety incidents, accidents, illnesses and emergency preparedness.

Health, safety and environmental regulations in the countries where the Group operates may become more stringent, and the scope and extent of new regulations, including their effect on the Group's operations cannot be predicted with any certainty. In case of any change in health, safety or environmental regulations, we may be required to incur significant costs to comply with new standards. The Group could also be subject to substantial liability and other regulatory consequences in the event that a health or environmental hazard was discovered at any of the Group's sites, or if any of the Group's operations result in contamination of the environment.

Failure by the Group to comply with existing and new regulations in respect of its operations may result in fines, penalties, closure of facilities and/or litigation which could adversely affect the Group's business, results of operations, and financial condition.

Failure to meet Group's stakeholders' expectations in relation to the Group's sustainability agenda, particularly in relation to post-consumer packaging waste and packaging waste recovery and recycling could adversely affect its results of operations

Increasing regulations, increasing costs due to mandatory government recycling/recovery, increasing taxes, and threats to the Group's reputation within the jurisdictions in which it operates may have an adverse effect on the Group's ability to meet stakeholders' expectations in relation to the Group's sustainability agenda. The environmental impact of post-consumer packaging waste has been gradually growing over the last few decades and has become more pronounced in the last several years. Increasing local and global activism against the generation of post-consumer packaging waste from the Group's products may affect the sales of the Group's products and, in turn, the revenue generated from the Group's products which may have a material adverse effect on the Group's business, financial condition and results of operations.

A number of the Group's production facilities in Turkey are located in high-risk earthquake zones.

Almost 45% of Turkey's population and most of its economic resources are located in a first-degree earthquake risk zone (the zone with the highest level of risk of damage from earthquakes) and a number of the Group's properties in Turkey are located in high-risk earthquake zones. On 17 August 1999, an earthquake measuring 7.6 on the Richter scale struck the area surrounding İzmit. On 12 November 1999, another earthquake measuring 7.2 on the Richter scale occurred in the city of Düzce, between Ankara and Istanbul. On 8 March 2010, an earthquake measuring 6.0 on the Richter scale struck the eastern province of Elazığ and, in October 2011, the eastern part of the country was struck by an earthquake measuring 7.2 on the Richter scale, causing significant property damage and loss of life. More recently, on 21 July 2017, an earthquake measuring 6.3 on the Richter scale struck the eastern province of Mugla causing loss of life and property damage.

The Group's Istanbul headquarters and its production facilities in Bursa and Kemalpaşa are located in first degree earthquake risk zones, its Çorlu and Mersin production facilities are located in third degree earthquake risk zones and its Ankara production facility is located in a fourth degree earthquake risk zone. Although the Group maintains earthquake insurance, business interruption insurance and insurance for loss of profits, there can be no assurance that it will be able to fully enforce its rights under these policies. The occurrence of a severe earthquake could adversely affect one or more of the Group's facilities, causing an interruption in, and an adverse effect on, its business. In addition, as has been seen in the case of the Fukushima earthquake and tsunami affecting Japan, a severe earthquake could severely harm the Turkish economy in general, which

could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to operational risks, including mechanical and technical failures that could adversely affect its business.

The Group is exposed to operational risks, including the risk of unanticipated equipment breakdown or failure at its production facilities, which could cause interruptions in production or a process shutdown while repairs are carried out. Interruptions in production or process shutdowns (which could be followed by delays in restarting the production process) could reduce the Group's production volumes. The Group could also be subject to interruptions in production or the loss of inventory as a result of catastrophic events such as fires, explosions or natural disasters. See "*—A number of the Group's production facilities in Turkey are located in high-risk earthquake zones*". Moreover, the Group is increasingly reliant on its information technology and systems, as it maintains operations in multiple markets, and such systems may be vulnerable to operational or security challenges such as telecommunications failures, interruptions and security breaches. While the Group maintains insurance coverage for a number of risks, any interruptions in the Group's production capacity, the loss of inventory or interference with its information technology and systems may require the Group to incur significant expenses to remedy the situation, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group intends to make capital investments in its operations, and delays in its capital projects or higher than expected costs could adversely affect the Group's business.

The Group plans to make capital investments in its operations, including to expand its overall capacity and address potential capacity constraints especially in Pakistan, and also in Kazakhstan, Kyrgyzstan, Turkmenistan, Jordan and North Iraq, where its plants currently operate near optimal utilization.

The Group estimates that a greenfield plant takes approximately 18 months to construct while a new filling line takes between 12-18 months to construct, depending on the type of line. Some of its projects may require greater investment than currently anticipated or may take longer to complete than anticipated, which could constrain the Group's growth plans. There can be no assurance that the Group will not suffer delays in expanding its capacity that its projects may require greater investment than anticipated or that it will be able to generate sufficient cash flow to fund its projects, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations are subject to a number of regulatory requirements, including environmental and health and safety regulations. Changes in the regulatory environment may cause the Group to incur liabilities or additional costs or limit its business activities.

As with other participants in the beverage industry in Turkey and other countries, the Group's business is subject to certain regulatory requirements, including rules and regulations relating to production, distribution, food safety, health and safety at work and environmental matters. Environmental laws in the countries in which it operates relate to a number of matters, including the conformity of operating procedures with environmental standards regarding, among other matters, the emission of gas and liquid effluents, waste management and obligations in relation to packaging waste. Moreover, the regulatory climate in most countries in which the Group operates is becoming increasingly strict with respect to environmental issues. More restrictive environmental legislation, as well as the Group's own commitment to sustainability and environmental responsibility, might require increased investment in water and energy conservation or other technologies, which could result in increased capital expenditure, greater operating costs or both. Changes in the regulatory environment, including more restrictive regulations or higher taxes, could lead to an increase in prices (which could adversely affect the sale and consumption of the Group's products), capital expenditures or operating costs and could therefore have a material adverse effect on the Group's business, financial condition and results of operations.

A failure by the Group to attract and retain key personnel could adversely affect its business.

The Group's success depends to a large degree on the services of its senior management team and key personnel with particular expertise. In particular, the loss or unavailability of its senior management team for an extended period of time could have an adverse effect on the Group's operations. In addition, the Group must compete with other companies in each of its markets for

suitably qualified personnel, including technical and engineering personnel and employees having a deep understanding of the local markets and the intricacies of sales, marketing and distribution of soft drinks in such markets. The Group's inability to attract and retain key personnel could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates in emerging markets and may not be insured against all potential losses and liabilities.

The Group's insurance coverage may not adequately protect it from all risks associated with its business. The insurance industry is not yet fully developed in many of the jurisdictions in which it operates and many forms of insurance protection common in western jurisdictions are not yet available, either at all or on comparable terms (including as to price). The Group maintains all risk property damage (including earthquake, fire, floods, strikes, riots, civil commotion and malicious damage) insurance, business interruption insurance, business interruption due to machinery breakdown, electronic equipment, cash in safe, cash in transit and fidelity, third party insurance, product liability insurance, directors and officers liability insurance and cyber risk insurance for all of its operations; employer's liability insurance for Turkey, Azerbaijan, Tajikistan, Kazakhstan and Kyrgyzstan; product recall, trade credit insurance for Turkey; automobile liability insurance for Turkey, Tajikistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Jordan and Pakistan; and explosive articles liability insurance for Turkey and Kyrgyzstan. In addition, the Group maintains insurance coverage for terrorism for Turkey. The Group also maintains political violence insurance for all its operations other than Syria (where the Group currently has no assets); expropriation and transfer restriction insurance coverage for Turkmenistan; transportation insurance for all operations except Iraq; personal accident insurance for Turkey and environmental insurance for Kazakhstan.

The Group may be subject to losses that are not covered, or not sufficiently covered, by its insurance. In the event of severe damage to its facilities, the Group could experience disruption to its production capacity for which it may not be compensated. If the Group does not have insurance coverage in respect of particular risks, or if its insurance coverage were insufficient, it will be forced to cover any losses or third-party claims out of its own funds. The Group does not currently maintain separate funds or otherwise set aside reserves to cover such losses or third-party claims, and any such losses or claims could have a material adverse effect on the Group's business, financial condition and results of operations.

The implementation of IFRS 16 ("Leases") may have a significant impact on the Group's financial statements

The International Accounting Standards Board issued IFRS 16 ("Leases") in January 2016, which will become effective on 1 January 2019. Although as of the date of this Offering Circular, the EU has not yet adopted IFRS 16, the Group is considering the changes required by IFRS 16 and expects to comply with such requirements by the time IFRS 16 comes into effect. The Group is currently analysing the potential impact of the first-time application of this standard on its consolidated financial statements. In particular, IFRS 16, if and when it becomes mandatory or is otherwise adopted by the Group, will impact the Group's accounting for those of the Group's leases that are currently accounted for as operating leases. In accordance with currently applicable IFRS, the Group expenses payments made under the Group's operating leases in the Group's combined and consolidated statement of comprehensive income on an as-incurred basis and do not reflect any asset or liability in respect of such leases in its combined and consolidated statement of financial position. Following application by the Group of IFRS 16 (which the Group expects as of 1 January 2019), the Group will be required to recognise assets and liabilities in respect of the Group's operating leases on its combined and consolidated statement of financial position. The Group is in the process of assessing the impact of the new standard.

Risks Related to Turkey

Economic instability in Turkey may have a material adverse effect on the Group's business, financial condition and results of operations.

Since the mid-1980s, the Turkish economy has evolved from a highly protected and regulated system to a more open market system. Although the Turkish economy has generally responded well to this transformation, it has continued to experience severe macroeconomic imbalances, including significant balance of payment deficits, substantial budget deficits, high rates of inflation, high rates of interest (which are nominal rates adjusted to remove the effects of inflation) and a considerable level of unemployment.

Notwithstanding, significant economic growth and development in recent years, in spite of its economic development since 2001, Turkey has experienced economic difficulties from time to time and remains vulnerable to both external and internal shocks, including escalating oil prices and terrorist activities, as well as potential domestic political uncertainty and changing investor opinion that can lead to capital outflows. High Turkish Government debt levels, and its dependence on external financing, and a substantial current account deficit (driven in part by increased oil prices and a low domestic savings rate) may also contribute to economic vulnerability. See "—*Turkey's high current account deficit may result in Turkish Government policies that negatively affect the Group's business*".

Reflecting these considerations, GDP growth, inflation and macroeconomic conditions more generally can be volatile. For example, in Turkey GDP growth was 8.5% in 2013, 5.2% in 2014, 6.1% in 2015 and 2.9% in 2016 (Source: IMF). Consumer price inflation was 8.2%, 8.8% and 8.5% in 2014, 2015 and 2016, respectively (Source: IMF). High and sustained inflation could lead to market instability, new financial crises, reductions in consumer purchasing power and the erosion of consumer confidence. Certain of the Group's costs are sensitive to rises in inflation, and the Group may be unable to raise prices sufficiently to cover such costs and to maintain or increase its profit margins. Furthermore, even if the Group is able to increase prices to cover such increased costs, such price increases may result in decreased demand for the Group's products and a decrease in sales, which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

There can be no assurance that Turkey will be able to remain economically stable during any periods of renewed global economic weakness. Future negative developments in the Turkish economy could impair the Group's business strategies and have a materially adverse effect on the Group's business, financial condition and results of operations.

Turkey's high current account deficit may result in Turkish Government policies that negatively affect the Group's business.

In 2011 and 2010, Turkey's current account deficit widened significantly to US$74.4 billion and US$44.6 billion, respectively, from US$11.4 billion in 2009. The rapid acceleration in the current account deficit in 2011 and 2010 raised concerns regarding financial stability in Turkey, and the Central Bank, the BRSA, and the Ministry of Finance responded by implementing coordinated measures to lengthen the maturity of deposits, reduce short-term capital inflows and curb domestic demand. The main aim of these measures was to slow down the current account deficit by controlling the rate of loan growth. In addition, in late 2011 the Turkish Government declared its intention to take additional measures to decrease the current account deficit, including domestic production incentives and measures aimed at slowing imports and increasing the savings ratio. The Central Bank increased Turkish Lira reserve requirements, while the BRSA introduced amendments to its regulations on 18 June 2011 specifically designed to curb consumer lending. These measures, combined with the overall slowdown of economic growth in Turkey, have resulted in a decrease in the current account deficit. According to the Central Bank, as of 31 December 2016, the current account deficit was US$32.6 billion, and US$35.4 billion (annualised) as of 30 May 2017. It is unclear whether Turkey's current account deficit will continue to decrease or whether these or other measures might be needed to curtail domestic consumption. Any related reduction in economic growth could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, Turkey has exhibited a consistently high current account deficit, amounting to 4.7%, 3.7% and 3.8% of gross domestic product as at 31 December 2014, 2015 and 2016, respectively (Source: IMF). This relatively high current account deficit reflects both Turkey's longstanding structural economic problems and current macroeconomic environment and market conditions. Structural economic problems include dependence on imported energy and a high proportion of imports for manufacturing and domestic consumption, an inflexible labour market, a low savings rate and the shadow economy. More generally, continued growth in domestic demand and capital outflows could cause the current account deficit to increase, which may result in a sudden and significant adjustment in the value of the Turkish lira, with potential inflationary consequences. To date, Turkey's current account deficit has been funded largely through short-term foreign capital borrowings and foreign portfolio investments. Increased uncertainty in the global financial markets could make it more difficult for Turkey to finance its current account deficit, leading to increased volatility in the Turkish economy.

Although Turkey's growth dynamics depend to some extent upon domestic demand, Turkey is also dependent upon trade with Europe. A significant decline in the economic growth of any of Turkey's major trading partners, such as the EU, could have an adverse impact on Turkey's balance of trade and adversely affect Turkey's economic growth. Turkey has diversified its export markets in recent years, but the EU remains Turkey's largest export market. A decline in demand for imports into the EU could have a material adverse effect on Turkish exports and on Turkey's economic growth and result in an increase in Turkey's current account deficit. To a lesser extent Turkey also exports to markets in the Middle East, and the continuing political turmoil in certain of those markets could lead to a decline in demand for such imports, with a similar negative effect on Turkish economic growth and Turkey's current account deficit as described immediately above.

The Turkish foreign exchange markets have historically been volatile, which could adversely affect Turkey's general economy as well as the Group's business, financial condition and results of operations.

The Lira has been subject to significant volatility in the years since the financial crisis of 2000 to 2002, and during that period the Lira depreciated from TRY 0.6750 per US dollar on 31 December 2000 to TRY 1.4465 per US dollar on 31 December 2001 and then further depreciated to TRY 1.6424 per US dollar on 31 December 2002. As the Turkish Government began implementing economic and financial reforms, the value of the Lira appreciated in the period from 2003 to 2007, but began to depreciate again thereafter and the exchange rate was TRY 3.5071 per US dollar on 30 June 2017. Amounts in Lira with respect to periods before 2005 have been translated into present day Turkish Lira at an exchange rate of TRY 1,000,000 = TRY 1.00. Although the Lira has a more stable outlook compared to the 1990s, the exchange rate remains volatile and any significant depreciation of the Lira against the US dollar or other major currencies may adversely affect the financial condition of Turkey as a whole and may have a material adverse effect on the Group's business, financial condition and results of operations.

Political developments in Turkey may have a material adverse effect on the Group's business, financial condition and results of operations.

Turkey has been a parliamentary democracy since 1923. Unstable coalition governments have been common, with political disagreements frequently resulting in early elections. Furthermore, the Turkish military establishment has, historically, played a significant role in Turkish Government and politics, intervening in the political process until the early 2000s.

Although a series of institutional reforms removed the military from positions of power in the state establishment, on 15 July 2016, the Turkish Government was subject to an attempted coup by certain elements of the Turkish armed forces. The Turkish Government and the Turkish security forces (including the Turkish army) took control of the situation in a short period of time and the ruling government remained in control. Following the coup attempt, there have been arrests of thousands of individuals, including senior members of the military, police and judiciary, as well as restrictions of media outlets, suspension, dismissal, travel bans and legal proceedings against police officers, public employees and the business community.

On 20 July 2016, the Turkish Government declared a ninety-day state of emergency, entitling the Turkish Government to exercise additional powers. Under Article 120 of the Turkish Constitution, in the event of serious indications of widespread acts of violence aimed at the destruction of the free democratic order, a state of emergency may be declared in one or more regions of, or throughout, the country for a period not exceeding six months; however, this period may be extended, provided that such extensions do not exceed four months in each case. The state of emergency was further extended in October 2016, January 2017, April 2017 and July 2017. The on-going investigations following the failed coup attempt and state of emergency may contribute to uncertainty about the Turkish political landscape. There might be further arrests and actions taken by the Turkish Government in relation to these investigations, including changes in policies and laws. Any resulting real or perceived instability in the Turkish Government and political environment in Turkey may adversely affect the business climate in Turkey and the Turkish economy.

On 16 April 2017, Turkey held a referendum on significant proposed amendments to the Turkish constitution. In particular, the referendum question was whether to approve amendments to the Turkish constitution which would result in replacing the existing parliamentary system of government with an executive presidency and a presidential system. The amendments were approved by a narrow majority of 51% of voters and are expected to be implemented gradually by November 2019.

As of the date of this Offering Circular, a portion of the amendments have already come into force. Accordingly, (a) the President will not have to be impartial and can be a member of a political party, (b) military courts can no longer be established except for cases of military personnel committing crimes in situations of war, (c) the number of Constitutional Court members is to be decreased from 17 to 15, and (d) the President will have increased powers over the selection of members of the Board of Judges and Prosecutors (currently the Supreme Board of Judges and Prosecutors (Hakimler ve Savcılar Yüksek Kurulu)).

Upon election of the President and the Members of Parliament (expected to be on 3 November 2019, or earlier if the Parliament decides to hold an election prior to that date), on the date the President takes office, the implementation of the amendments will be completed, and as a result: (a) the current parliamentary system will be transformed into a presidential one, (b) the President will be entitled to be the head of a political party and to appoint the cabinet, (c) the office of the prime minister will be abolished, and (d) the parliament's right to interpellate (i.e., the right to submit questions requesting explanation regarding an act or a policy) the cabinet members will be annulled. It is unclear, as of the date of this Offering Circular, what impact such structure might have on Turkish Government institutions and Turkey's international relations, including with the EU. However, despite the results of the referendum, Turkish politics are expected to remain volatile, and the impact both on domestic conditions in Turkey and the impact on Turkey's international relations, including the EU, remain uncertain.

On 25 April 2017, the Parliamentary Assembly of the Council of Europe voted to restart monitoring Turkey in connection with human rights, the rule of law and the state of democracy. This decision might result in (or contribute to) a deterioration of the relationship between Turkey and the EU.

On 27 January 2017, S&P revised its outlook for Turkey's sovereign credit rating from "stable" to "negative" and affirmed its credit rating at "BB" and on 17 March 2017, Moody's revised its outlook for Turkey's sovereign credit rating from "stable" to "negative" and affirmed its credit rating to at "Ba1". On 27 January 2017, Fitch downgraded Turkey's sovereign credit rating to sub-investment grade in line with the ratings of S&P and Moody's. Following the constitutional referendum in Turkey, on 18 April 2017 Fitch issued a statement noting that while the outcome of the referendum reflected a political shift negative for credit ratings, it could facilitate credit-positive economic reforms. On 19 April 2017 Moody's issued a report stating that the ability of the Turkish Government to implement structural reforms may be limited by focus on the political agenda. The events surrounding any future elections could contribute to the volatility of Turkish financial markets and/or have an adverse effect on the investors' perception of Turkey, including the independence of Turkey's institutions and Turkey's ability to adopt macroeconomic reforms, support economic growth and manage domestic social conditions.

The market for Turkish securities is subject to a high degree of volatility due to developments and perceptions of risks in other countries.

In general, investing in the securities of issuers that have operations primarily in emerging markets like Turkey involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of the EU or other similar jurisdictions. Summarised below are a number of risks relating to operating in Turkey and other emerging markets.

The market for securities issued by Turkish companies is influenced by economic and market conditions in Turkey, as well as, to varying degrees, market conditions in other emerging market countries, and the United States. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and reductions in the amount of foreign investments in Turkey. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers.

Moreover, financial turmoil in any emerging market country tends to adversely affect the prices of equity and debt securities of issuers in all emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Turkey and adversely affect the Turkish economy. There can be no assurances that investors' interest in Turkey will not be negatively affected by events in other emerging markets or the global economy in general.

Conflict and terrorism within Turkey or conflict and terrorism in neighbouring and nearby countries may have a material adverse effect on the Group's business, financial condition, or results of operations.

Turkey is located in a region that has been subject to on-going political and security concerns. In the recent past, Turkey has been subject to an increasing number of attacks by various terrorist groups, including bombings in Istanbul and Ankara as well as other Turkish cities, which have resulted in a number of fatalities and casualties. On 28 June 2016, a significant attack on Istanbul Ataturk Airport was suspected to have been carried out by the Islamic State of Iraq and the Levant (also known as ISIL). On December 10, 2016 there were two explosions outside the Vodafone Arena stadium in central Istanbul, with separatist terrorists claiming responsibility and an attack on Reina nightclub in Istanbul on 31 December 2016, which resulted in 39 fatalities, was also believed to have been carried out by ISIL. Turkey has also experienced problems with domestic terrorist and ethnic separatist groups including the People's Congress of Kurdistan, known as PKK.

In addition, on August 24, 2016, Turkey began military operations in Syria in an effort to remove ISIL from the Turkish-Syrian border. These operations might lead to retaliatory attacks by terrorist groups, such as ISIL or others, and may create an additional security risk in Turkey. There is on-going tension in the region, which was elevated following a request by Iraq on October 5, 2016 for the U.N. Security Council to hold a meeting to discuss the presence of Turkish troops in northern Iraq and certain Syrian border regions. Such incidents have had, and could continue to have, a material adverse effect on the Turkish economy, including as a result of the reduced revenue from tourism. This, in turn, could have a material adverse effect on the Group's business, results of operations, and financial condition.

Political unrest in countries close to Turkey, including in Syria, Jordan, Bahrain, Tunisia, Iraq and Egypt has historically been one of the potential risks associated with an investment in Turkish securities. Regional instability has also resulted in an influx of displaced persons in Turkey, which is expected to increase. Such political unrest may affect Turkey's relationships with its neighbours, have political implications in Turkey or have a negative impact on the Turkish economy, including on both financial markets and the real economy. In addition, certain sectors of the Turkish economy, such as construction, iron and steel, have operations in the Middle East and North Africa and may experience material negative effects from instability in those countries.

Uncertainties relating to Turkey's accession to the European Union may adversely affect the Turkish financial markets and result in greater volatility.

Turkey has had a long-term relationship with the EU. In 1963, Turkey signed an association agreement with the EU, and a supplementary agreement was signed in 1970 providing for a transitional second stage of Turkey's integration into the EU. Turkey has been a candidate country for EU membership since the Helsinki European Council of December 1999. The EU resolved on 17 December 2004 to commence accession negotiations with Turkey and negotiations were launched on 3 October 2005. Turkey's EU accession process is conducted in 35 chapters ("*Chapters*"). These Chapters require a range of political, legislative and economic reforms to be implemented.

Although Turkey has implemented various reforms and continued harmonisation efforts with the EU, the relationship between the EU and Turkey has at times been strained. During 2006, the EU issued several warnings in connection with Turkey's undertakings under the additional protocol dated July 2005 relating to the Customs Union and in connection with recognition of the Republic of Cyprus. Following this, in December 2006 the EU decided that negotiations in eight Chapters should be suspended and that no Chapter would be closed until the EU has verified that Turkey has fulfilled its commitments relating to the additional protocol of July 2005. In 2009, six Chapters were blocked after the EU General Affairs meeting, including those on judiciary, fundamental rights, justice, freedom and security. Within the framework of accession negotiations, 16 chapters have been opened so far and one of these was provisionally closed. In November 2016, the European Parliament voted in favour of a non-binding resolution to request that the European Commission temporarily suspend membership negotiations of Turkey. In April 2017, the Parliamentary Assembly of the Council of Europe has decided to reopen the monitoring procedure against Turkey.

There can be no assurances that the EU or Turkey will continue to maintain an open approach to Turkey's EU membership or that Turkey will be able to meet all the criteria applicable to becoming a Member State. In the event of a loss of market confidence as a result of deterioration in Turkey's EU accession discussions or any other international relations involving Turkey, the Turkish economy may be adversely affected, which could have a material adverse effect on the Group's business, financial

condition, results of operations and prospects. On the other hand, there can be no assurances that any future accession by Turkey to the EU would have the expected benefits for the Turkish economy.

The Turkish Government's influence over the Turkish economy could negatively impact the Group's business.

The Turkish Government has exercised and continues to exercise significant influence over many aspects of the Turkish economy. The government is also directly involved in the Turkish economy through its ownership and administration of State Economic Enterprises ("*SEEs*") which, despite the divestments undertaken in the Turkish Government's privatisation programme, continue to represent a significant portion of the Turkish economy. Although none of the SEEs operate in any business segment in which the Group operates, any decisions taken by the government with respect to the SEEs have an impact on Turkish economy and thus indirectly on the Group.

Turkish disclosure standards differ in certain significant respects from those in more developed markets, leading to a relatively limited amount of information being available.

The disclosure obligations applicable to Turkish companies differ in certain respects from those applicable to similar companies in the United States and the United Kingdom. There is also less publicly available information regarding Turkish companies than public companies in the United States, the United Kingdom and other more developed markets. As a result, investors might not have access to the same depth of disclosure relating to the Group as they would for investments in companies in the United States, the United Kingdom, the EU and other more-developed markets.

Risks Related to the Notes and the Group's Capital Structure

The Notes will constitute unsecured obligations of the Company.

The Company's obligations under the Notes will constitute unsecured obligations of the Company. Accordingly, any claims against the Company under the Notes would be unsecured claims. The ability of the Company to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows, which could be affected by, among other things the circumstances described in these "*Risk Factors*".

Claims of Noteholders under the Notes are effectively subordinated to those of certain other creditors and liabilities of the Company's subsidiaries.

The Notes are unsecured and unsubordinated obligations of the Company. The Notes will rank equally with all of the Company's other unsecured and unsubordinated indebtedness; however, the Notes will be effectively subordinated to the Company's secured indebtedness to the extent of the value of the assets securing such transactions and will be subject to certain preferential obligations under Turkish law, such as wages of employees.

Generally, lenders and trade and other creditors of the Company's subsidiaries are entitled to payment of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Company, as direct or indirect shareholder. Any debt that the Company's subsidiaries may incur in the future will also rank structurally senior to the Notes.

Total borrowings of the Company's subsidiaries as at 30 June 2017 were TRY 691 million.

There is no public trading market for the Notes and an active trading market may not develop or be sustained in the future.

There is no active trading market for investments in the Notes. If investments in the Notes are traded after their initial issuance, then they might trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Company's financial condition. Although application has been made for the Notes to be listed on the Official List and be admitted to trading on the Main Securities Market, there can be no assurance that such application will be accepted, that an active trading market will develop or, if developed, that it can be sustained. If an active trading market for investments in the Notes is not developed or maintained, then the market or trading price and liquidity of investments in the Notes may be adversely affected.

The market price of the Notes is subject to a high degree of volatility.

The market price of investments in the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Company's operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale by the Group of other debt securities, as well as

other factors, including the trading market for notes issued by Turkey. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of investments in the Notes without regard to the Company's financial condition or results of operations.

The market price of investments in the Notes is also influenced by economic and market conditions in Turkey and, to varying degrees, economic and market conditions in emerging markets generally. Although economic conditions differ in each country, the reaction of investors to developments in one country may cause capital markets in other countries to fluctuate. Developments or economic conditions in other emerging market countries have at times significantly affected the availability of credit to the Turkish economy and resulted in considerable outflows of funds and declines in the amount of foreign investments in Turkey. Crises in other emerging market countries may diminish investor interest in securities of Turkish issuers, including the Company's, which could adversely affect the market price of investments in the Notes.

Credit ratings may not reflect all risks, and changes to Turkey's credit ratings may affect the Group's ability to obtain funding.

In addition to the ratings on the Notes provided by Moody's and Fitch, one or more other independent credit rating agencies may assign credit ratings to the Notes. The ratings might not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. The initial ratings by Moody's and Fitch will not address the likelihood that the principal on the Notes will be prepaid or paid on the scheduled maturity date. Such ratings also will not address the marketability of investments in the Notes or any market price. Any change in the credit ratings of the Notes or the Company could adversely affect the price that a subsequent purchaser will be willing to pay for investments in the Notes. The significance of each rating should be analysed independently from any other rating. Moreover, a downgrade or potential downgrade of the Turkish sovereign rating could negatively affect the Group's ratings. See "*—Political developments in Turkey may have a material adverse effect on the Group's business, financial condition and results of operations*" for a discussion of the Turkish sovereign credit rating.

Decisions of the holders of the required majority of the Notes bind all Noteholders.

The conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions will permit Noteholders holding defined percentages of Notes to bind all Noteholders, including Noteholders who did not vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Transfer of investments in the Notes will be subject to certain restrictions.

Although the Notes have been approved by the CMB pursuant to Decree 32 regarding the Protection of the Value of the Turkish Currency and the Capital Markets Law and related legislation, as debt securities to be offered outside Turkey, the Notes have not been and will not be registered under the Securities Act or any US state securities laws. Prospective investors may not offer or sell the Notes, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Similar restrictions will apply in other jurisdictions. Prospective investors should read the discussion under the heading "*Transfer Restrictions*" for further information about these transfer restrictions. It is their obligation to ensure that their offers and sales of the Notes within the United States and other countries comply with any applicable securities laws.

Investors in the Notes must rely on DTC, Euroclear and Clearstream procedures.

The Regulation S Notes will be represented on issue by an Unrestricted Global Certificate that will be delivered to a common depositary for, and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Unrestricted Global Certificate, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg and their respective participants will maintain records of the beneficial interests in the Unrestricted Global Certificate. While the Notes are represented by the

Unrestricted Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

The Rule 144A Notes will be represented on issue by a Restricted Global Certificate that will be deposited with a custodian for DTC. Except in the circumstances described in the Restricted Global Certificate, investors will not be entitled to receive Notes in definitive form. DTC and its direct and indirect participants will maintain records of the beneficial interests in the Restricted Global Certificate. While the Notes are represented by the Restricted Global Certificate, investors will be able to trade their beneficial interests only through DTC. While the Notes are represented by the Restricted Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in either Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The Company may create and issue further Notes.

The Company may from time to time without the consent of the Noteholders create and issue further Notes, having terms and conditions that are the same as those of the Notes, or the same except for the amount of the first payment of interest, which new Notes may be consolidated and form a single series with the outstanding Notes; *provided* that any such further notes are fungible with the outstanding Notes for U.S. federal income tax purposes. To the extent that the Company issues such further notes, the existing Noteholders' share of the total issuance (for purposes such as voting) will be diluted.

It may not be possible for investors to enforce foreign judgments against the Company or its management.

The Company is a public joint stock company organised under the laws of Turkey. Certain of the directors and officers of the Company reside inside Turkey and all or a substantial portion of the assets of such persons may be, and substantially all of the assets of the Company are, located in Turkey. As a result, it may not be possible for investors to effect service of process upon such persons outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions.

In addition, under the International Private and Procedure Law of Turkey (Law No. 5718), a judgment of a court established in a country other than Turkey may not be enforced in Turkish courts in certain circumstances. There is no treaty between the United Kingdom and Turkey providing for reciprocal enforcement of judgments; however, Turkish courts have rendered at least one judgment confirming *de facto* reciprocity between Turkey and the United Kingdom with respect to the enforcement of judgments of their respective courts. However, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United Kingdom by Turkish courts. For further information, see "*Enforcement of Judgments and Service of Process*".

The Company depends to a certain degree on the results of operations of its subsidiaries.

While the Company has significant revenue-generating operations of its own, it still depends to a certain degree upon dividends, permitted repayment of intercompany debt, if any, and other transfers of funds from its subsidiaries and joint ventures. Certain of the Company's subsidiaries (including CCI Kazakhstan and CCI Pakistan) are parties to various loan agreements, as a result of which a portion of their cash flows goes to paying interest and principal on outstanding borrowings under these facilities. Additional restrictions on the distribution of cash to the Company arise from, among other things, applicable corporate and other laws and regulations and by the terms of other agreements to which its subsidiaries are or may become subject. As a result of the above, the Company's ability to service cash interest payments or other cash needs may be restricted. If the Company's subsidiaries and joint ventures are unable to pay dividends or otherwise transfer funds to it, then it may be unable to satisfy its obligations to pay interest on the Notes and would be required to refinance these obligations to avoid default. The Company can provide no assurance that its own revenue-generating operations will be sufficient to provide the necessary funds, that it will be able to obtain the necessary funds from its subsidiaries or joint ventures or that it would be able to refinance its obligations.

US persons investing in the Notes might have indirect contact with countries sanctioned by the Office of Foreign Assets Control of the US Department of Treasury as a result of the Company's investments in and business with countries on the sanctions list.

The Office of Foreign Assets Control of the US Department of Treasury ("*OFAC*") administers regulations that restrict the ability of US persons to invest in, or otherwise engage in business with, certain countries, including Crimea, Cuba, North Korea, Iran, Syria and Sudan, and specially designated nationals (together "*Sanction Targets*"). The Company has a 50.00% indirect ownership interest in CCI Syria through its subsidiary, CCI Holland, accounted for on an equity basis, through which the Group sells Coca-Cola products; it does not engage in production in Syria and it has no assets in Syria. No part of the proceeds of the offering of the Notes will be transferred to CCI Syria. As the Company is not a Sanction Target and OFAC regulations do not prohibit US persons from investing in, or otherwise engaging in business with, the Company; however, to the extent that the Company invests in, or otherwise engages in business with, Sanction Targets directly or indirectly, US persons investing in the Company may incur the risk of indirect contact with Sanction Targets. Non-US persons from the European Union and other jurisdictions with similar sanctions may similarly incur the risk of indirect contacts with Sanction Targets.

OVERVIEW OF THE NOTES

The following is an overview of certain information relating to the offering of the Notes, including the principal provisions of the terms and conditions thereof. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Circular. See, in particular, "Conditions of the Notes".

Issue:	US$500,000,000 principal amount of 4.215% Notes due 2024.
Interest and Interest Payment Dates:	The Notes will bear interest from and including 19 September 2017 at the rate of 4.215% per annum, payable semi-annually in arrear on each of 19 March and 19 September in each year (each an "*Interest Payment Date*"); *provided* that, as described in Condition 6.4, if any such date is not a Business Day (as defined in Condition 6), then such payment will be made on the next Business Day. The first payment (representing a full six months' interest) will be made on 19 March 2018.
Maturity Date:	19 September 2024.
Use of Proceeds:	The net proceeds of the Offering will be used by the Company to refinance certain existing indebtedness, to fund its capital expenditure programme and for general corporate purposes.
Status:	The Notes will be direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of the Company and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Company, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge:	The terms of the Notes contain a negative pledge provision binding on the Company and its subsidiaries as further described in Condition 4.1.
Other covenants:	The terms of the Notes contain certain other covenants (including in relation to the delivery of the Company's annual and interim consolidated financial statements), as further described in Condition 4.
Taxation; Payment of Additional Amounts:	All payments in respect of the Notes by or on behalf of the Company shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("*Taxes*") imposed or levied by or on behalf of a Relevant Jurisdiction (as defined in Condition 8), unless the withholding or deduction of the Taxes is required by law. In that event, the Company will (subject to certain exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction. Under current Turkish law, withholding tax at the rate of 0% applies on interest on the Notes. See "*Taxation—Certain Turkish Tax Considerations*". See "*Conditions of the Notes—Condition 8*".
Redemption at the Option of the Issuer:	The Issuer may redeem all (but not some only) of the Notes at any time during the period commencing on (and including) the date falling 90 days prior to the Maturity Date to (but excluding) the Maturity Date at their principal amount, together with interest accrued to the date fixed for redemption.

At any time prior to the date falling 90 days prior to the Maturity Date the Issuer may at its option redeem all (but not some only) of the Notes at the Make-Whole Redemption Price (as defined in the Terms and Conditions of the Notes).

See "*Conditions of the Notes—Condition 7.2*"

Redemption for Taxation Reasons: The Notes may be redeemed at the option of the Company in whole, but not in part, at any time (subject to certain conditions), at their principal amount (together with interest accrued to but excluding the date of redemption) if:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 15 September 2017, on the next Interest Payment Date the Company would be required to pay additional amounts as provided or referred to in Condition 8, and

(b) the requirement cannot be avoided by the Company taking reasonable measures available to it.

Redemption at the Option of the Holders upon a Change of Control: If a Change of Control Put Event occurs (as defined in Condition 7.4), each Noteholder will have a right, at such Noteholder's option, to require the Company to redeem in whole (but not in part) such Noteholder's Notes at 101% of their principal amount together with interest accrued to the date of redemption, as further described in Condition 7.4.

Events of Default: The Notes will be subject to certain Events of Default including (among others) non-payment of principal for three Business Days, non-payment of interest for ten Business Days, failure to perform or observe any of the other obligations in respect of the Notes, cross-acceleration and certain events related to disposals, bankruptcy and insolvency, all as further described in Condition 10. See "*Conditions of the Notes—Condition 10*".

Form and Transfer: Notes offered and sold in reliance upon Regulation S will be represented by beneficial interests in the Unrestricted Global Certificate in registered form, without interest coupons attached, which will be delivered to a common depositary and registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Notes offered and sold in reliance upon Rule 144A will be represented by beneficial interests in the Restricted Global Certificate(s), in registered form, without interest coupons attached, which will be deposited with the custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificates. See "*Conditions of the Notes—Condition 1*".

Interests in the Rule 144A Notes will be subject to certain restrictions on transfer. See "*Transfer Restrictions*". Interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg, in the case of the Regulation S Notes, and by DTC and its direct and indirect participants, in the case of Rule 144A Notes.

Denominations: Notes will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof.

Governing Law: The Notes, the Agency Agreement and any non-contractual

	obligations arising out of or in connection with the Notes or the Agency Agreement, as the case may be, will be governed by, and construed in accordance with, English law.
Listing:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market; *however*, no assurance can be given that such applications will be accepted.
Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act or any state securities laws and beneficial interests therein may not be offered or sold within the United States or to, or for the account or benefit of, any US person (as defined in Regulation S under the Securities Act) except to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes (or beneficial interests therein) is also subject to restrictions in Turkey and the United Kingdom. See "*Selling Restrictions*".
Risk Factors:	For a discussion of certain risk factors relating to the Group, Turkey and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see "*Risk Factors*".
Issue Price:	100% of the principal amount.
Yield:	4.215% per annum.
Regulation S Notes Security Codes:	ISIN: XS1577950402
	Common Code: 157795040
Rule 144A Notes Security Codes:	ISIN: US191229AB90
	CUSIP: 191229AB9
	Common Code: 111731217
Representation of Noteholders:	There will be no trustee.
Expected Rating(s):	"Baa3" by Moody's and "BBB" by Fitch.
	A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any change in the rating of the Notes could adversely affect the price that a purchaser would be willing to pay for the Notes. As at the date of this Offering Circular, each of the Rating Agencies is established in the European Union and registered under the CRA Regulation.
Joint Bookrunners:	BNP Paribas Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc MUFG Securities EMEA plc
Fiscal Agent, Paying Agent, and Transfer Agent:	Citibank, N.A., London Branch
Registrar:	Citigroup Global Markets Deutschland AG

SUMMARY FINANCIAL INFORMATION

This section should be read together with the information contained in "Presentation of Information", "Use of Proceeds", "Capitalization of the Group", "Selected Financial Information", "Operating and Financial Review", the Consolidated Financial Statements and the respective notes thereto included elsewhere in this Offering Circular.

The following summary consolidated historical financial information as at and for the years ended 31 December 2016, 2015 and 2014 has been extracted from the Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular. The unaudited summary consolidated historical interim financial information as at and for the six months ended 30 June 2017 and 2016 have been extracted from the Interim Condensed Consolidated Financial Statements, which are included elsewhere in this Offering Circular. Investors should not rely on interim results as being indicative of results the Group may expect for the full year.

Summary Consolidated Income Statement Data

	Six months ended 30 June	
	2017	**2016**
	(TRY millions) *(unaudited)*	
Net Revenue	4,115.0	3,430.3
Cost of Sales	(2,713.9)	(2,210.0)
Gross Profit/(Loss)	**1,401.1**	**1,220.4**
General and Administration Expenses	(183.0)	(166.0)
Distribution, Selling and Marketing Expenses	(791.2)	(699.0)
Other Operating Income	93.6	45.6
Other Operating Expense	(81.2)	(51.2)
Profit/(Loss) from Operations	**439.3**	**349.9**
Gain/(Loss) from Investing Activities	(6.0)	(6.9)
Gain/(Loss) from Associates	(0.1)	(0.4)
Profit/(Loss) Before Financial Income / (Expense)	**433.1**	**342.6**
Financial Income / (Expense)	**(161.5)**	**(76.9)**
Financial Income	*122.4*	*94.7*
Financial Expenses	*(283.9)*	*(171.6)*
Profit/(Loss) Before Tax from Continuing Operations	**271.6**	**265.7**
Tax Expense of Continuing Operations	**(95.2)**	**(54.5)**
Deferred Tax Income/(Expense)	*(35.2)*	*(1.5)*
Current Period Tax Expense	*(60.0)*	*(53.0)*
Net Income/(Loss) from Continuing Operations	**176.5**	**211.2**

	Year ended 31 December		
	2016	2015	2014
	(TRY millions)		
Net Revenue	7,050.2	6,723.9	5,985.4
Cost of Sales	(4,657.8)	(4,389.5)	(3,803.9)
Gross Profit/(Loss)	**2,392.5**	**2,334.4**	**2,181.4**
General and Administration Expenses	(344.2)	(337.3)	(288.8)
Distribution, Selling and Marketing Expenses	(1,419.3)	(1,328.7)	(1,256.7)
Other Operating Income	132.2	116.2	51.6
Other Operating Expense	(120.4)	(145.2)	(53.5)
Profit/(Loss) from Operations	**640.7**	**639.5**	**634.1**
Gain/(Loss) From Investing Activities	(79.0)	(7.7)	(5.9)
Gain/(Loss) from Associates	(1.2)	(0.9)	(0.9)
Profit/(Loss) Before Financial Income / (Expense)	**560.6**	**630.9**	**627.2**
Financial Income/(Expense)	**(489.8)**	**(426.9)**	**(194.3)**
Financial Income	*312.0*	*355.1*	*450.1*
Financial Expenses	*(801.8)*	*(782.0)*	*(644.3)*
Profit/(Loss) Before Tax from Continuing Operations	**70.8**	**203.9**	**432.9**
Tax Expense of Continuing Operations	**(48.3)**	**(77.3)**	**(85.7)**
Deferred Tax Income/(Expense)	*3.1*	*(23.2)*	*(12.7)*
Current Period Tax Expense	*(51.4)*	*(54.1)*	*(73.0)*
Net Income/(Loss) from Continuing Operations	**22.4**	**126.7**	**347.2**

Summary Consolidated Balance Sheet Data

	As at 30 June 2017	As at 31 December 2016
	(TRY millions)	
	(unaudited)	
ASSETS		
Cash and Cash Equivalents	1,448.7	1,466.1
Investments in Securities	—	11.0
Trade Receivables	1,102.2	604.3
Due from Related Parties	*124.1*	*76.6*
Other Trade Receivables	*978.1*	*527.7*
Other Receivables	49.3	41.4
Other Receivables from Third Parties	*49.3*	*41.4*
Derivative Financial Instruments	2.1	1.1
Inventories	737.6	521.3
Prepaid Expenses	193.0	147.7
Tax Related Current Assets	60.7	101.7
Other Current Assets	214.1	238.2
Other Current Assets from Third Parties	*214.1*	*238.2*
Total Current Assets	**3,807.7**	**3,132.8**
Other Receivables	11.3	11.4
Other Receivables from Third Parties	*11.3*	*11.4*
Property, Plant and Equipment	5,102.4	5,084.8
Intangible Assets	2,072.9	2,077.7
Goodwill	*668.9*	*671.2*
Other Intangible Assets	*1,404.0*	*1,406.5*
Prepaid Expenses	176.6	142.3
Deferred Tax Assets	—	6.9
Total Non-Current Assets	**7,363.2**	**7,323.1**
TOTAL ASSETS	**11,170.9**	**10,455.9**
LIABILITIES		
Short-term Borrowings	57.5	109.2
Current Portion of Long-term Borrowings	770.4	256.3
Trade Payables	1,246.0	773.5
Due to Related Parties	*235.2*	*180.8*
Other Trade Payables	*1,010.8*	*592.7*
Payables Related to Employee Benefits	23.3	31.5
Other Payables	269.5	211.7
Other Payables from Third Parties	*269.5*	*211.7*
Derivative Financial Instruments	—	0.1
Provision for Corporate Tax	14.6	—
Current Provisions	82.2	82.3
Current Provisions for Employee Benefits	*82.2*	*82.3*
Other Current Liabilities	44.6	33.0
Total Current Liabilities	**2,508.2**	**1,497.6**
Long-term Borrowings	2,956.9	3,404.7
Trade Payables	27.1	26.4
Due to Related Parties	*26.3*	*25.7*
Other Trade Payables	*0.7*	*0.7*
Derivative Financial Instruments	—	—
Non-Current Provisions	74.6	65.2
Non-Current Provisions for Employee Benefits	*74.6*	*65.2*
Deferred Tax Liability	377.4	353.9
Other Non-Current Liabilities	110.8	111.2
Total Non-Current Liabilities	**3,546.7**	**3,961.4**
EQUITY		
Equity of the Parent	**4,411.0**	**4,305.2**
Share Capital	254.4	254.4
Share Capital Adjustment Differences	(8.6)	(8.6)
Share Premium	214.2	214.2
Non-controlling Interest Put Option Valuation Fund	19.1	21.7
Other comprehensive income items not to be reclassified to profit or loss	(12.5)	(12.5)
Actuarial Gains / (Losses)	*(22.3)*	*(22.3)*
Other Valuation Funds	*9.8*	*9.8*
Other comprehensive income items to be reclassified to profit or loss	2,005.9	1,992.7
Currency Translation Adjustment	*1,971.7*	*1,929.0*
Cash Flow Hedge Reserve	*34.1*	*63.7*
Restricted Reserves Allocated from Net Profit	136.6	131.7
Accumulated Profit / (Loss)	1,656.6	1,739.9
Net Income / (Loss)	145.3	(28.4)
Non-Controlling Interest	**705.0**	**691.8**
TOTAL EQUITY	**5,116.0**	**4,996.9**
TOTAL LIABILITIES	**11,170.9**	**10,455.9**

	As at 31 December		
	2016	2015	2014
		(TRY millions)	
ASSETS			
Cash and Cash Equivalents	1,466.1	1,002.2	757.0
Investments in Securities	11.0	0.1	3.0
Trade Receivables	604.3	557.9	422.0
Due from Related Parties	*76.6*	*109.7*	*35.5*
Other Trade Receivables	*527.7*	*448.2*	*386.5*
Other Receivables	41.4	34.0	35.1
Other receivables from third parties	*41.4*	*34.0*	*35.1*
Derivative Financial Instruments	1.1	0.3	2.4
Inventories	521.3	620.8	575.7
Prepaid Expenses	147.7	140.6	202.0
Tax Related Current Assets	101.7	70.1	77.3
Other Current Assets	238.2	232.2	174.7
Other current assets from third parties	*238.2*	*232.2*	*174.7*
Total Current Assets	**3,132.8**	**2,658.3**	**2,249.2**
Other Receivables	11.4	17.0	6.1
Other receivables from third parties	*11.4*	*17.0*	*6.1*
Property, Plant and Equipment	5,084.8	4,366.7	3,362.1
Intangible Assets	2,077.7	1,760.8	1,409.1
Goodwill	*671.2*	*606.6*	*483.8*
Other Intangible Assets	*1,406.5*	*1,154.2*	*925.3*
Prepaid Expenses	142.3	140.8	175.3
Deferred Tax Asset	6.9	2.2	—
Total Non-Current Assets	**7,323.1**	**6,287.5**	**4,952.7**
TOTAL ASSETS	**10,455.9**	**8,945.8**	**7,201.9**
LIABILITIES			
Short-term Borrowings	109.2	252.8	515.3
Current Portion of Long-term Borrowings	256.3	310.2	113.3
Trade Payables	773.5	673.5	557.6
Due to Related Parties	*180.8*	*156.2*	*111.2*
Other Trade Payables	*592.7*	*517.3*	*446.4*
Payables Related to Employee Benefits	31.5	21.9	19.5
Other Payables	211.7	173.9	148.6
Other payables from third parties	*211.7*	*173.9*	*148.6*
Derivative Financial Instruments	0.1	11.3	0.4
Provision for Corporate Tax	—	0.5	2.0
Current Provisions	82.3	47.8	63.6
Current provisions for employee benefits	*82.3*	*47.8*	*63.6*
Other Current Liabilities	33.0	30.1	22.9
Total Current Liabilities	**1,497.6**	**1,522.0**	**1,443.2**
Long-term Borrowings	3,404.7	2,810.9	2,015.1
Trade Payables	26.4	21.3	21.8
Due to related parties	*25.7*	*20.1*	*20.0*
Other trade payables	*0.7*	*1.2*	*1.7*
Derivative Financial Instruments	—	0.1	0
Non-Current Provisions	65.2	52.4	50.6
Non-current provisions for employee benefits	*65.2*	*52.4*	*50.6*
Deferred Tax Liability	353.9	281.8	212.3
Other Non-Current Liabilities	111.2	115.7	85.8
Total Non-Current Liabilities	**3,961.4**	**3,282.3**	**2,385.6**
EQUITY			
Equity of the Parent	**4,305.2**	**3,609.0**	**3,024.8**
Share Capital	254.4	254.4	254.4
Share Capital Adjustment Differences	(8.6)	(8.6)	(8.6)
Share Premium	214.2	214.2	214.2
Non-Controlling Interest Put Option Valuation Fund	21.7	(6.5)	(0.4)
Other comprehensive income items not to be reclassified to profit or loss	(12.5)	(6.7)	(3.6)
Actuarial gains / losses	*(22.3)*	*(16.5)*	*(13.4)*
Other Valuation Funds	*9.8*	*9.8*	*9.8*
Other Comprehensive Income Items to be reclassified to profit or loss	1,992.7	1,260.5	684.1
Currency translation adjustment	*1,929.0*	*1,269.4*	*682.4*
Cash flow hedge reserve	*63.7*	*(8.9)*	*1.6*
Restricted Reserves Allocated from Net Profit	131.7	155.0	146.2
Accumulated Profit / (Loss)	1,739.9	1,629.5	1,423.0
Net Income / (Loss)	(28.4)	117.2	315.4
Non-controlling Interest	**691.8**	**532.6**	**348.2**
TOTAL EQUITY	**4,996.9**	**4,141.6**	**3,373.0**
TOTAL LIABILITIES	**10,455.9**	**8,945.8**	**7,201.9**

Summary Consolidated Cash Flow Data

	Six months ended 30 June		Year ended 31 December		
	2017	**2016**	**2016**	**2015**	**2014**
	(Unaudited)		*(TRY millions)*		
Net cash generated from operating activities	**384.1**	**379.6**	**1,158.9**	**874.5**	**748.0**
Net cash used in investing activities	**(241.5)**	**(268.5)**	**(516.6)**	**(703.7)**	**(219.7)**
Net cash (used in)/generated from financing activities	**(134.5)**	**(242.0)**	**(198.1)**	**(7.5)**	**(739.1)**
Currency translation adjustment	(25.5)	5.5	19.7	81.9	51
Net (decrease) / increase in cash and cash equivalents	(17.4)	(125.5)	463.9	245.3	(159.8)
Cash and cash equivalents at beginning of period	1,466.1	1,002.2	1,002.2	757.0	916.8
Cash and cash equivalents, period end	**1,448.7**	**876.8**	**1,466.1**	**1,002.2**	**757.0**

PRESENTATION OF INFORMATION

Presentation of Financial Information

Financial information

The Group's consolidated financial statements include:

- the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2016, which include comparative financial information as at and for the year ended 31 December 2015 (the "*2016 Audited Consolidated Financial Statements*");
- the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2015, which include comparative financial information as at and for the year ended 31 December 2014 (the "*2015 Audited Consolidated Financial Statements*" and, together with the 2016 Audited Consolidated Financial Statements, the "*Audited Consolidated Financial Statements*"); and
- the Group's unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2017, which include comparative restated financial information as at and for the six months ended 30 June 2016 (the "*Unaudited Interim Condensed Consolidated Financial Statements*", and together with the Audited Consolidated Financial Statements, the "*Consolidated Financial Statements*").

As the Company is listed on the Borsa Istanbul, the Consolidated Financial Statements are required to be prepared in conformity with the financial reporting standards accepted by the CMB, the Turkish Accounting Standards. The Unaudited Interim Condensed Consolidated Financial Statements were prepared in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the CMB, Turkish Commercial Code 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 Turkish Lira 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" 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.

In accordance with article 5 of the CMB Accounting Standards, companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards ("*Turkish Accounting Standards*" / "*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 Turkish Lira.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. ("*PwC Turkey*"), a member of PricewaterhouseCoopers ("*PwC*"), audited and issued auditor's reports with respect to the annual consolidated financial statements as at and for the years ended 31 December 2016, 2015 and 2014.

PwC Turkey reviewed and issued a review report with respect to the unaudited interim condensed consolidated financial statements as of and for the six months ended 30 June 2017. The term "review" refers to limited procedures performed in accordance with principles and standards on the review of interim financial statements set out in the auditing standards issued by the CMB for a review of such information and does not constitute an audit.

The Group consists of the Company and its subsidiaries and joint ventures. See Note 1 of the unaudited Interim Condensed Consolidated Financial Statements for lists of subsidiaries that are fully

consolidated with the results of the Company and joint venture that is accounted for under the equity method with the results of the Company in accordance with the Company's interest in the joint venture.

The Consolidated Financial Statements, together with the respective notes thereto, are included in the Offering Circular beginning on page F-2.

Non-IFRS Financial Measures

This Offering Circular includes certain non-IFRS measures and ratios, including EBITDA (''Earnings Before Interest, Taxes, Depreciation and Amortization''), EBITDA margin, gross profit margin, the ratio of capital expenditures to sales, free cash flow, net working capital to sales, EBIT to net finance charges, and net debt. These are not measures of financial performance under IFRS or Turkish Accounting Standards.

EBITDA, EBITDA margin, gross profit margin, the ratio of capital expenditures to sales, free cash flow, net working capital to sales, EBIT to net finance charges, net debt, net debt to EBITDA, and other similar non-IFRS measures should not be considered in isolation or as an alternative to profit from operations, cash flow from operating activities or other financial measures of the Company's results of operations or liquidity derived in accordance with IFRS or Turkish Accounting Standards. The Group presents these non-IFRS measures in this Offering Circular because it believes that they are useful measures of the Company's operating performance and liquidity. Other companies, including those in the Group's industry, may calculate similarly titled financial measures in a manner different to that of the Group. Because all companies do not calculate these financial measures in the same manner, the Group's presentation of such financial measures may not be comparable to other similarly titled measures of other companies. See ''*Selected Financial Information—Non-IFRS Financial Measures*''.

Rounding

Certain numerical figures set out in this Offering Circular, including financial data presented in thousands and millions and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Circular may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set out in ''*Operating and Financial Review*'' are calculated using the numerical data in the Consolidated Financial Statements or the tabular presentation of other data (subject to rounding) contained in this Offering Circular, as applicable, and not using the numerical data in the narrative description thereof. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this Offering Circular may not conform exactly to the total figure given for that column or row. Some percentages in tables in this Offering Circular have also been rounded and accordingly the totals in these tables may not add up to 100%.

Presentation of Operating Information

Average capacity utilization information presented in this Offering Circular is for 2016. Annual production capacity calculations are based on a formula provided by TCCC to all bottlers of TCCC beverages. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted efficiency and the calculation is made according to high season capacity utilization rates. Because package mix may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years.

Currency Presentation and Exchange Rate Information

In this Offering Circular, all references to ''*Turkish Lira*'', ''*Lira*'' or ''*TRY*'' are to the lawful currency of Turkey; all references to ''*US dollars*'', ''*US$*'' or ''*USD*'' are to the lawful currency of the United States of America; all references to ''*Euro*'', ''€'' or ''*EUR*'' are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

Certain definitions

In this Offering Circular, unless otherwise specified, references to a ''*Member State*'' are to a Member State of the European Union, references to ''*Prospectus Directive*'' are to Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and include any relevant implementing measure in the

Relevant Member State and references to a "*Relevant Member State*" are to any Member State of the European Economic Area which has implemented the Prospectus Directive.

Available Information

THE COMPANY HAS AGREED THAT, FOR SO LONG AS ANY NOTES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT, IT WILL, DURING ANY PERIOD IN WHICH IT IS NEITHER SUBJECT TO AND IN COMPLIANCE WITH SECTION 13 OR 15(D) OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "*EXCHANGE ACT*"), NOR EXEMPT FROM REPORTING PURSUANT TO RULE 12g3-2(b) THEREUNDER, FURNISH UPON REQUEST TO ANY HOLDER OR BENEFICIAL OWNER OF NOTES, OR ANY PROSPECTIVE PURCHASER DESIGNATED BY ANY SUCH HOLDER OR BENEFICIAL OWNER, THE INFORMATION SPECIFIED IN, AND MEETING THE REQUIREMENTS OF, RULE 144A(d)(4) UNDER THE SECURITIES ACT.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains statements that may be considered to be "forward-looking statements" (as that term is defined in the US Private Securities Litigation Reform Act of 1995) relating to the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's businesses). When used in this Offering Circular, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "may", "will", "should" and any similar expression generally identify forward-looking statements. Forward-looking statements appear in a number of places throughout this Offering Circular, including (without limitation) under "*Risk Factors*", "*Use of Proceeds*", "*Operating and Financial Review*" and "*The Group and Its Business*" and include, but are not limited to, statements regarding:

- strategy and objectives;
- trends affecting the Group's results of operations and financial condition;
- future developments in the markets in which the Group operates;
- anticipated regulatory changes in the markets in which the Group operates; and
- the Group's potential exposure to market risk and other risk factors.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements.

The Company has identified some of the risks inherent in these forward-looking statements under "*Risk Factors*". Important factors that could cause actual results to differ materially from those in these forward-looking statements include, among others:

- relations with The Coca-Cola Company, including with respect to the Group's bottlers' agreements, raw materials procurement, trademarks and marketing activities;
- economic and political conditions in the markets in which the Group operates, particularly Turkey, Kazakhstan, Pakistan and Iraq;
- demand for the Group's products and changing consumer preferences;
- increased competition;
- availability and price of raw materials, packaging, energy and water;
- changes in sales and excise taxes for the Group's products;
- currency exchange rate exposure;
- adverse weather conditions;
- operational or other risks that could cause substantial losses, including earthquakes in Turkey;
- regulatory requirements; and
- the Group's ability to successfully carry out further acquisitions and business integrations.

Should one or more of these factors or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. There may be other risks, including some risks of which the Company is unaware, that could adversely affect the Group's results or the accuracy of forward-looking statements in this Offering Circular. Therefore, potential investors should not consider the factors discussed here or under "*Risk Factors*" to be a complete set of all potential risks or uncertainties of investing in the Notes.

Potential investors should not place undue reliance upon any forward-looking statements. The Company does not have any intention or obligation to update forward-looking statements to reflect new information or future events or risks that may cause the forward-looking events discussed in this Offering Circular not to occur or to occur in a manner different from what the Company currently expects.

USE OF PROCEEDS

The Company will use the net proceeds from the issuance of the Notes to refinance existing indebtedness, to fund its capital expenditure programme and for general corporate purposes.

EXCHANGE RATES

The table below sets forth, for the periods indicated, the period-end, average and high and low rates determined by the Central Bank, in each case for the purchase of TRY, all expressed in TRY per US Dollar. The TRY/US dollar exchange rate determined by the Central Bank on 12 September 2017 was TRY 3.4295 to US$1.00. The rates may differ from the actual rates used in the preparation of the Company's Consolidated Financial Statements and other financial information appearing in this Offering Circular. The Issuer does not represent that the US dollar amounts referred to below could be or could have been converted into TRY at any particular rate indicated or any other rate at all.

	TRY per US$1.00			
Period	**High**	**Low**	**Average(1)**	**Period end(2)**
September 2017 (through 12 September 2017)	3.4429	3.3996	3.4245	3.4295
August 2017	3.5467	3.4441	3.5152	3.4441
July 2017	3.6343	3.5258	3.5632	3.5258
June 2017	3.5444	3.5032	3.5214	3.5200
May 2017	3.6161	3.5349	3.5663	3.5366
April 2017	3.7297	3.5536	3.6528	3.5536
March 2017	3.7556	3.5964	3.6719	3.6419
February 2017	3.7780	3.5721	3.6667	3.6111
January 2017	3.8814	3.5370	3.7505	3.7908
2016	3.5376	2.7953	3.0266	3.5224
2015	3.0627	2.2799	2.7233	2.9207
2014	2.3693	2.0730	2.1985	2.3210
2013	2.1623	1.7501	1.9029	2.1324
2012	1.8823	1.7382	1.7964	1.7819

(1) For each of the years 2012 to 2016, this represents the yearly averages of the monthly averages of the TRY/US$ dollar exchange rates determined by the Central Bank for the relevant period, which monthly averages were computed by calculating the average of the daily TRY/US$ dollar exchange rates on the business days of each month during the relevant period. For the months (or periods) of 2017, this represents the monthly (or period) averages of the TRY/US$ dollar exchange rates determined by the Central Bank for such month (or period), which averages were computed in the same manner described above.

(2) Represents the TRY/US$ dollar exchange rates for the purchase of US Dollars determined by the Central Bank on the last working day of the relevant period.

Fluctuations in the exchange rates between the Lira and US dollar in the past are not necessarily indicative of fluctuations that may occur in the future. No representation is made that Lira amounts referred to in this Offering Circular could have been or could be converted into US dollars at the above exchange rates or at any other rate.

CAPITALIZATION OF THE GROUP

The following table sets forth the cash and cash equivalents, financial investments and capitalization of the Group as of 30 June 2017. The historical financial information as of the six months ended 30 June 2017 has been extracted from the Interim Condensed Consolidated Financial Statements, which are included elsewhere in this Offering Circular. Prospective investors should read the following table in conjunction with "*Selected Financial Information*", "*Operating and Financial Review*" and the Consolidated Financial Statements, together with the respective notes thereto, included elsewhere in this Offering Circular.

	As at 30 June 2017
	(TRY millions) (unaudited)
Cash and Cash Equivalents	1,448.7
Financial Investments[1]	—
Total Current Borrowings[2]	827.9
Total Non-Current Borrowings[3]	2,956.9
Equity	
Equity of the Parent	4,411.0
Non-Controlling Interests	705.0
Total Equity	**5,116.0**
Total Capitalization[4]	**8,900.8**

(1) Financial investments mainly comprise current financial investments such as time deposits with a maturity of more than three months.

(2) Total current borrowings includes the short term borrowings and current portion of long-term borrowings.

(3) Total non-current borrowings are long-term borrowings, net of current portion.

(4) Total capitalization is the sum of total current borrowings, total non-current borrowings and total equity.

SELECTED FINANCIAL INFORMATION

This section should be read together with the information contained in "Presentation of Information", "Use of Proceeds", "Capitalization of the Group", "Summary Financial Information", "Operating and Financial Review", the Interim Condensed Consolidated Financial Statements and the Audited Consolidated Financial Statements and the respective notes thereto included elsewhere in this Offering Circular.

The following selected consolidated historical financial information as at and for the years ended 31 December 2016, 2015 and 2014 has been extracted from the Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular. The unaudited selected consolidated historical interim financial information as at and for the six months ended 30 June 2017 and 2016 have been extracted from the Interim Condensed Consolidated Financial Statements, which are included elsewhere in this Offering Circular. Investors should not rely on interim results as being indicative of results the Group may expect for the full year.

Selected Consolidated Income Statement Data

	Six months ended 30 June	
	2017	**2016**
	(TRY millions) *(unaudited)*	
Net Revenue	4,115.0	3,430.3
Cost of Sales	(2,713.9)	(2,210.0)
Gross Profit/(Loss)	**1,401.1**	**1,220.4**
General and Administration Expenses	(183.0)	(166.0)
Distribution, Selling and Marketing Expenses	(791.2)	(699.0)
Other Operating Income	93.6	45.6
Other Operating Expense	(81.2)	(51.2)
Profit/(Loss) from Operations	**439.3**	**349.9**
Gain/(Loss) from Investing Activities	(6.0)	(6.9)
Gain/(Loss) from Associates	(0.1)	(0.4)
Profit/(Loss) Before Financial Income / (Expense)	**433.1**	**342.6**
Financial Income / (Expense)	**(161.5)**	**(76.9)**
Financial Income	*122.4*	*94.7*
Financial Expenses	*(283.9)*	*(171.6)*
Profit/(Loss) Before Tax from Continuing Operations	**271.6**	**265.7**
Tax Expense of Continuing Operations	**(95.2)**	**(54.5)**
Deferred Tax Income/(Expense)	*(35.2)*	*(1.5)*
Current Period Tax Expense	*(60.0)*	*(53.0)*
Net Income/(Loss) from Continuing Operations	**176.5**	**211.2**

	Year ended 31 December		
	2016	**2015**	**2014**
	(TRY millions)		
Net Revenue	7,050.2	6,723.9	5,985.4
Cost of Sales	(4,657.8)	(4,389.5)	(3,803.9)
Gross Profit/(Loss)	**2,392.5**	**2,334.4**	**2,181.4**
General and Administration Expenses	**(344.2)**	**(337.3)**	**(288.8)**
Distribution, Selling and Marketing Expenses	(1,419.3)	(1,328.7)	(1,256.7)
Other Operating Income	132.2	116.2	51.6
Other Operating Expense	(120.4)	(145.2)	(53.5)
Profit/(Loss) from Operations	**640.7**	**639.5**	**634.1**
Gain/(Loss) from Investing Activities	(79.0)	(7.7)	(5.9)
Gain/(Loss) from Associates	(1.2)	(0.9)	(0.9)
Profit/(Loss) Before Financial Income/(Expense)	**560.6**	**630.9**	**627.2**
Financial Income/(Expense)	**(489.8)**	**(426.9)**	**(194.3)**
Financial Income	*312.0*	*355.1*	*450.1*
Financial Expenses	*(801.8)*	*(782.0)*	*(644.3)*
Profit/(Loss) Before Tax from Continuing Operations	**70.8**	**203.9**	**432.9**
Tax Expense of Continuing Operations	**(48.3)**	**(77.3)**	**(85.7)**
Deferred Tax Income/(Expense)	*3.1*	*(23.2)*	*(12.7)*
Current Period Tax Expense	*(51.4)*	*(54.1)*	*(73.0)*
Net Income/(Loss) from Continuing Operations	**22.4**	**126.7**	**347.2**

Selected Consolidated Balance Sheet Data

	As at 30 June 2017	As at 31 December 2016
	(TRY millions)	
	(unaudited)	
ASSETS		
Cash and Cash Equivalents	1,448.7	1,466.1
Investments in Securities	—	11.0
Trade Receivables	1,102.2	604.3
Due from Related Parties	*124.1*	*76.6*
Other Trade Receivables	*978.1*	*527.7*
Other Receivables	49.3	41.4
Other Receivables from Third Parties	*49.3*	*41.4*
Derivative Financial Instruments	2.1	1.1
Inventories	737.6	521.3
Prepaid Expenses	193.0	147.7
Tax Related Current Assets	60.7	101.7
Other Current Assets	214.1	238.2
Other Current Assets from Third Parties	*214.1*	*238.2*
Total Current Assets	**3,807.7**	**3,132.8**
Other Receivables	11.3	11.4
Other Receivables from Third Parties	*11.3*	*11.4*
Property, Plant and Equipment	5,102.4	5,084.8
Intangible Assets	2,072.9	2,077.7
Goodwill	*668.9*	*671.2*
Other Intangible Assets	*1,404.0*	*1,406.5*
Prepaid Expenses	176.6	142.3
Deferred Tax Assets	—	6.9
Total Non-Current Assets	**7,363.2**	**7,323.1**
TOTAL ASSETS	**11,170.9**	**10,455.9**
LIABILITIES		
Short-term Borrowings	57.5	109.2
Current Portion of Long-term Borrowings	770.4	256.3
Trade Payables	1,246.0	**773.5**
Due to Related Parties	*235.2*	*180.8*
Other Trade Payables	*1,010.8*	*592.7*
Payables Related to Employee Benefits	23.3	31.5
Other Payables	269.5	**211.7**
Other Payables from Third Parties	*269.5*	*211.7*
Derivative Financial Instruments	—	0.1
Provision for Corporate Tax	14.6	—
Current Provisions	82.2	82.3
Current Provisions for Employee Benefits	*82.2*	*82.3*
Other Current Liabilities	44.6	33.0
Total Current Liabilities	**2,508.2**	**1,497.6**
Long-term Borrowings	2,956.9	3,404.7
Trade Payables	27.1	26.4
Due to Related Parties	*26.3*	*25.7*
Other Trade Payables	*0.7*	*0.7*
Derivative Financial Instruments	—	—
Non-Current Provisions	74.6	65.2
Non-Current Provisions for Employee Benefits	*74.6*	*65.2*
Deferred Tax Liability	377.4	**353.9**
Other Non-Current Liabilities	110.8	111.2
Total Non-Current Liabilities	**3,546.7**	**3,961.4**
EQUITY		
Equity of the Parent	**4,411.0**	**4,305.2**
Share Capital	254.4	254.4
Share Capital Adjustment Differences	(8.6)	(8.6)
Share Premium	214.2	214.2
Non-controlling Interest Put Option Valuation Fund	19.1	21.7
Other comprehensive income items not to be reclassified to profit or loss	(12.5)	(12.5)
Actuarial Gains / (Losses)	*(22.3)*	*(22.3)*
Other Valuation Funds	*9.8*	*9.8*
Other comprehensive income items to be reclassified to profit or loss	2,005.9	1,992.7
Currency Translation Adjustment	1,971.7	1,929.0
Cash Flow Hedge Reserve	34.1	63.7
Restricted Reserves Allocated from Net Profit	136.6	131.7
Accumulated Profit / (Loss)	1,656.6	1,739.9
Net Income / (Loss)	145.3	(28.4)
Non-Controlling Interest	**705.0**	**691.8**
TOTAL EQUITY	**5,116.0**	**4,996.9**
TOTAL LIABILITIES	**11,170.9**	**10,455.9**

	As at 31 December		
	2016	2015	2014
		(TRY millions)	
ASSETS			
Cash and Cash Equivalents	1,466.1	1,002.2	757.0
Investments in Securities	11.0	0.1	3.0
Trade Receivables	604.3	557.9	422.0
Due from Related Parties	*76.6*	*109.7*	*35.5*
Other Trade Receivables	*527.7*	*448.2*	*386.5*
Other Receivables	41.4	34.0	35.1
Other receivables from third parties	*41.4*	*34.0*	*35.1*
Derivative Financial Instruments	1.1	0.3	2.4
Inventories	521.3	620.8	575.7
Prepaid Expenses	147.7	140.6	202.0
Tax Related Current Assets	101.7	70.1	77.3
Other Current Assets	238.2	232.2	174.7
Other current assets from third parties	*238.2*	*232.2*	*174.7*
Total Current Assets	**3,132.8**	**2,658.3**	**2,249.2**
Other Receivables	11.4	17.0	6.1
Other receivables from third parties	*11.4*	*17.0*	*6.1*
Property, Plant and Equipment	5,084.8	4,366.7	3,362.1
Intangible Assets	2,077.7	1,760.8	1,409.1
Goodwill	*671.2*	*606.6*	*483.8*
Other Intangible Assets	*1,406.5*	*1,154.2*	*925.3*
Prepaid Expenses	142.3	140.8	175.3
Deferred Tax Asset	6.9	2.2	—
Total Non-Current Assets	**7,323.1**	**6,287.5**	**4,952.7**
Total Assets	**10,455.9**	**8,945.8**	**7,201.9**
LIABILITIES			
Short-term Borrowings	109.2	252.8	515.3
Current Portion of Long-term Borrowings	256.3	310.2	113.3
Trade Payables	773.5	673.5	557.6
Due to Related Parties	*180.8*	*156.2*	*111.2*
Other Trade Payables	*592.7*	*517.3*	*446.4*
Payables Related to Employee Benefits	31.5	21.9	19.5
Other Payables	211.7	173.9	148.6
Other payables from third parties	*211.7*	*173.9*	*148.6*
Derivative Financial Instruments	0.1	11.3	0.4
Provision for Corporate Tax	—	0.5	2.0
Current Provisions	82.3	47.8	63.6
Current provisions for employee benefits	*82.3*	*47.8*	*63.6*
Other Current Liabilities	33.0	30.1	22.9
Total Current Liabilities	**1,497.6**	**1,522.0**	**1,443.2**
Long-term Borrowings	3,404.7	2,810.9	2,015.1
Trade Payables	26.4	21.3	21.8
Due to related parties	*25.7*	*20.1*	*20.0*
Other trade payables	*0.7*	*1.2*	*1.7*
Derivative Financial Instruments	—	0.1	—
Non-Current Provisions	65.2	52.4	50.6
Non-current provisions for employee benefits	*65.2*	*52.4*	*50.6*
Deferred Tax Liability	353.9	281.8	212.3
Other Non-Current Liabilities	111.2	115.7	85.8
Total Non-Current Liabilities	**3,961.4**	**3,282.3**	**2,385.6**
EQUITY			
Equity of the Parent	**4,305.2**	**3,609.0**	**3,024.8**
Share Capital	254.4	254.4	254.4
Share Capital Adjustment Differences	(8.6)	(8.6)	(8.6)
Share Premium	214.2	214.2	214.2
Non-Controlling Interest Put Option Valuation Fund	21.7	(6.5)	(0.4)
Other comprehensive income items not to be reclassified to profit or loss	(12.5)	(6.7)	(3.6)
Actuarial gains/losses	*(22.3)*	*(16.5)*	*(13.4)*
Other Valuation Funds	*9.8*	*9.8*	*9.8*
Other Comprehensive Income Items to be reclassified to profit or loss	1,992.7	1,260.5	684.1
Currency translation adjustment	*1,929.0*	*1,269.4*	*682.4*
Cash flow hedge reserve	*63.7*	*(8.9)*	*1.6*
Restricted Reserves Allocated from Net Profit	131.7	155.0	146.2
Accumulated Profit / (Loss)	1,739.9	1,629.5	1,423.0
Net Income / (Loss)	(28.4)	117.2	315.4
Non-controlling Interest	**691.8**	**532.6**	**348.2**
TOTAL EQUITY	4,996.9	4,141.6	3,373.0
TOTAL LIABILITIES	**10,455.9**	**8,945.8**	**7,201.9**

Selected Consolidated Cash Flow Data

	Six months ended 30 June		Year ended 31 December		
	2017	2016	2016	2015	2014
			(TRY millions)		
	(unaudited)				
Net cash generated from operating activities	**384.1**	**379.6**	**1,158.9**	**874.5**	**748.0**
Net cash used in investing activities	**(241.5)**	**(268.5)**	**(516.6)**	**(703.7)**	**(219.7)**
Net cash (used in)/generated from financing activities	**(134.5)**	**(242.0)**	**(198.1)**	**(7.5)**	**(739.1)**
Currency translation adjustment	(25.5)	5.5	19.7	81.9	51.0
Net (decrease) / increase in cash and cash equivalents	(17.4)	(125.5)	463.9	245.3	(159.8)
Cash and cash equivalents at beginning of period	1,466.1	1,002.2	1,002.2	757.0	916.8
Cash and cash equivalents, period end	**1,448.7**	**876.8**	**1,466.1**	**1,002.2**	**757.0**

Non-IFRS Financial Measures

This Offering Circular includes certain non-IFRS measures and ratios, including EBITDA (''Earnings Before Interest, Taxes, Depreciation and Amortization''), EBITDA margin, gross profit margin, the ratio of capital expenditures to sales, free cash flow, net working capital to sales, EBIT to net finance charges, and net debt. These are not measures of financial performance under IFRS or Turkish Accounting Standards.

EBITDA, EBITDA margin, gross profit margin, the ratio of capital expenditures to sales, free cash flow, net working capital to sales, EBIT to net finance charges, net debt, net debt to EBITDA, and other similar non-IFRS measures should not be considered in isolation or as an alternative to profit from operations, cash flow from operating activities or other financial measures of the Company's results of operations or liquidity derived in accordance with IFRS or Turkish Accounting Standards. The Group presents these non-IFRS measures in this Offering Circular because it believes that they are useful measures of the Company's operating performance and liquidity. Other companies, including those in the Group's industry, may calculate similarly titled financial measures in a manner different to that of the Group. Because all companies do not calculate these financial measures in the same manner, the Group's presentation of such financial measures may not be comparable to other similarly titled measures of other companies.

The following table sets forth certain non-IFRS financial measures used by the Group.

	Year ended 31 December		
	2016	2015	2014
EBITDA[1] (*TRY millions*)	1,092.9	1,051.5	961.9
EBITDA margin[2] *(%)*	15.5%	15.6%	16.1%
EBIT[3] (*TRY millions*)	640.7	639.5	634.1
Gross profit margin (*TRY millions*) [4]	33.9%	34.7%	36.5%
Capital expenditures to sales[5] (*%*)	7.3%	12.3%	12.3%
Free cash flows[6] (*TRY millions*)	641.7	45.8	10.5
Net working capital[7] (*TRY millions*)	523.5	696.9	674.6
Net working capital to sales[8] (*%*)	7.4%	10.4%	11.3%
EBIT to net finance charges[9]	6.6x	5.8x	7.4x
Net debt[10] (*TRY millions*)	2,293.0	2,371.6	1,883.7
Net debt[11] (*US$ millions*)	652.0	816.0	812.0
Net debt to EBITDA	2.1x	2.3x	2.0x

(1) EBITDA, as calculated by the Company, "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. See "*Presentation of Information—Presentation of Financial Information—Financial Information*" and Note 3 of the Interim Condensed Consolidated Financial Statements. See "*—EBITDA*" below for a reconciliation of EBITDA to Profit (Loss) From Operations.

(2) EBITDA margin is calculated as EBITDA divided by net revenue.

(3) EBIT is defined as profit/(loss) from operations.

(4) Gross profit margin is calculated as Gross Profit/(Loss) divided by Net revenue.

(5) Calculated as capital expenditures divided by sales. Capital expenditures are equivalent to Purchases of property, plant, equipment and intangible assets, and sales are equivalent to net revenues.

(6) Calculated as net cash generated from operating activities less purchases of property, plant and equipment and intangible assets. See "*—Free cash flow*" below for the calculation of free cash flow.

(7) Calculated as current assets excluding cash and cash equivalents less current liabilities excluding short-term borrowings and current portion of long-term borrowings. See "*—Net working capital*" below for the calculation of Net working capital.

(8) Calculated as Net working capital divided by net revenue.

(9) Calculated as EBIT divided by the sum of interest income and interest expense. See "*—Net finance charge*" below for the calculation Net finance charge.

(10) Net debt is calculated as gross debt less cash and cash equivalents. See "*—Net debt*" below for the calculation of gross debt.

(11) Calculated as Net debt converted into U.S. dollars at the period-end exchange rate of US$1 = TRY3.5192, US$1 = TRY2.9076 and US$1 = TRY2.3189 as at 31 December 2016, 2015 and 2014, respectively.

EBITDA

The following table sets forth a reconciliation of the Group's profit/(loss) from operations to EBITDA for the years ended 31 December 2016, 2015 and 2014:

	Year ended 31 December		
	2016	2015	2014
		(*TRY millions*)	
Profit/(loss) from operations	**640.7**	**639.5**	**634.1**
Depreciation and amortization	424.2	361.6	306.8
Provision for employee benefits	14.7	10.4	10.5
Foreign exchange gains / (losses) under Other operating income / (expense)	13.2	39.8	10.4
Other	—	0.1	0.1
EBITDA	**1,092.9**	**1,051.5**	**961.9**

Free cash flow

The following table illustrates the methodology the Group uses to determine free cash flow for the years ended 31 December 2016, 2015 and 2014:

	Year ended 31 December		
	2016	2015	2014
	(TRY millions)		
Net cash generated from operating activities	1,158.9	874.5	748.0
Purchase of property, plant and equipment and Intangible (-)	517.1	828.7	737.5
Free Cash Flow	**641.7**	**45.8**	**10.5**

Net working capital

The following table illustrates the methodology the Group uses to determine net working capital to sales for the years ended 31 December 2016, 2015 and 2014:

	Year ended 31 December		
	2016	2015	2014
	(TRY millions, except percentages)		
Current assets excluding cash and cash equivalents	1,655.7	1,655.9	1,489.2
Current liabilities excluding short-term borrowings and current portion of long-term borrowings (-)	1,132.2	959.0	814.7
Net Working Capital	**523.5**	**696.9**	**674.6**
Net Revenue	7,050.2	6,723.9	5,985.4
Net Working Capital to sales (%)	**7.4%**	**10.4%**	**11.3%**

Net finance charges

The following table illustrates the methodology the Group uses to determine net finance charges and EBIT to net finance charges for the years ended 31 December 2016, 2015 and 2014:

	Year ended 31 December		
	2016	2015	2014
	(TRY millions, unless otherwise indicated)		
Profit/(loss) from operations (EBIT)	**640.7**	**639.5**	**634.1**
Interest income	41.0	39.0	41.8
Interest expense	(137.6)	(149.1)	(127.2)
Net Finance Charges	**(96.6)**	**(110.1)**	**(85.3)**
EBIT / Net Finance Charges	**6.6x**	**5.8x**	**7.4x**

Net debt

The following table illustrates the methodology the Group uses to determine net debt for the years ended 31 December 2016, 2015 and 2014.

	Year ended 31 December		
	2016	2015	2014
	(TRY millions, unless otherwise indicated)		
Short-term borrowings	109.2	252.8	515.3
Current portion of long-term borrowings	256.3	310.2	113.3
Long-term borrowings	3,404.7	2,810.9	2,015.1
Gross debt[(1)]	**3,770.1**	**3,373.9**	**2,643.7**
Cash and Cash Equivalents (-)	1,477.1	1,002.4	759.9
Net debt	**2,293.0**	**2,371.6**	**1,883.7**
EBITDA	1,092.9	1,051.5	961.9
Net debt / EBITDA	**2.10x**	**2.26x**	**1.96x**
Net debt (*US$ millions*[(2)])	**652.0**	**816.0**	**812.0**

(1) Sum of short-term borrowings, current portion of long-term borrowings and long-term borrowings.

(2) Calculated as Net debt converted into U.S. dollars at the period-end exchange rate of US$1 = TRY3.5192, US$1 = TRY2.9076 and US$1 = TRY2.3189 as at 31 December 2016, 2015 and 2014, respectively.

OPERATING AND FINANCIAL REVIEW

The following is a discussion and analysis of the results of operations and financial condition of the Group as at 30 June 2017 and for the periods ended 30 June 2017 and 2016 and as at and for the years ended 31 December 2016, 2015 and 2014. The following discussion and analysis should be read in conjunction with the Interim Condensed Consolidated Financial Statements and the Audited Consolidated Financial Statements included elsewhere in this Offering Circular, including the notes thereto, the information relating to the Group's business set out in "The Group and Its Business" and "Risk Factors" and other information about the Group included elsewhere in this Offering Circular. This discussion and analysis contains forward-looking statements about the Group's future sales revenues, operating results and expectations that have not been audited and involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, the risks discussed in "Risk Factors" and in "Forward-Looking Statements".

Overview

The Group principally produces, sells and distributes sparkling and still beverages trademarked by TCCC in ten markets across Turkey, Central Asia, Pakistan and the Middle East (except Syria, where the Group sells and distributes sparkling and still beverages trademarked by TCCC but does not engage in production). Based on information provided by TCCC to the Company, as of 30 June 2017 the Group is the fifth largest independent bottler among the approximately 200 bottling partners of TCCC, as measured by sales volume. Based on information from Nielsen and the Company's own estimates, management believes that the Group ranks first, or in certain cases second, in all of the major markets in which it operates as of 30 June 2017, as measured by sales volume.

The Group, which has 25 bottling plants as of 30 June 2017, has operations in Turkey, Kazakhstan, Pakistan, Iraq, Azerbaijan, Turkmenistan, Kyrgyzstan, Jordan and Tajikistan. In addition, the Group has a 50.00% indirect ownership interest in CCI Syria through its subsidiary, CCI International Holland B.V., accounted for on an equity basis, through which the Group sells Coca-Cola products. Its beverages are supplied to a consumer base of over 380 million people. The Group's products include sparkling beverages such as Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Diet Coke, Crystal, Sprite, Sprite Light, Sprite Zero, Sprite3G, Schweppes, Sensun and Fanta, as well as still beverages such as fruit juice (Cappy, Minute Maid, Piko, Rani), bottled water (Damla, Damla Minera, Bonaqua, Kinley, Al-Waha, Arwa), energy and sports drinks (Burn, Powerade, Monster, Gladiator), tea (Doğadan), coffee (Illy, Georgia) and iced tea (Fuse Tea).

As of 30 June 2017, the Group operated ten bottling plants in Turkey (nine as of 31 December 2016) and had an annual bottling capacity of approximately 660 million unit cases in 2016, while in its international markets the Group operated 15 bottling plants as of 30 June 2017 and had an annual bottling capacity of approximately 801 million unit cases in 2016.

Basis of Presentation of the Interim Condensed Consolidated Financial Statements

The Interim Condensed Consolidated Financial Statements have been prepared from the statutory financial statements of the Company and its subsidiaries and joint ventures and presented in Turkish Lira in accordance with the regulations on accounting and reporting framework and accounting standards promulgated by the CMB, Turkish Commercial Code 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 condensed consolidated interim financial statements have been prepared from the statutory financial statements of the 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, financial statements are prepared on a historical cost basis. The condensed consolidated interim financial statements and disclosures have been prepared in accordance with CMB Accounting Standards.

In accordance with Article 5 of the CMB Accounting Standards, companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards ("*Turkish Accounting Standards*" /

"*TFRS*") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("*POA*").

For the period ended June 30, 2017, the Group prepared its condensed consolidated interim financial statements in accordance with the Turkish Accounting Standard No.34 "Interim Financial Reporting". Interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group's 31 December 2016 annual consolidated financial statements.

Significant Factors Affecting the Group's Financial and Operating Performance

The Group's performance and results of operations have been and continue to be affected by a number of factors, including sales volume, prices for the Group's products, economic conditions, seasonal consumption cycles, weather conditions, changes in consumer preferences and changes in availability and prices of raw materials and packaging, prices of water and energy, foreign currency fluctuations and changes in taxes. See also "*Risk Factors*".

Macroeconomic conditions

The Group's results have been in the past, and future results are likely to be, affected by economic conditions, including GDP growth, inflation and GDP per capita and disposable income, in one or more of the key markets in which the Group operates.

Soft drinks consumption in many of the countries in which the Group operates is closely linked to general economic conditions. For the soft drinks business, positive or negative GDP growth can affect demand, and can impact sales volumes and prices that can be achieved for soft drinks in the relevant markets. In general, soft drinks consumption levels tend to rise or fall in accordance with moves in *per capita* income, *per capita* disposable income and the perception of economic conditions and prospects.

Per capita income and *per capita* disposable income levels in many of the countries in which the Group operates are lower than respective average levels in more developed economies and have in recent years grown and are expected to continue to grow. Positive or negative changes in *per capita* income and disposable income resulting from economic conditions, changes in cost of living or taxes, or due to other factors, have affected and may in the future affect demand for soft drinks, leading to higher or lower consumption levels.

The following table presents certain macroeconomic data regarding Turkey:

	2012	2013	2014	2015	2016	1H 2017
GDP (real)[1]	2.2%	8.5%	5.2%	6.1%	2.9%	N/A
Producer price index[1]	2.5%	7.0%	6.4%	5.7%	9.9%	14.9%[2]
Consumer price index[1]	6.2%	7.4%	8.2%	8.8%	8.5%	10.9%[2]

(1) Source: TurkStat.

(2) Year on year increase from H1 2016 to H1 2017.

The following table presents certain data on GDP for Kazakhstan, Pakistan and Iraq:

	2014	2015	2016
GDP (real)[1]			
Kazakhstan	4.3%	1.2%	1.1%
Pakistan	4.1%	4.0%	4.7%
Iraq	0.7%	4.8%	10.1%

(1) Source: International Monetary Fund.

In Kazakhstan the average population age is 30.3, while in Pakistan and Iraq it is 23.4 and 19.9, respectively, as reported in the Central Intelligence Agency (CIA) World Factbook.

In addition, global economic conditions and economic cycles may impact the balance of supply and demand for soft drinks products. In particular, adverse economic conditions have had and may have impact in the future on general levels of consumption, leading to production overcapacity in the soft drinks industry, which may adversely affect product prices, while reduced investment in production

capacity may, at other times lead to under capacity in the industry in general, or for certain producers, who can then be at a disadvantage as compared to their competitors.

Sales volumes

The Group's results of operations are affected by its overall sales volume in each given period. As a general matter, the Group's revenues are positively impacted by growth in volumes, while the Group's revenues and margins benefit from economies of scale and greater utilization of existing facilities. Product mix and pricing also have a significant impact on revenues and margins and are further discussed below under "—*Prices for the Group's products*".

The following table sets forth certain information regarding the Group's sales volume by segment for the six months ended 30 June 2017 and 2016 and the years 2016, 2015 and 2014:

Sales volume	**Six months ended 30 June**			**For the Year Ended 31 December**					
	2017	**2016**	**Change**	**2016**	**2015**	**Change 2016 v 2015**	**2014**	**Change 2015 v 2014**
	(million unit cases[1])		*(%)*	*(million unit cases[1])*		*(%)*	*(million unit cases[1])*	*(%)*
Segment								
Domestic	300	292	2.8	601	593	1.4	578	2.6
Sparkling beverages	*159*	*160*	*(0.8)*	*335*	*341*	*(1.8)*	*343*	*(0.7)*
Still beverages	*27*	*28*	*(5.1)*	*56*	*55*	*0.7*	*53*	*3.6*
Water	*50*	*57*	*(12.9)*	*115*	*105*	*10.1*	*92*	*14.3*
Tea[2]	*65*	*46*	*39.3*	*96*	*92*	*3.5*	*90*	*3.0*
International	305	290	5.4	588	559	5.2	553	1.1
Sparkling beverages	*267*	*254*	*5.2*	*509*	*473*	*7.7*	*461*	*2.6*
Still beverages	*9*	*8*	*13.3*	*16*	*20*	*(16.3)*	*22*	*(11.4)*
Water	*29*	*28*	*4.2*	*63*	*67*	*(6.2)*	*70*	*(4.6)*
Consolidated[3]	**606**	**582**	**4.1**	**1,189**	**1,152**	**3.2**	**1,131**	**1.9**

(1) One unit case represents 5.678 liters or 192 US fluid ounces.

(2) Reflects sales of Doğadan tea products, which the Group distributes in Turkey.

(3) After eliminations.

Turkey

Sales volumes of soft drinks in Turkey increased by 2.8% in the six months ended 30 June 2017, as compared to the same period in 2016, supported by growth in the still beverage category and continued expansion of immediate consumption packages in the total sparkling product mix. Despite weak consumer sentiment during most of the year, and weaker tourism activity throughout the high season, sales volumes of soft drinks in Turkey grew by 1.4% in 2016 as a result of successful consumer activations. Sales volumes of soft drinks in Turkey increased by 2.6% in 2015, supported by successful consumer promotions and favourable weather conditions.

International

Sales volumes of soft drinks in international operations increased by 5.4% in the six months ended 30 June 2017, as compared to the same period in 2016, reflecting strong organic growth in Pakistan and Central Asia. In 2016, sales volumes of soft drinks in the international operations grew by 5.2%, primarily as a result of strong organic growth in Pakistan supported by increased availability, partially offset by lower sales volumes in Central Asia due to the weak economic conditions. In 2015, sales volumes of soft drinks in the international operations increased by 1.1% cycling strong growth in the previous year of 14.2% primarily as a result of lower sales volumes in Pakistan due to increased competition and lower sales volumes in Central Asia due to adverse economic conditions.

In particular, sales volumes of soft drinks in Pakistan increased by 5.6% in the six months ended 30 June 2017, as compared to the same period in 2016. In 2016, sales volumes of soft drinks in Pakistan increased by 18.6% as compared to 2015 as a result of successful consumer marketing campaigns and new product launches. In 2015 sales volumes of soft drinks in Pakistan increased only by 6.1%, reflecting increased competition which decreased overall market growth. Sales volumes of soft drinks in Kazakhstan increased by 14.4% in the six months ended 30 June 2017, as compared to

the same period in 2016, reflecting continuing economic recovery and decreased by 6.6% in 2016 as compared to 2015 and decreased by 4% in 2015 as compared to 2014, respectively, primarily as a result of the impact of adverse economic conditions.

Prices for the Group's products

Impact of raw material prices

The Group generally sets prices for its products by reference to a number of factors in each local market in which it operates, including affordability, customer demand, consumer trends and preferences, macroeconomic conditions, inflation, competition and pricing pressures, and taxation of beverages, while also taking into account cost of sales, including cost of raw materials, utilities, transportation and other factors. Through its pricing policy the Group aims to increase sales volumes, while maintaining sound profit margins.

The Group prices its beverage products so as to reflect changes in prices of raw materials (other than concentrate) and packaging, inflation and taking competition into account. See ''*—Changes in the availability or price of raw materials and packaging*'' and ''*—Volatility in prices of sugar, aluminum and PET resin*'' below for a further discussion of raw material costs. As a significant part of the Group's cost of sales are locally incurred and denominated (including concentrate, which in certain of the Group's more significant markets is priced in local currency), the Group's cost base tends to be aligned with local market conditions and the Group enjoys certain flexibility in terms of pricing its products at levels that allow it to maintain both its profitability and affordability goals across different markets with different dynamics.

Cost of concentrate for sparkling beverages represents one of the most significant raw materials costs for the Group's business at approximately one third of its raw materials cost. CCI and its subsidiaries are required to buy concentrate and beverage bases from TCCC, or its authorised suppliers, at prices established by TCCC. In practice, TCCC normally sets concentrate prices after periodic discussions with the Group so as to reflect trading conditions in the relevant country. See ''*The Group and Its Business—Business Overview—Relationship with TCCC*''.

Impact of product mix

Product mix in terms of the sparkling and still beverage categories, and within each of these categories (such as water and tea in the still category), also affects average sales prices and margins, with sparkling beverages typically generating higher margins compared to still beverages, while within the still category, ice tea and other still beverages typically generate higher margins compared to water. Furthermore, within each category, immediate consumption products tend to have higher sales prices and margins than future consumption products and small packages also usually generate higher margins.

Net revenue per case

A key pricing performance indicator monitored by the Group is net revenue per unit case. The Group generally measures its net revenue per unit case of soft drinks by dividing net revenue by sales volumes (millions of unit cases of soft drinks sold). As a result net revenue per unit case set out below is presented net of the impact of taxes (including excise tax on beverages). With effect from 1 January 2017, the Group changed the functional currency of its foreign subsidiaries and joint ventures to the relevant local currency, in order to better reflect the currency of the primary economic environment for the relevant operations, as well as the currency that influences sales prices, in which receipts from operating activities are retained and that influences costs and other expenses.

The following table sets forth certain information regarding the Group's net revenue per unit case of soft drinks for the six months ended 30 June 2017 and 2016 and the years ended 31 December 2016, 2015 and 2014:

	Six months ended 30 June			For the Year Ended 31 December				
	2017	2016	Change	2016	2015	Change 2015 v 2016	2014	Change 2014 v 2015
			(%)			(%)		(%)
Segment								
Domestic (*TRY per unit case*[1])	6.28	6.10	3.0	5.99	5.68	5.5	5.30	7.2
International (*US dollar per unit case*[1])	2.01	1.95	3.0	1.94	2.21	(12.0)	2.42	(8.8)
International (*TRY per unit case*[1])	7.30	5.69	28.4	5.87	6.01	(2.4)	5.30	13.5
Consolidated[2] (*TRY*[3] *per unit case*[1])	**6.80**	**5.90**	**15.3**	**5.93**	**5.84**	**1.6**	**5.29**	**10.3**

(1) One unit case represents 5.678 liters or 192 US fluid ounces.

(2) After eliminations.

(3) For calculation of consolidated net revenue per unit case, net revenue per unit case in US dollars was converted into Lira at the exchange rate of 3.0181, 2.7191 and 2.1865 Lira per 1 US dollar for 2016, 2015 and 2014, respectively and at the exchange rate of 2.9181 and 3.6356 Lira per 1 US dollar for the six months ended 30 June 2016 and 2017, respectively.

Net revenue per unit case in Turkey increased by 3.0% in the six months ended 30 June 2017, as compared to the same period in 2016, primarily as a result of price increases and improved packaging mix, including the expansion of immediate consumption packages in the total product mix in Turkey. Net revenue per unit case in domestic operations increased by 5.5% in 2016, as compared to 2015, reflecting price increases in selective future consumption packages. Net revenue per unit case in domestic operations increased by 7.2% in 2015, as compared to 2014, driven by price increases and favourable packaging mix (i.e., a greater share of immediate consumption packages) in the first half of the year.

Net revenue per unit case in international operations increased by 28.4% in the six months ended 30 June 2017, as compared to the same period in 2016, on a Turkish Lira basis, primarily as a result of the positive foreign exchange conversion impact resulting from the appreciation of the local currencies against the Turkish Lira and higher average prices in Pakistan and Central Asia. Net revenue per unit case in the international operations decreased by 12% in 2016, on a U.S. dollar basis, as compared to 2015, reflecting primarily unfavourable packaging mix in Pakistan, weak local currencies in Central Asia and higher discounts in Iraq. Net revenue per unit case in the international operations decreased by 8.8% in 2015, on a U.S. dollar basis, as compared to 2014, reflecting primarily lower average pricing in Pakistan and Central Asia.

Production levels

As of 30 June 2017, the Group operated ten bottling facilities in Turkey, which in 2016 had a total annual bottling capacity of 660 million unit cases. The Group also operates 16 bottling facilities in Kazakhstan, Pakistan, Iraq, Azerbaijan, Turkmenistan, Kyrgyzstan, Jordan and Tajikistan, with an annual bottling capacity of approximately 801 million unit cases per year in 2016.

The Group aims to operate its production facilities at such capacity levels as to increase operating efficiency and ensure that production levels sufficiently cover demand for its products in the relevant markets. As demand for soft drinks usually increases when temperatures rise and particularly during the summer months, the Group usually tends to increase production in the spring in order to adequately cover demand during its peak. See below "—*Weather conditions*".

The following tables set forth certain information about the bottling facilities of the Company:

Bottling Facilities	Number of Facilities			
	As at 30 June 2017	As at 31 December 2016	Capacity 2016	Average Capacity Utilised, 2016[(1)]
			(million unit cases[(2)])	*(%)*
Turkey	10	9	660	78
Kazakhstan	2	2	159	60
Pakistan	5	6	332	89
Northern Iraq	1	1	42	62
Southern Iraq	2	2	109	68
Azerbaijan	1	1	58	42
Turkmenistan	1	1	29	97
Kyrgyzstan	1	1	83	83
Jordan	1	1	18	47
Tajikistan	1	1	18	19
Total:	**25**	**25**	**1,461**	

(1) Annual production capacity calculations are based on a formula provided by TCCC to all bottlers of TCCC beverages. Capacity is defined as the product obtained by multiplying the hourly unit case output of a plant at targeted efficiency and the calculation is made according to high season capacity utilization rates. Because package mix and sales may change from year to year, production capacity calculations for one year may not be directly comparable to such calculations for other years.

(2) One unit case represents 5.678 liters or 192 US fluid ounces.

As a result of the completion of a new PET line in Multan in Pakistan and in Isparta plant in Turkey, the Group's overall capacity has increased, as compared to the end of 2016, to 1,515 million unit cases.

Weather conditions

Demand for the Group's products can be affected by weather conditions. The Group experiences the strongest demand for its products when temperatures rise and particularly during the summer months. Adverse weather conditions, such as unseasonably cool or wet weather in the summer or spring months, have had an adverse effect on sales volumes, and unfavorable weather conditions may impact demand in the future.

Changes in the availability or price of raw materials and packaging

A significant portion of the Group's cost of sales relates to raw materials, primarily carbon dioxide, HFCS, concentrate, sugar, cardboard boxes and packaging raw materials, such as aluminum cans, can ends, returnable and non-returnable glass bottles, PET resin, preforms, aseptic fibre packaging, labels, plastic closures, crowns and plastic film. Raw materials costs typically account for approximately 85% of the cost of goods sold, with concentrate, sugar/sweetener and packaging materials representing over 90% of such costs in roughly equal proportion. Most of these raw materials are either commodities or are sourced from commodities, which are aimed to be sourced locally as much as possible. The supply and prices of raw materials and packaging used by the Group can fluctuate widely as a result of a number of factors, including crop production levels around the world, export demand, government regulations and legislation affecting agriculture, quality and availability of supply, speculative movements in the raw materials or commodities markets, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions and various plant diseases and pests. Prices of these materials are also determined by the relative bargaining power of the suppliers, which can increase through further consolidation of suppliers, thus reducing supply alternatives for the Group.

The Group tries to manage the timing and prices at which it purchases raw materials and packaging in order to secure lower prices, and to price its products in such a way as to pass on raw material and packaging price increases to its consumers. Certain of the Group's purchase arrangements for raw and packaging materials are for longer periods, although the Group usually renegotiates them on a half-yearly or quarterly basis. While some are linked to market prices, which can fluctuate, for other purchases the Group may fix prices with its suppliers by pre-paying for sugar and aluminum purchases or agreeing a fixed price for a specified period. As a result, the Group may in certain cases secure advantageous low prices for raw materials when purchasing at the lows of price cycles, but

may also fail to benefit from lower prices when it has fixed its purchase agreements at higher price levels.

Volatility in prices of sugar, aluminum and PET resin

The Group's raw material requirements include sugar, aluminum and PET resin. The prices of these raw materials are volatile and are affected by numerous factors, including, but not limited to:

- international economic and political conditions;
- changes in global supply and demand; and
- actions of participants in the commodities markets.

In Turkey, domestic sugar prices are set by the Turkish Government. As a result of this sugar quota legislation, the Group has to buy sugar locally, typically at much higher prices than those in the international market generally. As of 30 June 2017, crystal sugar and liquid sugar (produced from crystal sugar) procurement represented approximately 60% of the volume of the Group's sweetener purchases for its domestic operations. In Turkey, the Group has historically used HFCS as an alternative to sugar to the extent that local regulation and availability of HFCS permitted, but there is a regulatory limit on the amount of HFCS that can be produced in the Turkish market. The Group's HFCS suppliers set the price of their HFCS based on a discount from domestic sugar prices. The crystal sugar price per ton in Turkey as of 30 June 2017 was approximately US$786 (TRY 2,790).

The Group uses various tools to hedge its raw materials exposure, including through fixing prices with suppliers, derivative instruments and pre-buying. It has hedged approximately 92% of the expected average 2017 sugar price with its suppliers in Kazakhstan, Iraq, Turkmenistan and Jordan. In Turkey, the Group has to buy sugar locally, often at much higher prices than those in the international market generally, as a result of Turkish sugar quota legislation, and there is no market in which to hedge the expected Turkish sugar prices. The Group has also used derivative instruments to hedge the prices for approximately 38% of its aluminum needs for 2017 in Turkey. If the markets experienced a significant decrease in the prices of sugar or aluminum, the Group could incur losses if the prices go below hedged prices. These hedging arrangements expose the Group to the credit risk of its counterparties and limit its upside when the price of sugar or aluminum decreases, at least for the part of its raw materials needs that is hedged. The Group may not be able to secure hedging arrangements at acceptable costs and other terms, or at all, in the future and this could negatively impact its cost of sales.

In recent years, market prices for sugar, aluminum and PET resin have fluctuated significantly. Average LIFFE No5 sugar prices per ton (which are relevant for the Group's international sugar needs) were US$440 in 2014, decreasing to US$373 in 2015 and then increasing to US$501 in 2016. Average aluminum and PET resin prices similarly fluctuated between 2014-2016. Average London Metal Exchange prices per ton for aluminum were US$1867 in 2014, US$1662 in 2015 and US$1605 in 2016, while average resin prices were US$1239 in 2014, US$948 in 2015 and US$878 in 2016. In Pakistan, there is one TCCC approved PET resin supplier. While the Group is free to import PET resin into Pakistan should the need arise, such imports are subject to a 13.5% custom duty (including duty and other custom charges) and any such duty could impact CCI Pakistan's and the Group's margins.

Prices of water and energy

The Group's production of soft drinks requires consumption of large amounts of water. Changes in precipitation patterns and other weather events may affect the Group's water supply and, as a result, its operations. Any stoppage, scarcity or interruption in water supply may result in the Group having to suspend production at its facilities. In addition, significant increases in the price of water in its key countries of operation may result in increases to the Group's manufacturing costs. In Turkey, for example, a consolidated water use and water management law is being discussed that could introduce charges for the commercial use of water.

Interruptions in the supply of energy or significant increases in energy prices could also have an adverse effect on the Group's operating and financial performance. The Group uses substantial amounts of electricity, natural gas and other energy sources to operate its bottling plants. Energy prices have been subject to significant price volatility in the recent past and may be volatile in the future. High energy prices over an extended period of time, as well as changes in energy taxation and

regulation in certain jurisdictions, may have an adverse effect on the Group's operating income and profitability in certain markets.

In recent years, in most of the key markets in which the Group operates, price increases for water and energy have, with limited exceptions, been broadly in line with inflation.

Changes in taxes

Taxation on the Group's beverages in the countries in which it operates comprises different taxes specific to the Group's products in each jurisdiction, such as excise and other indirect taxes, in addition to general consumption taxes such as VAT. In certain jurisdictions, such as Turkey (only for cola drinks) Pakistan (for sparkling beverages) and (carbonated soft drinks), such excise and other indirect taxes increase the price of soft drinks charged to customers.

In Turkey, an excise tax of 25% applies to sales of all cola-type soft drinks. In Pakistan, both the excise tax of 11.5% and sales tax of 17% (or 19% for sales to unregistered distributors) applicable to the sales of sparkling beverages. In Jordan an excise tax of 10% applies to sales of carbonated soft drinks. See "*Risks Factors—Risks Related to the Group's Business—Increases in taxes such as excise taxes and sales taxes could adversely affect the Group's business*".

Increases in excise and other indirect taxes applicable to the Group's products, either on an absolute basis or relative to the levels applicable to other beverages, tend to adversely affect sales, both by reducing overall consumption of its products and by encouraging customers to switch to other categories of beverages. These increases also adversely affect the affordability of the Group's beverages and its profitability. In addition, in certain jurisdictions the Group may benefit from certain exemptions from specific taxes, such as corporate income tax or other taxes and duties which may expire or be revoked earlier than prescribed.

Foreign currency fluctuations

The Company presents its consolidated financial statements in Lira, which is the functional currency of the Company and its Turkish subsidiaries.

The following table sets out average and period end exchange rates of the US dollar against the Lira for the periods indicated:

	USD / TRY	
Period	*Average*	*Period End*
Year ended 31 December		
2014	2.1865	2.3189
2015	2.7191	2.9076
2016	3.0181	3.5192
Six months ended 30 June		
2016	2.9181	2.8936
2017	3.6356	3.5071

The exchange rate between the Lira and the US dollar was relatively stable during most of 2017, but in the last quarter of 2016, the US dollar strengthened considerably against the Lira. This had a significant positive effect on the translation of Group's net revenues from international operations.

The Group also seeks to hedge a portion of its foreign currency exposure due to raw material purchases through holding foreign currency time deposits. Based on its planned raw material purchases, the Group assesses the volatility in cash flows that is attributable to commodity prices in foreign currencies, and hedges its risk associated with foreign exchange fluctuations by reserving some portion of its foreign currency time deposits for highly probable future transactions. Changes in the fair value of these hedges are recognised in other comprehensive income and taken to a separate component of equity, an any ineffective portion of the change in the fair value of the hedging instrument is recognised directly in income statement. While the Group incurs its capital and operating expenses and derives its net revenues primarily in the currency of the countries in which it operates, the substantial majority of the Group's borrowings are principally the US dollar, Euro and the Pakistan Rupee. As of 30 June 2017, 76% and 24% of the Group's long-term borrowings (including the current portion thereof) were denominated in US dollars, Euros, respectively. Moreover, 37% and 41% of the Group's short-term borrowings (excluding the current portion long-

term borrowings) were denominated in US dollars and Pakistan Rupees, while 11% and 12% of such short-term borrowings were denominated in Lira and Jordanian Dinar, respectively.

Change in Functional Currency

With effect from 1 January 2017, the Group changed the functional currency of its foreign subsidiaries and joint ventures to the relevant local currency, in order to better reflect the currency of the primary economic environment for the relevant operations, as well as the currency that influences sales prices, in which receipts from operating activities are retained and that influences costs and other expenses. 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. This change does not materially impact the historical financial position or performance of the Group. The results of operations of those subsidiaries and joint ventures whose functional currency is not the Lira are translated into Lira at the exchange rate that is generally applied in the Group's relevant consolidated financial statements.

Segmentation

The Group allocates its operations into two reporting segments, which management uses for monitoring the performance of its operating segments. These Group's reporting segments are as follows.

- Domestic – The Domestic segment consists of the Group's operations in Turkey.
- International – The Group's International segment consists of the Group's operations outside of Turkey.

Explanation of Key Consolidated Income Statement Items

Net revenue

Net revenue represents net sales after deducting excise tax and certain deductions relating to contributions for marketing and promotions paid to customers, and sales and other discounts (mainly for dealers and distributors) from the Group's gross sales revenue. The Group derives its net revenue from the sale of soft drinks in its domestic market of Turkey and internationally across a broad region that includes Kazakhstan, Pakistan and countries in the Central Asia and Middle East.

Cost of sales

Cost of sales comprises raw material cost, depreciation and amortization, personnel expenses and other expenses. In each of the periods presented, a significant proportion (an average of approximately 85% for the three years from 2014 to 2016) of total cost of sales consist of raw material cost. Cost of sales relates to the Group's production facilities, and those personnel associated with its production activities.

Raw material cost. Raw material cost includes concentrate, sugar, sweetener and packaging raw materials, such as glass, PET resin and aluminum cans.

Depreciation and amortization. Depreciation and amortization expenses includes depreciation and amortization charges for tangible and intangible assets.

Personnel expenses. Personnel expenses include wages and salaries, social security costs, pension payments and payments for post-employment benefits other than pensions.

Other expenses. Other expenses include energy and transportation costs and other cost-related expenditures.

Distribution, selling and marketing and expenses

Distribution, selling and marketing expenses comprise marketing and advertising expenses, personnel expenses, transportation expenses, depreciation on property, plant and equipment, maintenance expenses, utilities and communication expenses, rent expenses and other expenses. Such expenses relate to the Group's sales force and delivery and warehouse personnel. They also encompass its marketing and advertising expenses, net of reimbursements from TCCC. In particular:

Marketing and advertising expenses. Marketing and advertising expenses are net of reimbursements from TCCC and include the cost of advertising signs, novelties and various customer-focused marketing activities.

Personnel expenses. Personnel expenses include wages and salaries and other expenses with respect to the Group's sales force, delivery truck and forklift drivers and warehouse employees.

Transportation expenses. Transportation expenses include the cost of gasoline and related expenses connected with operating the Group's sales vehicles, delivery trucks and forklifts.

Depreciation on property plant and equipment. Depreciation on property plant and equipment include the depreciation expense in relation to the Group's sales vehicles, delivery trucks and forklifts, as well as its coolers and other cold drink equipment.

Maintenance expenses. Maintenance expenses include expenses for the repair and maintenance of Group's sales vehicles, delivery trucks and forklifts, as well as its coolers and other cold drink equipment.

General and administrative expenses

General and administrative expenses comprise personnel expenses, depreciation on property, plant and equipment, consulting and legal fees, utilities and communication expenses, provision for doubtful receivables, repair and maintenance expenses, rent expense and other expenses. General and administrative expenses relate to the Company's Group office operations and related functions (such as finance, information technology, human resources and legal) and the administrative and headquarter expenses of other Group members. In particular:

Personnel expenses. Personnel expenses include wages and salaries, social security costs, pension payments and payments for post-employment benefits other than pensions. Personnel expenses constitute the most significant component of general and administration expenses, constituting an average of approximately 55% of such expenses for the three years 2014 to 2016.

Depreciation on property, plant and equipment. Depreciation on property, plant and equipment include depreciation and amortization charges for tangible and intangible assets.

Consulting and legal fees. Consulting and legal fees includes tax, auditing, legal and other consulting fees.

Other expense. Other expenses include tax expenses (other than on income), insurance and expenditure on supplies such as stationery.

Other operating income

Other operating income primarily comprises the gain on sale of scrap materials, insurance compensation income, foreign exchange gains on non-financial transactions and other income.

Other operating expenses

Other operating expenses include donations, foreign exchange losses on non-financial transactions and certain other expenses.

Investing activities

Investing activities include gains and or losses on disposal of property, plant and equipment, impairment of fixed assets and impairment reversal on property, plant and equipment.

Financial income

Financial income principally comprises of the interest income earned by the Group on time deposits, and foreign exchange gains on the revaluation of borrowings as well as cash and cash equivalents.

Financial expenses

Financial expenses principally comprise of the interest expense paid by the Group and foreign exchange losses on the revaluation of borrowings and cash and cash equivalents.

Current period tax expense

Current period tax expense includes the tax charge for the current period measured at the amount expected to be paid to the tax authorities. The tax expense is calculated in accordance with the tax laws enacted (or substantively enacted) at the balance sheet date in the countries where the relevant Group member operates. The corporate tax rate in Turkey for the periods presented was 20%.

Deferred tax income / (expense)

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Operating and Financial Results

Results of Operations for the Six Months Ended 30 June 2017 and 2016

The following table sets forth the Group's results of operations for the six months ended 30 June 2017 and 2016, derived from the Interim Condensed Consolidated Financial Statements:

	Six months ended 30 June		
	2017	**2016**	**Change**
	(TRY millions) (unaudited)		*(%)*
Continuing Operations			
Net Revenue	4,115.0	3,430.3	20.0
Cost of Sales	(2,713.9)	(2,210.0)	22.8
Gross Profit/(Loss)	**1,401.1**	**1,220.4**	**14.8**
General and Administrative Expenses	(183.0)	(166.0)	10.2
Distribution, Selling and Marketing Expenses	(791.2)	(699.0)	13.2
Other Operating Income	93.6	45.6	105.0
Other Operating Expense	(81.2)	(51.2)	58.8
Profit/(Loss) from Operations	**439.3**	**349.9**	**25.6**
Gain/(Loss) from Investing Activities	(6.0)	(6.9)	(12.0)
Gain/(Loss) from Associates	(0.1)	(0.4)	73.3
Profit/(Loss) Before Financial Income / (Expense)	**433.1**	**342.6**	**26.4**
Financial Income / (Expense)	**(161.5)**	**(76.9)**	**(109.9)**
Financial Income	*122.4*	*94.7*	*29.2*
Financial Expenses	*(283.9)*	*(171.6)*	*65.4*
Profit/(Loss) Before Tax from Continuing Operations	**271.6**	**265.7**	**2.2**
Tax Expense of Continuing Operations	**(95.2)**	**(54.5)**	**(74.7)**
Deferred Tax Income/(Expense)	*(35.2)*	*(1.5)*	*2,307.3*
Current Period Tax Expense	*(60.0)*	*(53.0)*	*13.2*
Net Income/(Loss) from Continuing Operations	**176.5**	**211.2**	**(16.4)**

Revenue

The Group's net revenue was TRY 4,115.0 million for the six months ended 30 June 2017, as compared to TRY 3,430.3 million for the six months ended 30 June 2016, representing an increase of 20.0% (or TRY 684.7 million). The increase in the six months ended 30 June 2017 reflected increases in sales volumes and pricing as well as the positive foreign exchange conversion impact resulting from the appreciation of local currencies against the Turkish Lira.

The following table sets forth the breakdown of the Group's revenue for the periods indicated:

	Six months ended 30 June		
Revenue	**2017**	**2016**	**Change**
	(TRY millions) (unaudited)		*(%)*
Gross sales	6,234.6	5,199.7	19.9
Sales discounts	(1,801.5)	(1,524.8)	18.1
Other discounts[1]	(318.0)	(244.5)	30.1
Net revenue	**4,115.0**	**3,430.3**	**20.0**

(1) Other discounts mainly comprise excise taxes.

The following table sets forth the breakdown of the Group's net revenue by segment for the periods indicated:

Net revenue	Six months ended 30 June		
	2017	2016	Change
	(TRY millions) *(unaudited)*		*(%)*
Segment			
Domestic	1,886.3	1,782.0	5.9
International	2,229.6	1,648.7	35.2
Consolidated[1]	**4,115.0**	**3,430.3**	**20.0**

(1) After eliminations.

The following table sets forth certain information regarding the Group's sales volume by segment for the periods indicated:

Sales volume	Six months ended 30 June		
	2017	2016	Change
	(million unit cases[1])		*(%)*
Segment			
Domestic	300	292	2.8
Sparkling beverages	*159*	*160*	*(0.8)*
Still beverages	*27*	*28*	*(5.1)*
Water	*50*	*57*	*(12.9)*
Tea[2]	*65*	*46*	*39.3*
International	305	290	5.4
Sparkling beverages	*267*	*254*	*5.2*
Still beverages	*9*	*8*	*13.3*
Water	*29*	*28*	*4.2*
Consolidated[3]	**606**	**582**	**4.1**

(1) One unit case represents 5.678 liters or 192 US fluid ounces.

(2) Reflects sales of Doğadan tea products, which the Group distributes in Turkey.

(3) After eliminations.

The following table sets forth certain information regarding the Group's net revenue per unit case of soft drinks by segment for the periods indicated:

Net revenue per unit case	Six months ended 30 June		
	2017	2016	Change
			(%)
Segment			
Domestic (*TRY per unit case[1]*)	6.28	6.10	3.0
International (*US dollar per unit case[1]*)	2.01	1.95	3.0
Consolidated[2] (*TRY[3] per unit case[1]*)	**6.80**	**5.90**	**15.3**

(1) One unit case represents 5.678 liters or 192 US fluid ounces.

(2) After eliminations.

(3) For calculation of total net revenue per unit case, net revenue per unit case in US dollars was converted into Lira at the exchange rate of 3.6356 and 2.9181 Lira per 1 US dollar for the six months ended 30 June 2017 and 2016, respectively.

Domestic. The Group's net revenue from domestic operations was TRY 1,886.3 million for the six months ended 30 June 2017, as compared to TRY 1,782.0 million for the six months ended 30 June 2016, representing an increase of 5.9% (or TRY 104.3 million).

The 5.9% increase in net revenue from domestic operations in the six months ended 30 June 2017, as compared to the six months ended 30 June 2016, was principally due to increases in net revenue per unit case by 3.0% and in sales volumes by 2.8%, mainly driven by improved packaging mix, price

increases and successful promotion management in the sparkling beverage category. Sales volumes of sparkling beverages in Turkey decreased by 0.8% in the first half of 2017, reflecting a decline in sales volumes in the second quarter of 2017 as a result of a decrease in volumes following a price increase at the end of the first quarter coupled with unfavourable weather conditions, offsetting growth in sales volumes in the first quarter of 2017, which was principally due to growth in the share of future consumption packages on total sales in advance of price increases at the end of the first quarter. While overall volumes declined in the first half of 2017, volumes of the more profitable immediate consumption purchases increased. In the six months ended 30 June 2017, sales volumes of still beverages decreased by 5.1% reflecting lower sales volumes of water and juice beverages, in line with the Group's strategy of focusing on more profitable smaller packages in its packaging mix. In the six months ended 30 June 2017, sales volumes of non ready to drink tea increased by 39.3%, mainly driven by increased demand from large retailers which more than offset the decline in sales volumes in other categories.

International. The Group's net revenue from international operations was TRY 2,229.6 million for the six months ended 30 June 2017, as compared to TRY 1,648.7 million for the six months ended 30 June 2016, representing an increase of 35.2%, or TRY 580.9 million. The TRY 580.9 million increase primarily reflected increases in sales volumes, price increase in Pakistan and the positive foreign exchange conversion impact resulting from the appreciation of the local currencies against the Turkish Lira.

The increase in net revenue from international operations reflects an increase in sales volumes by 5.4% in the six months ended 30 June 2017, as compared to the six months ended 30 June 2016, which was principally driven by favourable macroeconomic conditions and higher average pricing in Pakistan, the implementation of successful promotions in the Group's Middle Eastern operations and effective consumer promotions in Kazakhstan and Azerbaijan. Sales volume growth in Kazakhstan and Azerbaijan was 14.4% and 26.0%, respectively, mainly driven by the continuing economic recovery and successful promotional programmes in these markets. Pakistan sales volumes increased by 5.6%, principally reflecting favourable macroeconomic conditions and effective consumer promotion, marketing events and product launches.

In the six months ended 30 June 2017, sales volumes of sparkling beverages in international operations increased by 5.2%, while sales volumes of still beverages increased by 13.3%.

US dollar net revenue per unit case increased by 3.0% in international operations, mainly reflecting a favourable packaging mix, price increases and effective promotion management in the sparkling beverage category.

Cost of sales

The Group's cost of sales was TRY 2,714 million for the six months ended 30 June 2017, as compared to TRY 2,210 million for the six months ended 30 June 2016, representing an increase of 22.8% (or TRY 504.0 million). The increase in the six months ended 30 June 2017 was principally due to an increase in sales volumes and higher raw material prices in international operations as well as the negative foreign exchange conversion impact resulting from the appreciation of the local currencies against the Turkish Lira.

Domestic. In the first six months of 2017, the cost of sales for domestic operations increased by 6.3%, principally due to an increase in sales volumes, depreciation and higher raw material costs.

International. Cost of sales in international operations in the first six months of 2017 increased by 38.4% (or TRY 437.1 million), as compared to the first six months of 2016. The TRY 437 million increase reflected the increase in sales volumes and increased sugar and packaging materials costs.

The following table sets forth the breakdown of the Group's cost of sales for the periods indicated:

Cost of sales	Six months ended 30 June		
	2017	2016	Change
	(TRY millions) *(unaudited)*		*(%)*
Raw material cost	2,303	1,852	24.3
Depreciation and amortization	138	112	23.0
Personnel expenses	112	90	24.3
Other expenses	161	156	3.7
Total	**2,714**	**2,210**	**22.8**

The following table sets forth the Group's cost of sales by segment for the periods shown:

Cost of sales	Six months ended 30 June		
	2017	2016	Change
	(TRY millions) *(unaudited)*		*(%)*
Segment			
Domestic	1,139.2	1,072.0	6.3
International	1,575.6	1,138.7	38.4
Consolidated[(1)]	**2,713.9**	**2,210.0**	**22.8**

(1) After eliminations.

The following table sets forth the Group's cost of sales on a per unit case basis for the periods shown:

Cost of sales on a per unit case basis	Six months ended 30 June		
	2017	2016	Change
			(%)
Segment			
Domestic (*TRY per unit case*[(1)])	(3.79)	(3.67)	3.4
International (*TRY per unit case*[(1)])	(5.16)	(3.93)	31.3
Consolidated[(3)] **(*TRY*[(2)] *per unit case*[(1)])**	**(4.48)**	**(3.80)**	**18.0**

(1) One unit case represents 5.678 liters or 192 US fluid ounces.

(2) For calculation of total net sale prices per unit case, net sale prices per unit case in US dollars were converted into Lira at the exchange rate of 3.6356 and 2.9181 Lira per 1 US dollar for the six months ended 30 June 2017 and 2016, respectively.

(3) After eliminations.

Raw material cost. The Group's raw material cost was TRY 2,303 million for the six months ended 30 June 2017, as compared to TRY 1,852 million for the six months ended 30 June 2016, representing an increase of 24.3% (or TRY 450.5 million), principally due to an increase in sales volumes, the increase in sugar and packaging materials costs and the negative foreign exchange conversion impact resulting from the appreciation of currencies in the Group's international markets against the Turkish Lira.

Depreciation and amortization. The Group's depreciation and amortization expense relating to the cost of sales was TRY 138 million for the six months ended 30 June 2017, as compared to TRY 112 million for the six months ended 30 June 2016, representing an increase of 23.0% (or TRY 25.8 million), which reflected the increase in property, plant and equipment.

Personnel expenses. The Group's personnel expenses relating to the cost of sales were TRY 112 million for the six months ended 30 June 2017, as compared to TRY 90 million for the six months ended 30 June 2016, representing an increase of 24.3% (or TRY 21.9 million). The increase was mainly due to increases in salaries which were generally in line with inflation.

Other expenses. The Group's other expenses were TRY 161 million for the six months ended 30 June 2017, as compared to TRY 156 million for the six months ended 30 June 2016, representing an increase of 3.7% (or TRY 5.8 million).

Gross profit and gross margin

As a result of the foregoing factors, the Group's gross profit from continuing operations was TRY 1,401 million for the six months ended 30 June 2017, as compared to TRY 1,220 million for the six months ended 30 June 2016, representing an increase of 14.8% (or TRY 180.7 million). Gross margin was 34% for the six months ended 30 June 2017, as compared to 35.6% for the six months ended 30 June 2016.

Distribution, selling and marketing expenses

The Group's distribution, selling and marketing expenses were TRY 791.2 million for the six months ended 30 June 2017, as compared to TRY 699.0 million for the six months ended 30 June 2016, representing an increase of 13.2% (or TRY 92.2 million). The increase was mainly due to an increase in transportation expenses, in line with the increase in the Group's sales volumes.

The following table sets forth the breakdown of the Group's distribution, selling and marketing expenses for the periods indicated:

	Six months ended 30 June		
	2017	**2016**	**Change**
	(TRY millions) (unaudited)		*(%)*
Distribution, selling and marketing expenses			
Marketing and advertising expenses	269	263	2.6
Personnel expenses	176	166	6.6
Transportation expenses	162	117	37.6
Depreciation on property, plant and equipment	95	82	16.9
Maintenance expenses	17	15	11.4
Utilities and communication expenses	16	13	16.7
Rent expenses	21	17	20.1
Other	35	26	36.0
Total	**791**	**699**	**13.2**

Marketing and advertising expenses. The Group's marketing and advertising expenses were TRY 269 million for the six months ended 30 June 2017, as compared to TRY 263 million for the six months ended 30 June 2016, representing an increase of 2.6% (or TRY 6.7 million).

Personnel expenses. The Group's personnel expenses relating to distribution, selling and marketing expenses were TRY 176 million for the six months ended 30 June 2017, as compared to TRY 166 million for the six months ended 30 June 2016, representing an increase of 6.6% (or TRY 10.9 million) principally as a result of salary increases which were generally in line with inflation.

Transportation expenses. The Group's transportation expenses were TRY 162 million for the six months ended 30 June 2017, as compared to TRY 117 million for the six months ended 30 June 2016, representing an increase of 37.6% (or TRY 44.1 million) as a result of the increases in sales volumes and fuel prices.

Depreciation on property, plant and equipment. The Group's depreciation on property, plant and equipment relating to distribution, selling and marketing activities were TRY 95 million for the six months ended 30 June 2017, as compared to TRY 82 million for the six months ended 30 June 2016, representing an increase of 16.9% (or TRY 13.8 million). The increase was due to increases in expenses relating to marketing equipment (primarily investments in coolers).

General and administration expenses

The Group's general and administration expenses were TRY 183 million for the six months ended 30 June 2017, as compared to TRY 166 million for the six months ended 30 June 2016, representing an increase of 10.2% (or TRY 17.0 million). The increase was due to an increase in depreciation,

personnel expenses and other general and administration expenses (which principally comprises expenses such as travel, insurance, taxes (other than income tax) and duties).

The following table sets forth the breakdown of the Group's general and administrative expenses for the periods indicated:

	Six months ended 30 June		
	2017	**2016**	**Change**
	(TRY millions) *(unaudited)*		*(%)*
General and Administration Expenses			
Personnel expenses	107	94	13.2
Depreciation on property, plant and equipment	14	11	25.1
Consulting and legal fees	11	9	16.0
Utilities and communication expenses	5	5	(1.4)
Provision for doubtful receivables	3	2	57.3
Repair and maintenance expenses	2	2	(4.3)
Rent expense	10	14	(24.8)
Other	31	28	9.6
Total	**183**	**166**	**10.2**

Personnel expenses. The Group's personnel expenses relating to general and administration activities were TRY 107 million for the six months ended 30 June 2017, as compared to TRY 94 million for the six months ended 30 June 2016, representing an increase of 13.2% (or TRY 12.4 million). The increase was due to salary increases, largely in line with inflation.

Depreciation on property, plant and equipment. The Group's depreciation on property, plant and equipment relating to general and administration activities was TRY 14 million for the six months ended 30 June 2017, as compared to TRY 11 million for the six months ended 30 June 2016, representing an increase of 25.1% (or TRY 2.7 million), resulting from new computer software and hardware investments.

Consulting and legal fees. The Group's consulting and legal fees expense was TRY 11 million for the six months ended 30 June 2017, as compared to TRY 9 million for the six months ended 30 June 2016, representing an increase of 16.0% (or TRY 1.5 million). The increase was due to increased legal spending and other consultancy fees.

Other operating income

The Group's other operating income was TRY 94 million for the six months ended 30 June 2017, as compared to TRY 46 million for the six months ended 30 June 2016, representing an increase of 105.0% (or TRY 47.9 million). The increase was mainly due to increased gains on the sale of scrap materials and foreign exchange gains.

Other operating expenses

The Group's other operating expenses were TRY 81 million for the six months ended 30 June 2017, as compared to TRY 51 million for the six months ended 30 June 2016, representing an increase of 58.8% (or TRY 30.1 million). The increase was mainly due to an increase in foreign exchange losses.

Profit from operations

As a result of the foregoing factors, the Group's profit from operations was TRY 439 million for the six months ended 30 June 2017, as compared to TRY 350 million for the six months ended 30 June 2016, representing an increase of 25.6% (or TRY 89.4 million).

Gain / (loss) from investing activities

The Group had a net loss from investing activities of TRY 6.0 million for the six months ended 30 June 2017, as compared to a net loss of TRY 6.9 million for the six months ended 30 June 2016.

Gain / (loss) from associates

The Group's net loss from associates was TRY 0.1 million for the six months ended 30 June 2017, as compared to TRY 0.4 million for the six months ended 30 June 2016 due to losses in the CCI Syria operations.

Profit before financial income / (expense)

As a result of the foregoing factors, the Group's profit before financial income (expense) was TRY 433 million for the six months ended 30 June 2017, as compared to TRY 343 million for the six months ended 30 June 2016, representing an increase of 26.4% (or TRY 90.5 million).

Financial income

The Group's financial income was TRY 122 million for the six months ended 30 June 2017, as compared to TRY 95 million for the six months ended 30 June 2016, representing an increase of 29.2% (or TRY 27.7 million). The increase was mainly due to the change in functional currency of the international operations.

Financial expenses

The Group's financial expenses were TRY 284 million for the six months ended 30 June 2017, as compared to TRY 172 million for the six months ended 30 June 2016, representing an increase of 65.4% (or TRY 112.3 million). The increase was mainly due to the change in the functional currency of the international operations and foreign exchange losses on its Euro-denominated borrowings due to the appreciation of the Euro against the Turkish Lira and local currencies.

Current period tax expense

The Group's current period tax expense was TRY 60 million for the six months ended 30 June 2017, as compared to TRY 53 million for the six months ended 30 June 2016, representing an increase of 13.2% (or TRY 7.0 million). The Group effective tax rate was 35% for the six months ended 30 June 2017.

Deferred tax income/expense

The Group's deferred tax expense was TRY 35 million for the six months ended 30 June 2017, as compared to TRY 1 million for the six months ended 30 June 2016, representing an increase of 2,307.3% (or TRY 33.7 million) mainly due to the deferred tax effect of translation on non-monetary items.

Net income after non-controlling interest

As a result of the foregoing factors, the Group's net income after non-controlling interest was TRY 145 million for the six months ended 30 June 2017, as compared to TRY 178 million for the six months ended 30 June 2016, representing decrease of 18.2% (or TRY 32.2 million).

Results of Operations for the Years ended 31 December 2016, 2015 and 2014

The following table sets forth the Group's results of operations for the years ended 31 December 2016, 2015 and 2014, derived from the Audited Consolidated Financial Statements unless otherwise indicated:

	For the Year Ended 31 December				
	2016	**2015**	**Change 2016 v 2015**	**2014**	**Change 2015 v 2014**
	(TRY millions)		*(%)*	*(TRY millions)*	*(%)*
Continuing Operations					
Net Revenue	7,050.2	6,723.9	4.9	5,985.4	12.3
Cost of Sales	(4,657.8)	(4,389.5)	6.1	(3,803.9)	15.4
Gross Profit/(Loss)	**2,392.5**	**2,334.4**	**2.5**	**2,181.4**	**7.0**
General and Administrative Expenses	(344.2)	(337.3)	2.1	(288.8)	16.8
Distribution, Selling and Marketing Expenses	(1,419.3)	(1,328.7)	6.8	(1,256.7)	5.7
Other Operating Income	132.2	116.2	13.7	51.6	125.1
Other Operating Expenses	(120.4)	(145.2)	(17.1)	(53.5)	171.2
Profit/(Loss) from Operations	**640.7**	**639.5**	**0.2**	**634.1**	**0.9**
Gain/(Loss) From Investing Activities	(79.0)	(7.7)	922.2	(5.9)	29.8
Gain/(Loss) from Associates	(1.2)	(0.9)	(28.4)	(0.9)	(3.4)
Profit/(Loss) Before Financial Income / (Expense)	**560.6**	**630.9**	**(11.1)**	**627.2**	**0.6**
Financial Income/(Expense)	**(489.8)**	**(426.9)**	**12.8**	**(194.3)**	**54.5**
Financial Income	*312.0*	*355.1*	*(12.1)*	*450.1*	*(21.1)*
Financial Expenses	*(801.8)*	*(782.0)*	*2.5*	*(644.3)*	*21.4*
Profit/(Loss) Before Tax from Continuing Operations	**70.8**	**203.9**	**(65.3)**	**432.9**	**(52.9)**
Tax Expense of Continuing Operations	**(48.3)**	**(77.3)**	**37.5**	**(85.7)**	**(10.8)**
Deferred Tax Income / (Expense)	*3.1*	*(23.2)*	*113.2*	*(12.7)*	*81.9*
Current Period Tax Expense	*(51.4)*	*(54.1)*	*(5.0)*	*(73.0)*	*(25.9)*
Net Income/(Loss) from Continuing Operations	**22.4**	**126.7**	**(82.3)**	**347.2**	**(63.5)**

Net revenue

The Group's net revenue was TRY 7,050.2 million for the year ended 31 December 2016, as compared to TRY 6,723.9 million and TRY 5,985 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 4.9% (or TRY 326.4 million) in 2016 as compared to 2015, and an increase of 12.3% (or TRY 738.5 million) in 2015 as compared to 2014. The increase in 2016 was principally due to an increase in sales volume of 3.2%, mainly driven by international operations, and an increase in consolidated net revenue per case of 1.6%, as a result of higher average pricing particularly in Turkey and Central Asia. The increase in 2015 was due to both volume growth of 1.9%, particularly from international operations, and an increase in net revenue per unit case of 10.3%.

The following table sets forth the breakdown of the Group's net revenue for the years indicated:

Net revenue	For the Year Ended 31 December				
	2016	2015	Change 2016 v 2015	2014	Change 2015 v 2014
	(TRY millions)		*(%)*	*(TRY millions)*	*(%)*
Gross sales	10,948.0	10,238.8	6.9	8,986.4	13.9
Sales discounts	(3,386.6)	(3,098.7)	9.3	(2,610.9)	18.7
Other discounts	(511.2)	(416.3)	22.8	(390.1)	6.7
Total net revenue	**7,050.2**	**6,723.9**	**4.9**	**5,985.4**	**12.3**

The following table sets forth the breakdown of the Group's net revenue by segment for the years indicated:

Net revenue	For the Year Ended 31 December				
	2016	2015	Change 2016 v 2015	2014	Change 2015 v 2014
	(TRY millions)		*(%)*	*(TRY millions)*	*(%)*
Segment					
Domestic	3,601	3,367	7.0	3,061	10.0
International	3,450	3,359	2.7	2,929	14.7
Consolidated[(1)]	**7,050**	**6,724**	**4.9**	**5,985**	**12.3**

(1) After eliminations.

The following table sets forth certain information regarding the Group's sales volume by segment for the years indicated:

	For the Year Ended 31 December				
Sales volumes	2016	2015	Change 2016 v 2015	2014	Change 2015 v 2014
Segment	*(million unit cases[(1)])*		*(%)*	*(million unit cases[(1)])*	*(%)*
Domestic	601	593	1.4	578	2.6
Sparkling beverages	*335*	*341*	*(1.8)*	*343*	*(0.7)*
Still beverages	*56*	*55*	*0.7*	*53*	*3.6*
Water	*115*	*105*	*10.1*	*92*	*14.3*
Tea[(2)]	*96*	*92*	*3.5*	*90*	*3.0*
International	588	559	5.2	553	1.1
Sparkling beverages	*509*	*473*	*7.7*	*461*	*2.6*
Still beverages	*16*	*20*	*(16.3)*	*22*	*(11.4)*
Water	*63*	*67*	*(6.2)*	*70*	*(4.6)*
Consolidated[(3)]	**1,189**	**1,152**	**3.2**	**1,131**	**1.9**

(1) One unit case represents 5.678 liters or 192 US fluid ounces.
(2) Reflects sales of Doğadan tea products, which the Group distributes in Turkey.
(3) After eliminations.

The following table sets forth certain information regarding the Group's net revenue per unit case of soft drinks for the years indicated:

Net revenue per unit case	For the Year Ended 31 December				
	2016	2015	Change 2016 v 2015	2014	Change 2015 v 2014
Segment			(%)		(%)
Domestic (*TRY per unit case*[1])	5.99	5.68	5.5	5.3	7.2
International (*US dollar per unit case*[1])	1.94	2.21	(12.0)	2.42	(8.8)
International (*TRY*[3] *per unit case*[1])	5.87	6.01	(2.4)	5.30	13.5
Consolidated[2] (*TRY*[3] *per unit case*[1])	**5.93**	**5.84**	**1.6**	**5.29**	**10.3**

(1) One unit case represents 5.678 liters or 192 US fluid ounces.

(2) After eliminations.

(3) For calculation of total net revenue per unit case, net revenue per unit case in US dollars was converted into Lira at the exchange rate of 3.0181, 2.7191 and 2.1865 Lira per 1 US dollar for 2016, 2015 and 2014, respectively.

Domestic. The Group's net revenue from domestic operations was TRY 3,601 million for the year ended 31 December 2016, as compared to TRY 3,367 million and TRY 3,061 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 7% (or TRY 234 million) in 2016, as compared to 2015, and an increase of 10% (or TRY 305 million) in 2015, as compared to 2014.

The 7% increase in net revenue from domestic operations in 2016, as compared to 2015, was principally due to price increases. In 2016, sales volumes of sparkling beverages in Turkey declined by 1.8% while sales volumes of still beverages increased by 6.9% and of tea by 3.5%. These increases reflected price increases in future consumption packages. The lower rate of volume growth in 2016 reflected weak consumer sentiment during most of the year and weaker tourism activity throughout the high season. Net revenue per unit case increased by 5.5% driven by price increases on future consumption packages in early 2016.

The 10% increase in net revenue from domestic operations in 2015, as compared to 2014, was principally due to increases in sales volumes by 2.6% and in net revenue per unit case by 7.2%. In 2015, sales volumes of sparkling beverages remained relatively unchanged, while sales volumes of still beverages, including water, increased by 10.4%, driven by significant volume growth of the water category, and of non ready to drink tea by 3.0%.

International. The Group's net revenue from international operations was TRY 3,450 million for the year ended 31 December 2016, as compared to TRY 3,359 million and TRY 2,929 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 2.7% (or TRY 90.7 million) in 2016, as compared to 2015, and an increase of 14.7% (or TRY 430.6 million) in 2015, as compared to 2014.

The 2.7% increase in net revenue from international operations in 2016, as compared to 2015, was principally due to an increase in sales volume by 5.2%, which was mostly driven by successful marketing campaigns and new product launches in Pakistan.

In 2016, sales volumes of sparkling beverages increased by 7.7%, while sales volumes of still beverages decreased by 8.5%. Sales volume growth in Kazakhstan and Azerbaijan was down by 6.6% and 33.5%, respectively, principally reflecting adverse macroeconomic conditions. Sales volume growth in Pakistan was 18.6%, principally reflecting the implementation of successful marketing campaigns and new product launches. Consolidated sales volumes in Northern Iraq and Southern Iraq decreased by approximately 2.0%, principally as a result of adverse macroeconomic and political conditions in Southern Iraq and ongoing security issues in Northern Iraq.

The 14.7% increase in net revenue from international operations in 2015, as compared to 2014, was mainly due to an increase in sales volume of 1.1%, and the positive foreign exchange conversion impact resulting from the appreciation of certain local currencies against the US dollar.

In 2015, sales volumes of sparkling beverages increased by 2.6%, while sales volumes of still beverages decreased by 6.3%. In Pakistan, sales volumes increased by 6.1% and 18.6% in 2015 and 2014, respectively. In Kazakhstan, sales volumes contracted by 4.0%, principally as a result of the negative foreign exchange conversion impact resulting from the depreciation of the local currency against the US dollar. Consolidated sales volumes in Northern Iraq and Southern Iraq decreased by 1.7% as sales of water in Southern Iraq normalized after sales volumes increased significantly in 2014 due to conflicts in the region and the related water shortage during that period, and security issues in Northern Iraq.

Cost of sales

The Group's cost of sales were TRY 4,657.8 million for the year ended 31 December 2016, as compared to TRY 4,389.5 million and TRY 3,803.9 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 6.1% (or TRY 268.3 million) in 2016, as compared to 2015, and an increase of 15.4% (or TRY 585.5 million) in 2015, as compared to 2014.

Domestic. In 2016, the cost of sales in Turkey increased by 10.2%, reflecting the negative foreign exchange conversion impact on packaging material costs resulting from the appreciation of the US dollar or Euro against the Turkish Lira and one-off costs relating to the renewal of the Group's collective bargaining agreement in Turkey. In 2015, the cost of sales in Turkey increased by 11.1%, partially offset by price increases and the Group's foreign currency hedging. See "—*Quantitative and Qualitative Disclosures about Market Risk—Foreign currency risk*".

International. Cost of sales in international operations in 2016 increased by 2.5%, which was significantly lower than revenue growth over the same period principally as a result of favourable raw material prices. Cost of sales in international operations in 2015 increased by 19.2%.

The following table sets forth the breakdown of the Group's cost of sales for the years indicated:

Cost of sales	**For the Year Ended 31 December**				
	2016	**2015**	**Change 2016 v 2015**	**2014**	**Change 2015 v 2014**
	(TRY millions)		*(%)*	*(TRY millions)*	*(%)*
Raw material cost	3,955.5	3,737.1	5.8	3,229.0	15.7
Depreciation and amortization	222.9	189.3	17.7	162.7	16.3
Personnel expenses	184.4	172.0	7.2	156.7	9.8
Other expenses	295.0	291.0	1.4	255.5	13.9
Total	**4,657.8**	**4,389.5**	**6.1**	**3,803.9**	**15.4**

The following table sets forth the breakdown of the Group's cost of sales by segment for the periods indicated:

Cost of sales	**For the Year Ended 31 December**				
	2016	**2015**	**Change 2016 v 2015**	**2014**	**Change 2015 v 2014**
	(millions)		*(%)*	*(millions)*	*(%)*
Segment					
Domestic *(TRY)*	2,255.0	2,046.2	10.2	1,841.5	11.1
International *(TRY)*	2,403.4	2,345.1	2.5	1,966.8	19.2
Consolidated[(1)] *(TRY)*	**4,657.8**	**4,389.5**	**6.1**	**3,803.9**	**15.4**

(1) After eliminations.

The following table sets forth the Group's cost of sales on a per unit case basis for the periods shown.

Cost of sales on a per unit case basis	For the Year Ended 31 December				
	2016	2015	Change 2016 v 2015	2014	Change 2015 v 2014
			(%)		*(%)*
Segment					
Domestic (*TRY per unit case*[1]).....	3.75	3.45	8.7	3.19	8.3
International (*US dollar per unit case*[1])	1.35	1.54	(12.2)	1.63	(5.2)
International (*TRY per unit case*[1])	4.09	4.20	(2.6)	3.56	17.9
Consolidated[2] (*TRY*[3] *per unit case*[1])	**3.92**	**3.81**	**2.8**	**3.36**	**13.3**

(1) One unit case represents 5.678 liters or 192 US fluid ounces.

(2) After eliminations.

(3) For calculation of total cost of sales per unit case, cost of sales per unit case in US dollars were converted into Lira at the exchange rate of 3.0181, 2.7191 and 2.1865 Lira per 1 US dollar for 2016, 2015 and 2014, respectively.

Raw material cost. The Group's raw material cost was TRY 3,955.5 million for the year ended 31 December 2016, as compared to TRY 3,737.1 million and TRY 3,229.0 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 16% (or TRY 508.1 million) in 2015 as compared to 2014, and an increase of 6% (or TRY 218.4 million) in 2016 as compared to 2015. The increased raw materials costs were attributable primarily to higher costs of certain raw materials in 2016 and 2015.

The 6% increase in 2016 was principally due to volume growth of 1.4% in domestic and 5.2% in international operations, the impact of changing product mix on cost of sales and the impact of the depreciation of the Turkish Lira against the US dollar in 2016 on cost of sales of international operations. The increased raw materials costs were attributable primarily to higher costs of certain raw materials.

The 16% increase in 2015 was principally due to volume growth of 2.6% in domestic and 1.1% in international operations and the impact of significant increases in the price of raw materials including concentrate, sugar, sweetener and packaging materials, as well as the impact of the depreciation of the Turkish Lira against the US dollar in 2016 on cost of sales of international operations. The increased raw materials costs were attributable primarily to higher costs of certain raw materials.

Depreciation and amortization. The Group's depreciation and amortization expense relating to the cost of sales was TRY 222.9 million for the year ended 31 December 2016, as compared to TRY 189.3 million and TRY 162.7 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 18% (or TRY 33.6 million) in 2016 as compared to 2015, and an increase of 16% (or TRY 26.6 million) in 2015 as compared to 2014. The increase in 2016 was principally due to investments made in Turkey to increase production efficiency and capacity, including capital expenditures relation to production lines in Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye.

Personnel expenses. The Group's personnel expenses relating to the cost of sales were TRY 184.4 million for the year ended 31 December 2016, as compared to TRY 172.0 million and TRY 156.7 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 7% (or TRY 12.3 million) in 2016 as compared to 2015, and an increase of 10% (or TRY 15.3 million) in 2015 as compared to 2014. The increase in 2016 and 2015 was principally due to salary increases. Salary increases were typically in line with inflation during such periods.

Other expenses. The Group's other expenses were TRY 295.0 million for the year ended 31 December 2016, as compared to TRY 291.0 million and TRY 255.5 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 1% (or TRY 4 million) in 2016 as compared to 2015, and an increase of 14% (or TRY 35.5 million) in 2015 as compared to 2014. The significant increase in other expenses in 2015 was principally due to increases in energy and transportation costs.

Gross profit and gross margin

As a result of the foregoing factors, the Group's gross profit from continuing operations was TRY 2,392.5 million for the year ended 31 December 2016, as compared to TRY 2,334.4 million and TRY 2,181.4 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 2.5% (or TRY 58.1 million) in 2016 as compared to 2015, and an increase of 7% (or TRY 153 million) in 2015 as compared to 2014. Gross margin was 33.9% for the year ended 31 December 2016, as compared to 34.7% and 36.4% for the years ended 31 December 2015 and 2014, respectively.

Distribution, selling and marketing expenses

The Group's distribution, selling and marketing expenses were TRY 1,419.3 million for the year ended 31 December 2016, as compared to TRY 1,328.7 million and TRY 1,256.7 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 6.8% (or TRY 90.6 million) in 2016 as compared to 2015, and an increase of 5.7% (or TRY 72 million) in 2015 as compared to 2014. The increase in 2016 and 2015 were principally due to increased marketing costs as a result of intensive marketing campaigns, as well as higher selling and distribution expenses stemming from strong volume growth and, in relation to 2016, higher oil prices.

The following table sets forth the breakdown of the Group's distribution, selling and marketing expenses for the years indicated:

	For the Year Ended 31 December				
	2016	**2015**	**Change 2016 v 2015**	**2014**	**Change 2015 v 2014**
	(TRY millions)		*(%)*	*(TRY millions)*	*(%)*
Distribution, selling and marketing expenses					
Marketing and advertising expenses	496.5	468.6	6.0	457.0	2.5
Personnel expenses	331.8	304.7	8.9	308.8	(1.3)
Transportation expenses	260.3	247.8	5.0	230.5	7.5
Depreciation on property, plant and equipment	175.1	148.4	18.0	126.5	17.3
Maintenance expenses	31.9	31.0	2.9	23.3	33.3
Utilities and communication expenses	27.3	28.1	(2.6)	32.8	(14.5)
Rent expenses	35.8	33.0	8.4	26.3	25.6
Other expenses	60.6	67.0	(9.6)	51.5	30.2
Total	**1,419.3**	**1,328.7**	**6.8**	**1,256.7**	**5.7**

Marketing and advertising expenses. The Group's marketing and advertising expenses were TRY 496.5 million for the year ended 31 December 2016, as compared to TRY 468.6 million and TRY 457.0 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 6% (or TRY 27.9 million) in 2016 as compared to 2015, and an increase of 2.5% (or TRY 11.6 million) in 2015 as compared to 2014. The Group has historically spent 7% of its net revenue on marketing and advertising expenses with 7.0%, 7.0% and 7.6% in each of 2016, 2015 and 2014.

Personnel expenses. The Group's personnel expenses relating to distribution, selling and marketing activities were TRY 331.8 million for the year ended 31 December 2016, as compared to TRY 304.7 million and TRY 308.8 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 8.9% (or TRY 27.1 million) in 2016 as compared to 2015, and a decrease of 1.3% (or TRY 4.1 million) in 2015 as compared to 2014. The increase in 2016 was principally due to salary increases generally in line with inflation. The decrease in 2015 reflected principally the Group's cost efficiency measures.

Transportation expenses. The Group's transportation expenses were TRY 260.3 million for the year ended 31 December 2016, as compared to TRY 247.8 million and TRY 230.5 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 5% (or TRY 12.4 million)

in 2016 as compared to 2015, and an increase of 7.5% (or TRY 17.3 million) in 2015 as compared to 2014. The increase in 2016 and 2015 were principally due to increases in sales volumes.

Depreciation on property plant and equipment. The Group's depreciation on property plant and equipment expense relating to distribution, selling and marketing activities was TRY 175.1 million for the year ended 31 December 2016, as compared to TRY 148.4 million and TRY 126.5 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 18% (or TRY 27 million) in 2016 as compared to 2015, and an increase of 17.3% (or TRY 21.8 million) in 2015 as compared to 2014. The increases in 2016 and 2015 were principally due to marketing investments made by the Group, mainly in coolers and other advertising equipment installations at points of sale, and were approximately in line with growth in the Group's business.

General and administration expenses

The Group's general and administration expenses were TRY 344.2 million for the year ended 31 December 2016, as compared to TRY 337.3 million and TRY 288.8 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 2.1% (or TRY 6.9 million) in 2016 as compared to 2015, and an increase of 16.8% (or TRY 48.5 million) in 2015 as compared to 2014. The increases in 2016 and 2015 were principally due to increases in personnel expenses, depreciation on property, plant and equipment and increases in repair and maintenance expenses.

The following table sets forth the breakdown of the Group's general and administration expenses for the years indicated:

	For the Year Ended 31 December				
	2016	**2015**	**Change 2016 v 2015**	**2014**	**Change 2015 v 2014**
	(TRY millions)		*(%)*	*(TRY millions)*	*(%)*
General and administration expenses					
Personnel expenses	192.4	182.2	5.6	159.2	14.4
Depreciation on property, plant and equipment	22.4	21.1	6.3	15.1	39.5
Consulting and legal fees	20.1	22.6	(11.0)	23.7	(4.8)
Utilities and communication expenses	10.1	12.4	(18.5)	12.1	2.3
Provision for doubtful receivables	5.8	2.4	139.4	2.5	(0.8)
Repair and maintenance expenses	5.0	4.5	10.7	3.7	20.5
Rent expense	27.2	24.4	11.5	19.9	22.1
Other	61.2	67.8	(9.6)	52.4	29.2
Total	**344.2**	**337.3**	**2.1**	**288.8**	**16.8**

Personnel expenses. The Group's personnel expenses relating to general and administration activities were TRY 192.4 million for the year ended 31 December 2016, as compared to TRY 182.2 million and TRY 159.2 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 5.6% (or TRY 10.2 million) in 2016 as compared to 2015, and an increase of 14.4% (or TRY 23 million) in 2015 as compared to 2014. The increases were principally due to salary increases and higher management bonus based on the Group's performance, as well as organizational changes.

Depreciation on property, plant and equipment. Depreciation on property, plant and equipment expense relating to general and administration activities was TRY 22.4 million for the year ended 31 December 2016, as compared to TRY 21.1 million and TRY 15.1 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 6.3% (or TRY 1.3 million) in 2016 as compared to 2015, and an increase of 39.5% (or TRY 6.0 million) in 2015 as compared to 2014.

Consulting and legal fees. Consulting and legal fees expense was TRY 20.1 million for the year ended 31 December 2016, as compared to TRY 22.6 million and TRY 23.7 million for the years ended 31 December 2015 and 2014, respectively, representing a decrease of 11% (or TRY 2.5 million) in

2016 as compared to 2015, and a decrease of 4.8% (or TRY 1.1 million) in 2015 as compared to 2014. The decrease in 2016 was principally due to a decrease in legal fee expenses.

Other operating income

The Group's other operating income was TRY 132.2 million for the year ended 31 December 2016, as compared to TRY 116.2 million and TRY 51.6 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 13.7% (or TRY 15.9 million) in 2016 as compared to 2015, and an increase of 125.1% (or TRY 64.6 million) in 2015 as compared to 2014.

The increase in 2016 was due primarily to increased gain on sale of scrap materials, by 25.7% (TRY 3.3 million) to TRY 16.3 million in 2016 from TRY 13.0 million in 2015. There was an increase in insurance compensation income of 395.2%, or TRY 4.4 million, to TRY 5.5 million in 2016 from TRY 1.1 million in 2015; and an increase in foreign exchange gains by 8.3%, or TRY 6.8 million, to TRY88.7 million in 2016 from TRY 81.9 million. The increase in 2015 was primarily due to an increase of 257%, or TRY 58.9 million, in foreign exchange gains to TRY 81.9 million, from TRY 22.9 million in 2014.

Other operating expenses

The Group's other operating expenses were TRY 120.4 million for the year ended 31 December 2016, as compared to TRY 145.2 million and TRY 53.5 million for the years ended 31 December 2015 and 2014, respectively, representing a decrease of 17.1% (or TRY 24.8 million) in 2016 as compared to 2015, and an increase of 171.2% (or TRY 91.7 million) in 2015 as compared to 2014. The decrease in 2016 was principally due to a decrease in foreign exchange losses. The increase in 2015 was principally due to an increase in foreign exchange losses.

Profit from operations

As a result of the foregoing factors, the Group's profit from operations was TRY 640.7 million for the year ended 31 December 2016, as compared to TRY 639.5 million and TRY 634.1 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 0.2% (or TRY 1.2 million) in 2016 as compared to 2015, and an increase of 0.9% (or TRY 5.4 million) in 2015 as compared to 2014.

Financial income

The Group's financial income was TRY 312.0 million for the year ended 31 December 2016, as compared to TRY 355.1 million and TRY 450.1 million for the years ended 31 December 2015 and 2014, respectively, representing a decrease of 12.1% (or TRY 43.1 million) in 2016 as compared to 2015, and a decrease of 21.1% (or TRY 95 million) in 2015 as compared to 2014. The decrease during the period under review was principally due to a decrease in foreign exchange gains, which was mainly due to a weaker Turkish Lira to US Dollar exchange rate.

Financial expenses

The Group's financial expenses were TRY 801.8 million for the year ended 31 December 2016, as compared to TRY 782.0 million and TRY 644.3 million for the years ended 31 December 2015 and 2014, respectively, representing an increase of 2.5% (or TRY 19.8 million) in 2016 as compared to 2015, and an increase of 21.4% (or TRY 137.7 million) in 2015 as compared to 2014. The increase in 2016 was principally due to increase in foreign exchange losses as a result of a weakening of the Turkish Lira against the US dollar at the end of 2016 and higher foreign exchange losses on derivative transactions. The increase in 2015 was principally due to increased foreign exchange loss, mainly due to the depreciation of the Turkish Lira against the US Dollar.

Current period tax expense

The Group's current period tax expense was TRY 51.4 million for the year ended 31 December 2016, as compared to TRY 54.1 million and TRY 73.0 million for the years ended 31 December 2015 and 2014, respectively, representing an decrease of 5% (or TRY 2.7 million) in 2016 as compared to 2015, and a decrease of 25.9% (or TRY 18.9 million) in 2015 as compared to 2014. The decrease in tax expense during the period under review reflected 37.4%. The Group effective tax rate was 68% and 38% for the years ended 31 December 2016 and 2015, respectively, due to decrease in profit by tax mainly resulted by higher sovereign foreign exchange losses, deferred tax effect of translation on non-monetary items and effect of impairment provision on positive goodwill. See "—*Impairment test for intangible assets*".

Deferred tax income/expense

The Group's deferred tax income was TRY 3.1 million for the year ended 31 December 2016, as compared to a deferred tax expense of TRY 23.2 million and TRY 12.7 million for the years ended 31 December 2015 and 2014, respectively, representing a decrease of 113.2% (or TRY 26.3 million) in 2016 as compared to 2015, and an increase of 81.9% (or TRY 10.5 million) in 2015 as compared to 2014. The fluctuations in deferred tax income during the period under review reflected deferred tax effect of translation on non-monetary items and effect of impairment provision on positive goodwill. These changes should be evaluated together with current period tax expense and relate to taxable income.

Net income before non-controlling interest

As a result of the foregoing factors, the Group's net income before non-controlling interest was TRY 22.4 million for the year ended 31 December 2016, as compared to TRY 126.7 million and TRY 347.2 million for the year ended 31 December 2015 and 2014, representing a decrease of 82.3% (or TRY 104.3 million) in 2016 as compared to 2015, and a decrease of 63.5% (or TRY 220.5 million) in 2015 as compared to 2014.

Liquidity and Capital Resources

The Group's liquidity needs arise principally from funding its growth strategies and related investments and capital expenditures. In the periods under review, the Group has met most of its liquidity needs through its operating cash flows and cash and borrowings from qualified credit institutions.

As of 30 June 2017, the Group had cash and cash equivalents of TRY 1,448.7 million.

Management is of the opinion that taking into account the Group's current banking facilities and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements for at least the next 12 months following the date of publication of this Offering Circular.

Cash flows

The following table sets out a summary of the Group's cash flows for the periods indicated:

	Six months ended 30 June		Year ended 31 December		
	2017	2016	2016	2015	2014
	(TRY millions)				
	(unaudited)				
Net cash generated from operating activities	384.1	379.6	1,158.9	874.5	748.0
Net cash used in investing activities	(241.5)	(268.5)	(516.6)	(703.7)	(219.7)
Net cash (used in)/generated from financing activities	(134.5)	(242.0)	(198.1)	(7.5)	(739.1)
Currency translation adjustment	(25.5)	5.5	19.7	81.9	51
Net increase/(decrease) in cash and cash equivalents	(17.4)	(125.5)	463.9	245.3	(159.8)
Cash and cash equivalents at beginning of period	1,466.1	1,002.2	1,002.2	757.0	916.8
Cash and cash equivalents, period end	1,448.7	876.8	1,466.1	1,002.2	757.0

Net cash generated from operating activities

The Group's net cash generated from operating activities was TRY 384.1 million for the six months ended 30 June 2017, as compared to TRY 379.6 million for the six months ended 30 June 2016, representing an increase of 1.2% (or TRY 4.5 million). The increase in net cash generated from operating activities for the six months ended 30 June 2017 principally reflects an increase in EBITDA, partially offset by an increase in change in inventories as a proportion of net revenue.

The Group's net cash generated from operating activities was TRY 1,158.9 million for the year ended 31 December 2016, TRY 874.5 million for the year ended 31 December 2015, and TRY 748.0 million for the year ended 31 December 2014, representing an increase of 32.5% (or TRY 284.4 million). The

increase in the year ended 31 December 2016 principally reflects an improvement in trade receivables and due from related parties as a result of better management of receivables and improved terms for due from related parties, and a release of cash of TRY 98.2 million from changes in inventories as compared to a use of cash of TRY 50.3 million for the year ended 31 December 2015 as a result of improved inventory management due to warehouse closures, decreased production lead times and more efficient supply chain operations. The increase in the year ended 31 December 2015 reflects primarily an increase in EBITDA and improvement in operating assets and liabilities principally driven by improvement in other non current assets as at 31 December 2015. Other non current asset balances as at 31 December 2014 were higher than as at 31 December 2015 due to payments advanced in relation to its capital expenditure programme.

Net cash used in investing activities

The Group's net cash used in investing activities was TRY 241.5 million for the six months ended 30 June 2017, as compared to TRY 268.5 million for the six months ended 30 June 2016, representing a decrease of 10.1% (or TRY 27.0 million), principally driven by reduced purchases of property, plant and equipment and increases in cash generated from investment in securities in connection with time deposits with maturities higher than three months.

The Group's net cash used in investing activities was TRY 516.6 million for the year ended 31 December 2016, as compared to TRY 703.7 million for the year ended 31 December 2015, representing a decrease of 26.6% (or TRY 187.1 million). The decrease in net cash used in investing activities in the year ended 31 December 2016 principally reflects reduced purchases of property, plant and equipment, as well as in 2015 cash generated from the increase in capital of subsidiaries by the non-controlling interest in CCI Pakistan and Waha BV.

The Group's net cash used in investing activities was TRY 703.7 million for the year ended 31 December 2015, as compared to TRY 219.7 million for the year ended 31 December 2014, representing an increase of 220.3% (or TRY 484 million). The increase in net cash used in investing activities in the year ended 31 December 2015 principally reflects a reduction in investments in securities, in connection with time deposits with maturities greater than three months, as well as increased purchases of property, plant and equipment, mainly attributed to technical and marketing investments of the Group (including investments in coolers).

Net cash used in financing activities

The Group's net cash used in financing activities was TRY 134.5 million for the six months ended 30 June 2017, as compared to TRY 242.0 million for the six months ended 30 June 2016, representing a decrease of 44.4% (or TRY 107.5 million). The decrease in net cash used in financing activities in the six months ended 30 June 2017 principally reflects an increase in proceeds from bank borrowings, which were higher than the increase in repayments of borrowings and the increase in dividends paid. The increases in proceeds from bank borrowings and in repayment of bank borrowings reflect the Group's on-going financing and refinancing activities, including improvement in operating assets and liabilities and purchase of property, plant and equipment.

The Group's net cash used in financing activities was TRY 198.1 million for the year ended 31 December 2016, as compared to TRY 7.5 million for the year ended 31 December 2015, representing an increase of TRY 190.6 million. The significant increase in net cash used in financing activities in the year ended 31 December 2016 principally reflects decreased proceeds from borrowings in 2016.

The Group's net cash used in financing activities was TRY 7.5 million for the year ended 31 December 2015, as compared to TRY 739.1 million cash used in the financing activities for the year ended 31 December 2014, representing a decrease of TRY 731.6 million. The significant decrease in net cash used in financing activities in the year ended 31 December 2015 principally reflects an increased proceeds from bank borrowings, which in 2015 were higher than the repayment of borrowings whereas in 2014 repayments had exceeded proceeds from borrowings. The increases in proceeds from bank borrowings and in repayment of bank borrowings in 2015 reflect the Group's on-going financing and refinancing activities.

Borrowings

As at 30 June 2017, the Group's total borrowings were TRY 3,784.8 million, including TRY 827.9 million in short-term borrowings. The following table sets forth information about certain of

the Group's material long-term borrowings as at the dates indicated (including its current portion of long-term loans):

	Date of signature	Duration	Outstanding Principal Amount of Loan	Principal amount due through 30 June 2018	Principal amount due after 30 June 2018	Total
		(months)			*(TRY millions)*	
Turkey Operation – EUROBOND	01/10/2013	60	USD 500,000,000.00	0	1,754.6	1,754.6
Turkey Operation – USPP Tranche 1	30/05/2013	60	USD 100,000,000.00	350.7	0	350.7
Turkey Operation – USPP Tranche 2	30/05/2013	84	USD 80,000,000.00	0	280.6	280.6
Turkey Operation – USPP Tranche 3	30/05/2013	120	USD 120,000,000.00	0	420.9	420.9
Turkey Operation – TURKEY	30/12/2016	12	USD 21,023,766.00	84.2	0	84.2
Turkey Operation – TURKEY	14/06/2017	12	USD 22,000,000.00	88.1	0	88.1
Turkey Operation – TURKEY	13/12/2016	12	USD 25,000,000.00	100.1	0	100.1
CCI TJ EBRD LOAN	02/09/2015	60	EUR 44,670,000.00	76.6	102.2	178.8
CCI KZ	13/05/2015	60	KZT 3,000,000,000.00	11.1	21.6	32.7
CCI TK EBRD LOAN	07/02/2017	12	USD 6,000,000.00	21.0	0	21.0
CCI PK IFC LOAN	21/12/2016	96	EUR 50,000,000.00	0	200.2	200.2
CCI PK BTMU LOAN	18/08/2015	60	EUR 31,220,000.00	35.7	89.3	125.0
CCI PK CITI LOAN	16/03/2015	60	EUR 25,714,285.71	34.3	68.6	102.9
				801.8	2,936.8	3,738.6

The Group's US dollar-denominated loans have interest rates ranging from three-month LIBOR plus 1.00% to 4.75%. The Group's Euro-denominated loans have interest rates of three-month EURIBOR plus 0.80% to six-month EURIBOR plus 1.75%. The Group's loans other than US dollar or Euro have floating interest rates ranging from KIBOR plus 0.05% to 0.50%.

The following table sets forth the Group's gross indebtedness for the periods indicated:

	Six months ended 30 June		Year ended 31 December	
	2017	2016	2015	2014
	(TRY millions)			
	(unaudited)			
Short term borrowings (including current portion of long-term borrowings)	827.9	365.5	563.0	628.6
Long-term borrowings	2,956.9	3,404.7	2,810.9	2,015.1
Total Borrowings	**3,784.8**	**3,770.1**	**3,373.9**	**2,643.7**

The Group's bank overdrafts and short-term loans are the utilized portions of the existing uncommitted credit lines that the Company and its subsidiaries and associates enter into on a bilateral basis with various banks. As of 30 June 2017, the Group had approximately 40 agreements, ranging in size from US$10,000,000 to US$185,000,000. Funds drawn on these credit lines incur interest at variable rates, must be repaid within 12 months and can be revoked at the lending bank's discretion.

For a description of certain of the Group's other indebtedness and its material terms, see "—*Description of Certain Indebtedness*" below. See also Note 7 to the Interim Condensed Consolidated Financial Statements and Note 9 to the 2016 Audited Consolidated Financial Statements for additional information about the Group's borrowings.

Capital Expenditures

In the three years ended 31 December 2016 and in the six months ended 30 June 2017, the Group's principal investments in an aggregate amount of TRY 2,341 million related primarily to machinery and greenfield projects. Capital expenditure amounted to TRY 517.1 million in 2016, TRY

828.7 million in 2015 and TRY 737.5 million in 2014. The company defines capital expenditures as "purchases of property, plant equipment and intangible assets".

Of the TRY 517 million capital expenditure in 2016, 53% was in connection with the Group's domestic operations and 47% was in connection with its international operations.

The Group plans to make capital investments in its operations, including to expand its overall capacity and to address potential capacity constraints especially in Pakistan, and also in Kazakhstan, Kyrgyzstan, Turkmenistan, Jordan and North Iraq, where its plants currently operate near optimal utilisation.

The Group's plans include the modernisation of various plants, including in Turkmenistan and Kyrgyzstan, and construction of new greenfield plants in Faisalabad and Islamabad, Pakistan. Construction on the Group's new greenfield plant in Faisalabad, Pakistan began in April 2017 and the Group expects it will become operational in the second quarter of 2018.

The Group's Isparta GF Plant in Turkey became fully operational in the second quarter of 2017 with one PET line for sparkling beverages for filling and one PET line for fruit juice / ice tea filling.

The Group expects that cash from operations will be sufficient to fund anticipated capital expenditure requirements for expansion and upgrades to the Group's operations, subject to refinancing of the Group's existing indebtedness with the proceeds of this offering of Notes.

The Group expects that cash from operations will be sufficient to fund anticipated capital expenditure requirements for expansion and upgrades to the Group's operations, subject to refinancing of the Group's existing indebtedness with the proceeds of this offering of Notes.

The Group's actual capital expenditures may vary significantly from its estimates and depend on a variety of factors, including market conditions, levels of demand for the Group's products, the availability of funding, operating cash flow and other factors fully or partially outside the Group's control.

Contractual Obligations and Commitments

The table below sets forth the amount of the Group's contractual obligations and commitments, as at 30 June 2017, based on contractual undiscounted payments:

	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
			(TRY millions)		
Total borrowings	3,784.82	827.93	1,915.10	545.00	496.79
Murabaha	206.22	206.22			

As of 30 June 2017, the Group had TRY 1,023.7 million in guarantees, pledges and mortgages given by the Group. As of 31 December 2016, the Group had provided guarantees in the aggregate amount of TRY 960.7 million. See Note 15 to the Interim Condensed Consolidated Financial Statements and Note 24 to the 2016 Audited Consolidated Financial Statements for further information about such guarantees, pledges and mortgages, including a breakdown by currency.

Description of Certain Indebtedness

The following summary of certain provisions of the Group's material indebtedness does not purport to be complete and is subject to, and qualified in its entirety by references to the underlying documents.

CCI—EUROBOND

On 26 September 2013, the Company issued US$500 million in 4.750% Notes due 2018. Interest is payable on the notes semi-annually, and the notes are listed on the Irish Stock Exchange. The Notes do not contain any material financial covenants.

CCI—US Private Placement Notes. On 30 May 2013, CCI, as the borrower and 17 qualified institutional buyers, as buyers, entered into a note purchase agreement (the "*USPP*"). The USPP provides for financing of up to US$300,000,000 in three different tranches with separate maturities:

- US$100,000,000 3.42% Series A Senior Notes due 30 May 2018;
- US$80,000,000 3.85% Series B Senior Notes due 30 May 2020; and

- US$120,000,000 4.44% Series C Senior Notes due 30 May 2023,

together the "*USPP Notes*".

The proceeds of the USPP have been made available for the purpose of refinancing of existing debt and general corporate purposes, provided that CCI meets certain requirements relating to, among other things, financial ratios, good standing, no default and no materially adverse litigation.

The USPP is governed by the laws of the State of New York.

Interest and Repayment

Interest on the unpaid balance of the USPP Notes is payable semi-annually on the 30th day of November and May in each year at the annual interest rate as set out above for each series of the USPP Notes.

On the maturity dates set out above, the entire unpaid principal balance of the USPP Notes will become due and payable.

CCI has made no repayments of principal under the USPP as at the date of this Offering Circular.

Guarantees and Security

Certain subsidiaries of CCI can become a guarantor in respect of CCI's obligations under the USPP Notes (each, a "*Subsidiary Guarantor*"), in each case pursuant to a guaranty agreement of such Subsidiary Guarantor, to be in form and substance reasonably satisfactory to the holders of more than 50% of the principal amount of the USPP Notes ("*Required Holders*"). If at any time (i) any Turkish or Dutch subsidiary of CCI is or becomes a guarantor under any facility agreement entered into by CCI, as obligor, with a principal amount borrowed of US$100,000,000 (or its equivalent in other currencies) (a "*Principal Credit Facility*"), (ii) such subsidiary becomes a borrower under a Principal Credit Facility or (iii) CCI notifies the holders of the USPP Notes in writing that it wishes a material subsidiary (all except CC Pakistan) to become a Subsidiary Guarantor, and the aggregate Financial Indebtedness (as defined in the USPP), plus the aggregate Financial Indebtedness secured by any Security or Quasi-Security (each as defined in the USPP) permitted by the USPP, of CCI's subsidiaries (all except CC Pakistan) exceeds US$200,000,000 or 10% of Adjusted Consolidated Total Assets (as defined in the USPP), CCI must, at its own expense, cause such subsidiary to become a Subsidiary Guarantor in respect of the USPP. As at the date of this Offering Circular, there were no Subsidiary Guarantors in respect of the USPP. As at the date of this Offering Circular, there were no Subsidiary Guarantors in respect of the USPP.

CCI's obligations under the USPP are unsecured, and its payment obligations rank at least *pari passu*, without preference or priority, with all other unsecured and unsubordinated financial indebtedness of CCI.

Prepayment

CCI may, at its option, prepay at any time all, or from time to time any part of, the aggregate principal amount of the USPP Notes, at 100% of the principal amount prepaid, with the make-whole amount (as defined in the USPP) determined for the prepayment date with respect to such principal amount. CCI may not make a partial prepayment in an amount not less than 5% of the aggregate principal amount of the Notes. CCI must give each holder of USPP Notes written notice of each optional prepayment not less than 30 days and not more than 60 days prior to the date fixed for such prepayment.

The USPP requires mandatory prepayment by CCI in certain circumstances, which include:

- the occurrence of an event of default (as defined in the USPP);
- a change of control of CCI such that the Anadolu Group and TCCC together cease to control CCI (if either the Anadolu Group or TCCC acquires sole control over CCI, this shall not constitute a "change of control"); and
- a change in economic sanctions enforced by the United States, which results in violation of such sanctions by any of the holders of the USPP Notes.

The USPP also governs the procedure for prepayment by CCI where CCI disposes of an asset and applies the consideration received in respect of such disposal to prepayment of its financial indebtedness.

CCI has made no prepayments under the USPP as at the date of this Offering Circular.

Covenants, Representations and Warranties and Events of Default

The USPP contains undertakings, representations and warranties common to agreements of this type and includes customary financial covenants. Subject to certain agreed exceptions, such financial covenants include covenants that restrict the ability of CCI and its material subsidiaries to:

- enter into, directly or indirectly, any material transaction with any affiliate (as defined by the USPP), other than CCI or another subsidiary;
- enter into any merger or consolidation;
- substantially change the general nature of its business;
- own or control any person that is the target of sanctions imposed by the United Nations or by the EU, or to deal with any person or engage in any activity that could subject CCI or any controlled entity (as defined in the USPP) to such sanctions;
- create or permit to subsist any security over its assets;
- sell, lease, transfer or otherwise dispose of any asset; and
- create, incur, assume, guarantee, have outstanding, or otherwise become or remain liable with respect to, any financial indebtedness.

The USPP also requires CCI to maintain certain financial ratios, including consolidated net debt to consolidated EBITDA and consolidated EBIT to consolidated net finance charges.

The USPP contains customary events of default, including, among other things, default in payment of any principal or make-whole amount, default in payment of interest except where remedied within five business days, breach of the obligations under the USPP except where remedied within 30 days, misrepresentation of any representation or warranty, cross-default in relation to indebtedness exceeding US$15,000,000 except where remedied within any relevant grace period provided, certain insolvency and winding up or related events.

In addition an event of default will occur if (i) TCCC exercises its right to terminate any bottling contract with respect to activities in Turkey, or (ii) any bottling contract with respect to activities in Turkey has expired or terminated on its own terms, where TCCC has ceased to continue normal trading activities in Turkey with CCI and/or its Turkish subsidiaries, and such is reasonably expected to have a material adverse effect (as defined in the USPP) on CCI's business.

The USPP Notes automatically become immediately due and payable if a certain specified event of default occurs, such as insolvency or winding-up of CCI or any material subsidiary. If any other event of default occurs the Required Holders may at any time declare all the USPP Notes to be immediately due and payable.

From the date of an event of default, interest on the USPP Notes will accrue at a default rate that is the greater of (i) 1% per annum above the stated rate of interest and (ii) 1% over the rate of interest publicly announced by Citibank, N.A. in New York, New York as its "base" or "prime" rate.

CCI Pakistan—IFC In December 2016, CCI Pakistan**,** as the borrower, and International Finance Corporation, as the lender, entered into a loan agreement (the "*IFC Loan*"). The IFC Loan provides for financing of up to EUR 50,000,000. The IFC Loan matures on 16 December 2024. The interest rate under the IFC Loan is EURIBOR plus a fixed margin. The IFC Loan contains undertakings and representations and warranties common to facilities of this type and includes affirmative and financial covenants. The IFC Loan is governed by English law. Obligations under the IFC Loan are guaranteed by CCI and TCCC equally.

CCI Pakistan—BTMU In August 2015, CCI Pakistan, as the borrower, and Bank of Tokyo Mitsubishi UFJ, Ltd London Branch, as the lender, entered into a loan agreement (the "*BTMU Loan*"). The BTMU Loan provides for financing of up to EUR 31,220,000. The BTMU Loan matures on 20 August 2020. The interest rate under the BTMU Loan is EURIBOR plus a fixed margin. The BTMU Loan contains undertakings and representations and warranties common to facilities of this type and includes affirmative and financial covenants. The BTMU Loan is governed by English law. Obligations under the BTMU Loan are guaranteed by CCI and TCCC equally.

CCI Pakistan—CITI On 16 March 2015, CCI Pakistan, as the borrower, and Citi Bank Bahamas, as the lender, entered into a loan agreement (the "*CITI Loan*"). The CITI Loan provides for financing of up to EUR 30,000,000. The CITI Loan matures on 31 March 2020. The interest rate under the CITI Loan is EURIBOR plus a fixed margin. The CITI Loan contains undertakings and representations and warranties common to facilities of this type and includes customary operating

covenant with no financial covenants. The CITI Loan is governed by English law. Obligations under the CITI Loan are guaranteed by CCI and TCCC equally.

CCI Tajikistan—EBRD On 6 August 2015, CCI Tajikistan, as the borrower, and European Bank for Restructuring and Development, as the lender, entered into a loan agreement (the "*EBRD Loan*"). The EBRD Loan provides for financing of up to EUR 44,670,000. The EBRD Loan matures on 16 March 2020. The interest rate under the EBRD Loan is EURIBOR plus a fixed margin. The EBRD Loan contains undertakings and representations and warranties common to facilities of this type and includes customary affirmative and financial covenants. The EBRD Loan is governed by English law. Obligations under the EBRD Loan are guaranteed by CCI.

Contingencies

As of 31 December 2016, the Company and its subsidiaries in Turkey were involved on an ongoing basis in litigation arising in the ordinary course of business, with an aggregate amount of TRY 8.6 million.

In addition, as of 31 December 2016, CCI Pakistan, is involved in tax litigations. If determined adversely to the Group, management estimates that the maximum liability could be up to US$14.0 million. In addition, tax authorities in Pakistan are seeking to recover US$33.5 million from CCI Pakistan, with respect to sales and excise tax amounts being applied retrospectively to the Group's activities during the period from July 2013 to May 2014, when according to applicable law in Pakistan Capacity Tax was applied instead of sales and excise tax. The Group has disputed this matter on the basis that the decision of the Pakistan Constitutional Court invalidating Capacity Tax with effect from May 2014 (and thus reinstating the sales and excise tax) can not be applied retrospectively. Group management does not expect any adverse consequences related with these litigations that would materially adversely affect the Group's results of operations or financial status.

See "*The Group and Its Business—Legal Matters*" for further information on these matters.

Related Party Transactions

See Note 24 to the Interim Condensed Consolidated Financial Statements and Note 39 to the 2016 Audited Consolidated Financial Statements.

Quantitative and Qualitative Disclosures about Market Risk

The Group has exposure to interest rate risk, foreign currency risk, liquidity risk, price risk and credit risk. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company periodically measures its net debt to total equity ratio and net debt to EBITDA ratios, to maintain capital risk management. Net debt is calculated as financial borrowings less cash and cash equivalents. The Group's related risk policies can be summarised as follows:

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's borrowings. As of 30 June 2017 and 31 December 2016, 76% and 77%, respectively of the Group's total borrowings have fixed interest rates, with the balance based on market interest rates. Accordingly, it is exposed to interest rate fluctuations. The Group manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments. See note 40(b) to the 2016 Audited Consolidated Financial Statements for further information about the Group's sensitivity to interest rates, including a breakdown of the amount of instruments held by the Group with fixed and floating rates.

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 aims to hedge its foreign currency risk by offsetting the amount of foreign currency denominated assets and liabilities.

The Group's exposure to foreign currency risk for the periods indicated is set forth in the table below:

	USD-denominated 2016	EUR-denominated 2016	Other-denominated 2016	USD-denominated 2015	EUR-denominated 2015	Other-denominated 2015	USD-denominated 2014	EUR-denominated 2014	Other-denominated 2014
					(TRY millions)				
Current assets	902.1	4.2	274.4	525.9	7.8	128.9	340.2	0.7	125.7
Non-current assets	(1.1)	11.9	0.4	0.1	1.0	0.3	0.0	31.2	7.1
Total assets	901.0	16.1	274.8	526.0	8.8	129.2	340.2	31.9	132.8
Current liabilities	142.6	185.1	101.4	144.7	245.3	88.7	266.0	34.3	95.6
Non-current liabilities	2,434.0	489.0	25.4	1,934.9	336.0	25.7	1,506.3	0	0
Total liabilities	2,576.6	674.1	126.8	2,079.6	581.3	114.4	1,772.3	34.3	95.6
Net exposure	**(1,675.7)**	**(658.0)**	**148.0**	**(1,553.6)**	**(572.5)**	**14.8**	**(1,432.1)**	**(2.4)**	**37.1**

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 Turkish Lira by 10%, with all other variables held constant.

	2016		**2015**		**2014**	
	Income / (Loss)		**Income / (Loss)**		**Income / (Loss)**	
Foreign Currency Position Sensitivity Analysis	**Increase of the foreign currency**	**Decrease of the foreign currency**	**Increase of the foreign currency**	**Decrease of the foreign currency**	**Increase of the foreign currency**	**Decrease of the foreign currency**
			(TRY millions)			
Increase / decrease in the USD against TRY by 10%:	(167.6)	167.6	(155.4)	155.4	(143.2)	143.2
Increase / decrease in the Euro against TRY by 10%:	(65.8)	65.8	(57.2)	57.2	(0.2)	0.2
Increase / decrease in the other foreign currencies against TRY by 10%:	14.8	(14.8)	1.5	(1.5)	3.7	(3.7)
TOTAL	**(218.6)**	**218.6**	**(211.1)**	**211.1**	**(139.7)**	**139.7**

A weakening of the Lira against the above currencies at 31 December would have had the equal, but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Group's approach to managing liquidity is to match the cash in and out flow volume supported by committed lending limits from qualified credit institutions. For information about the contractual maturities of the Group's financial liabilities and other contractual obligations and commitments as at 31 December 2016, see Note 40(e) to the 2016 Audited Consolidated Financial Statements.

Commodity price risk

The Group may be affected by the volatility of certain commodities, including aluminum cans, PET resin and sugar. In particular, its operating activities require the on-going purchase of aluminum cans and can prices can change according to changes in underlying aluminum prices. Due to the volatility of the price of aluminum, management has in place a risk management strategy regarding this commodity price risk and its mitigation. See "*The Group and Its Business—Business Overview—Raw materials procurement*" and "*Risk Factors—Risks Related to the Group's Business—The price of sugar, aluminum and PET resin are volatile and this can affect the Group's results of operations*".

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. The Group maintains cash and cash equivalents with various financial institutions; it is the Group's policy to limit its exposure to any one institution and to monitor the creditworthiness of the relevant institutions. The credit risk associate with trade receivables is partially mitigated by the Group's large customer base. The Group generally requires collateral to extend credit to its customers (other than its distributors). For more detail about the Group's maximum exposure to credit risk, see Note 40(d) of the 2016 Audited Consolidated Financial Statements.

Critical Accounting Policies

The Company has identified the accounting policies discussed below as critical to the Group's business and results of operations. The following accounting policies are both important to the portrayal of the Group's reported amounts of expenses, assets, liabilities and the disclosure of contingent liabilities at the reporting date and require the Company's management's most subjective or complex judgments, often as a result of the need to estimate the effects of matters that are inherently uncertain. The Company's management bases its estimates and assumptions on historical experience, where applicable and other factors believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. The Company and its management cannot offer any assurance that the actual results will be consistent with these estimates and assumptions.

Cost of defined benefit plans

The cost of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. See Note 26 of the 2016 Audited Consolidated Financial Statements.

Allowance for doubtful receivables

Allowance for doubtful receivables are based on the 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 financial statements; and also the renegotiation conditions with these debtors are considered. See Note 11 of the 2016 Audited Consolidated Financial Statements.

Assumptions over the useful life of buildings, machinery and equipment

The Group has made significant assumptions over the useful life of buildings, machinery and equipment based on the expertise of the technical departments. See Note 20 of the 2016 Audited Consolidated Financial Statements.

Allowance for inventory obsolescence

Regarding the allowance for inventory obsolescence, the inventory is physically observed, the aging list is reviewed and according the expertise of the technical department's 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. See Note 15 of the 2016 Audited Consolidated Financial Statements.

Carrying values of property, plant and equipment

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 of property, plant and equipment is the greater of net selling price and value in use. See Notes 20 and 21 of the 2016 Audited Consolidated Financial Statements.

Impairment test for intangible assets

The Group performs impairment tests for intangible assets with indefinite useful life and goodwill annually or when circumstances indicate that the carrying value may be impaired. As of 31 December

2016, an impairment test for the intangible assets with indefinite useful life and goodwill was performed by comparing its carrying amount with the recoverable amount. The recoverable amount is determined taking the value in use as a basis.

The recoverable amount is determined taking the value in use calculation as a basis. During these 5-year period calculations, estimated free cash flow before tax from financial budgets that were approved by the board of directors are used for a three-year period. Estimated free cash flows before tax after a three-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. See Notes 21 and 22 of the 2016 Audited Consolidated Financial Statements.

Deferred tax assets/liabilities

Deferred tax asset is only recorded if it is probable that a taxable income will be realized in the future. Under the circumstances that a taxable income will be realized in the future, deferred tax is calculated over the temporary differences by carrying forward the deferred tax asset in the previous years and the accumulated losses. As of 31 December 2016, the estimations made to indicate that the company will generate taxable profits in the future periods were reasonable and deferred tax asset was recorded. See Note 37 of the 2016 Audited Consolidated Financial Statements.

New Accounting Standards

Certain new standards, amendments and interpretations have been published were not yet effective as of 31 December 2016 and were not applied in preparing the 2016 Audited Consolidated Financial Statements and the Interim Condensed Consolidated Financial Statements. For information on these new accounting pronouncements that may impact the Group's operations, see Note 2 to the 2016 Audited Consolidated Financial Statements and Note 2 to the Interim Condensed Consolidated Financial Statements.

THE GROUP AND ITS BUSINESS

Overview

The Group principally produces, sells and distributes sparkling and still beverages trademarked by TCCC in ten markets across Turkey, Central Asia, Pakistan and the Middle-East (except Syria, where the Group sells and distributes sparkling and still beverages trademarked by TCCC but does not engage in production). Based on information provided by TCCC to the Company, as of 30 June 2017 the Group is the fifth largest independent bottler among the approximately 200 bottling partners of TCCC, as measured by sales volume. Based on information from Nielsen and the Company's own estimates, management believes that the Group ranks first, or in certain cases second, in all of the major markets in which it operates as of 30 June 2017, as measured by sales volume. In 2016, the Company received TCCC's Global Customer & Commercial Leadership Award in two categories, Turkey On-Premise Channel and Turkey Traditional Channel.

The Group, which has 25 bottling plants as of 30 June 2017, has operations in Turkey, Pakistan, Kazakhstan, Iraq, Azerbaijan, Turkmenistan, Kyrgyzstan, Jordan and Tajikistan. In addition, the Group has a 50.00% indirect ownership interest in CCI Syria through its subsidiary, CCI Holland, accounted for on an equity basis, through which the Group sells TCCC products.

Its beverages are supplied in approximately 27 billion annual servings to a consumer base of over 380 million people. The Group's products include sparkling beverages such as Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Diet Coke, Crystal, Sprite, Sprite Light, Sprite Zero, Sprite 3G, Schweppes, Sensun and Fanta, as well as still beverages such as fruit juice (Cappy, Mintue Maid, Piko, Rani), bottled water (Damla, Damla Minera, Bonaqua, Kinley, Al-Waha, Arwa), energy and sports drinks (Burn, Powerade, Monster, Gladiator), tea (Doğadan), coffee (Illy, Georgia) and iced tea (Fuse Tea).

The Group is Turkey's leading sparkling soft drinks producer, with a share of 64% of the Turkish sparkling soft drinks market, as well as Turkey's leading juice drink producer with a share of 26% of the juice drink market, each as measured by sales volume in 2016, according to Nielsen. As of 30 June 2017, the Group operated ten bottling plants in Turkey and had an annual bottling capacity of approximately 660 million unit cases in 2016.

Among its larger international markets, the Group ranks first in terms of sparkling beverage average market share by sales volume in Kazakhstan and Azerbaijan, with 49% and 74%, respectively, and second in Pakistan, with 36% in each case in 2016 according to Nielsen and Ipsos. As of 30 June 2017, the Group operated 15 bottling plants in its international markets and had an annual bottling capacity of approximately 801 million unit cases in 2016.

The Group operates its business in two segments, domestic (or Turkish) bottling operations and international bottling operations. Since 2005, the Group's international operations have expanded considerably, reaching 59% of its consolidated EBITDA (calculated by attributing eliminations to the related segment) in 2016.

The following table sets forth certain information regarding the Group's sales volume by segment for the six months ended 30 June 2017 and 2016 and the years ended 31 December 2016, 2015 and 2014:

	Six months ended 30 June			For the Year Ended 31 December				
	2017	**2016**	**Change**	**2016**	**2015**	**Change 2016 v 2015**	**2014**	**Change 2015 v 2014**
Segment			*(%)*			*(%)*		*(%)*
Domestic (*mn unit cases*[1])	300	292	2.8	601	593	1.4	578	2.6
International (*mn unit cases*[1])	305	290	5.4	588	559	5.2	553	1.1
Consolidated[2] (*mn unit cases*[1])	**606**	**582**	**4.1**	**1,189**	**1,152**	**3.2**	**1,131**	**1.9**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.

(2) After eliminations.

The following table sets forth the Group's net revenue by segment for the six months ended 30 June 2017 and 2016 and the years ended 31 December 2016, 2015 and 2014:

	Six months ended 30 June			Year ended 31 December			
	2017	2017	2016	2016	2016	2015	2014
	(TRY millions) (unaudited)	*(% of total)*	*(TRY millions) (unaudited)*	*(TRY millions)*	*(% of total)*	*(TRY millions)*	
Segment							
Domestic	1,886	46	1,782	3,601	51	3,367	3,061
International	2,230	54	1,649	3,450	49	3,359	2,929
Consolidated(1)	**4,115**	**100**	**3,430**	**7,050**	**100**	**6,724**	**5,985**

(1) After eliminations.

CCI has been listed on the Borsa Istanbul (then known as the Istanbul Stock Exchange) since 2006 and as of 30 June 2017 had a market capitalization of US$2.9 billion.

Strengths

The Group believes that it has developed a number of competitive strengths that have supported its growth to date and are expected to underpin its growth in the future, including:

Leading market positions in diverse, high-growth, less saturated markets with attractive demographics. The Group is among the leading soft drinks producers in its markets, with leading market positions, particularly with sparkling soft drinks brands, in key markets such as Turkey, Pakistan and Kazakhstan. In all the Group's markets the average per capita consumption and the average age of the population are below those of more developed countries in western Europe and the United States. Population, growth rates are above those of more developed countries in western Europe and the United States, and management estimates that almost over half of the population in its markets is under the age of 30 and by 2025 the Group expects to acquire approximately 40 million new consumers. The markets in which the Group operates have experienced growth in the soft drinks markets, and management believes there is potential for further growth going forward. In addition, in most of the countries in which it operates the Group has strong local connections, stemming from being a significant investor and employer. As a result of this local presence, the Group's local cost base allows it to price its products in line with local income levels and benefit from strong knowledge and connections with local consumers, further enhancing its ability to increase penetration and expand its brand portfolio with products that are likely to be attractive to the local markets. As such, management believes that the Group, with its strong local presence, market position and attractive brand portfolio, is well placed to benefit from favorable demographics supporting continued growth in soft drinks consumption in the markets in which it operates. In addition, its markets present varying cultural, regional and economic characteristics which allow the Group to balance its revenue streams as well as diversify and balance its exposure to market and other disruptions.

Leading Coca-Cola franchise in the region with strong brand portfolio. As the fifth largest (by sales volume) and one of the fastest growing independent bottlers in the global Coca-Cola network, the Group has a long-standing, strong partnership with TCCC. Management believes that this partnership brings significant benefits to the Group, including rights to produce and sell well-known brands such as Coca-Cola, Fanta, Sprite and Cappy. The strength and global brand appeal of Coca-Cola trademarked beverages have aided the Group in building a strong presence in the markets in which it operates, where the Group ranks either first or in certain cases second, as measured by sales volume (based on information from Nielsen, Ipsos, GlobalData and management estimates). The Group's product portfolio includes some of the most popular and well-known brands in the markets in which it operates, including Coca-Cola, Fanta, Schweppes and Sprite in its sparkling beverage portfolio and Cappy, Piko, Fuse Tea, Bonaqua and Damla in its still beverage portfolio. According to Interbrand 2016 data release, Coca-Cola is one of the most recognized brands in the world, and has been the highest valued food and beverages brand globally each year since 2001, while, according to Nielsen, it was the leading brand by value share in 2016 for food and beverages (excluding alcoholic beverages) in Turkey. In 2016, the Company received TCCC's Global Customer & Commercial Leadership Award in two categories, Turkey On-Premise Channel and Turkey Traditional Channel. As is typical for a bottler in the Coca-Cola system, the Group benefits from TCCC's global marketing efforts,

which provide the Group with the opportunity to more rapidly capture market share in developing markets. In 2016, the Group held leading sparkling market positions in Turkey, North Iraq and across its Central Asian markets as well as second ranking market position in Pakistan and South Iraq. The Group also has high-ranking market positions in still beverage brands in Turkey and Central Asia with high ranking market shares.

Management believes that the Group's attractive brand portfolio, combined with its deep knowledge of the markets in which it operates provides a strong platform for capturing growth in the expanding soft drinks markets in the countries in which it operates

Strong shareholding structure. TCCC owns 20.1% of the Company while the Anadolu Group (directly and indirectly through Anadolu Efes) holds a further 50.3% of the Company's shares. As a key and rapidly growing bottler within the Coca-Cola system, the Group enjoys a close relationship with TCCC, and benefits from TCCC's support, market insight and experience. For example, brand advertising and other above-the-line consumer marketing efforts are carried out and mostly paid for by TCCC in coordination with the Company. In addition, the Group is able to coordinate with a cross-enterprise procurement group across the wider Coca-Cola network that assists the Group in strategic procurement of some of its key raw materials. Through its 50.3% shareholding, the Anadolu Group represents another financially strong shareholder and the Group benefits from the shared strong regional expertise and talent pool of the wider Anadolu Group.

Developed local bottling and distribution infrastructure. As of 30 June 2017, the Group has 25 bottling plants with 121 bottling lines across ten countries, with ten bottling plants in its largest market, Turkey, including a recently commissioned and operational plant in Turkey, Isparta. The Group's domestic operations accounted for approximately 50% of the Group's total sales volume as of 30 June 2017. The Group acquired two plants in Southern Iraq in September 2012 and started production of Coca-Cola trademarked beverages following refurbishment of the plants. In 2012, a new sales and distribution company, Coca-Cola Beverages Tajikistan LLC. ("*CCI Tajikistan*") was established, which is wholly-owned by CCI. Production started in 2015. The Group equips its production facilities with modern bottling line equipment and information technology and has a strong focus on increasing operating efficiency, capacity utilization, leveraging best practices across the Group and developing local talent. As a result, management believes that some of the Group's key performance indicators ("*KPIs*") for production and efficiency are among the leading KPIs in the global Coca-Cola system, such as its water and energy usage ratios. The Group is continuing to invest in its infrastructure in order to ensure it has sufficient capacity proximate to its growing customer base, particularly in Pakistan.

Experienced management. The Group's management team has developed a strong track record of successfully acquiring and integrating a number of operations in new markets, especially in emerging markets, while at the same time maintaining a strong balance sheet with relatively low leverage ratios. Key management personnel of the Group have extensive experience in the beverage industry and in the Coca-Cola system, including the CEO, who has over 20 years' experience in the Coca-Cola system. This experience and knowledge of both the beverage industry and the Coca-Cola system enhances the Group's ability to evaluate and capitalise on growth opportunities in its markets, and management believes this provides the Group with certain advantages over other market participants.

Strategy

The Group's vision is to be the best FMCG company across all markets in which it operates, inspiring people and adding value through excellence. To further this vision and implement its strategy of driving sustainable and profitable growth, as well as enhancing its competitive position in its existing markets, the Group aims to:

Focus on profitable growth in sparkling beverage brands with a new growth strategy through revenue growth management and expanding the customer base. The Group will continue to focus on accelerating growth for sparkling beverage brands and per capita consumption of sparkling beverages through focused marketing efforts on the Coke trademark, investing in Coca-Cola Zero to provide more consumer choice and launching other sparkling sugar free brands, while exploring further opportunities in the sparkling beverage market, in particular through the Fanta and Sprite brands, which involves continued focus on effective discount management and optimization of packaging mix to continue to drive profitable volume growth, integrated channel and regional strategies and expanding the consumer base by increasing the number of transactions.

Accelerate growth in still beverage brands, including bottled water. The Group aims to continue to align its growth strategy and operating model with consumer tastes by continuing to invest in and grow still beverage brands. These include bottled water, strengthening the Group's position in the juice market, including through value-added propositions, further growing Fuse Tea, by focusing on further strengthening the brand and expanding the customer base, and enhancing the profitability of the bottled water brands. This is consistent with TCCC's and the Group's strategy to become a total beverage company.

Focus on increasing revenues and improving profitability in its international operations. A core element of the Group's strategy is to continue to focus on increasing revenues and improving profitability in its international operations, including through upgrading and improving its sales and distribution systems, particularly in Pakistan and Iraq.

Maintain commitment to productivity and continuous innovation. The Group seeks to maintain its commitment to productivity and continuous innovation at each stage of its business by concentrating on increasingly higher operational efficiency and effectiveness to help drive its financial performance, including through adopting and upgrading best practices and processes, as well as continuous, extensive training of its employees.

Focus on strengthening the Group's balance sheet. The Group aims to continue to strengthen its balance sheet through a number of measures, including extending the average term of the Group's debt to over five years, continuing to diversify the Group's sources of funding, and optimizing the Group's average cost of funding by managing its interest rate profile, currency diversification and the maturities of its borrowings.

Continue to strengthen its reputation. The Group intends to continue to focus on strengthening its reputation, including through transparent communications with the public and adopting globally accepted reporting practices and continuing to enhance the value and recognition of the brands it distributes. It also intends to remain focused on its strong quality, environmental and health and safety standards while continuing to be proactive and innovative in protecting the environment, including continuing to minimize carbon emissions and the use of natural resources by reducing packaging, water and energy usage, and being recognized as a responsible corporate citizen. The Group also plans to continue supporting the communities it is active in by building access to safe drinking water and sponsoring youth development programmes. The Group also plans to reduce the number of calories in its portfolio of beverages.

Proactively position sparkling and still beverage brands against changing consumer demand, preferences, trends and potential regulatory changes. The Group plans to continue to closely monitor consumer demand, preferences and trends to enhance the management of its product portfolio through introducing new brands, flavors and packaging alternatives, such as the tea and bottled water beverages it has introduced relatively recently, with the aim of growing both the sparkling beverage and still beverage categories to drive market share gains and increase sales volumes across the markets in which it operates.

Evolve from a soft drinks company into a technology-driven company that predominantly sells soft drinks. The Group aims to gradually evolve from a soft drinks company into a technology-driven company that predominantly sells soft drinks, by focusing on technological innovation at each stage of its business including, for example, an e-commerce customer portal (CCI Next), new generation sales force automation (CCI Zoom), and the digital transformation of its supply chain, including through its online manufacturing execution system (TREX).

History

The sale of Coca-Cola beverages in Turkey dates back to 1964 when İMSA, a local company, was granted the first franchise to bottle and distribute TCCC's beverages in Istanbul. Over time, TCCC awarded franchises for other areas in Turkey, including Izmir, Adana, Antalya, Bursa, Ankara and the Black Sea, to other companies among which are companies owned and managed by the Özgörkey family. TCCC began making equity investments in bottling, sales and distribution companies in Turkey in the 1980s.

In 1996, Anadolu Efes purchased a 33.3% interest in each of the four Coca-Cola bottling companies that accounted for approximately 80% of TCCC's Turkish operations from TCCC. In 1998 these operations were expanded to include the production and sales companies of the Özgörkey group, establishing Turkey's exclusive bottler, in which Anadolu Efes' stake further increased to 40%. In 2000, the production companies of this joint venture were merged into one entity named Coca-Cola

İçecek Uretim A.Ş. ("*CCIU*"), while the sales and distribution companies were merged into one entity named Coca-Cola Satış ve Dağıtım A.S. ("*CCSD*"). In 2002, the Turkish bottling operations were restructured, whereby CCSD became a subsidiary of CCIU and CCIU changed its name to Coca-Cola İçecek.

In the mid-1990s, Anadolu Efes also began focusing on making Coca-Cola bottling investments in Central Asia. Production of Coca-Cola products began in Kazakhstan in 1995 and then expanded into Kyrgyzstan and Azerbaijan in 1996 and to Turkmenistan in 1998.

In 2005 and 2006 Anadolu Efes' international soft drinks operations and Turkey soft drink operations were reorganized under the Company. The Company's shares were listed on the Borsa Istanbul (then known as the Istanbul Stock Exchange) in 2006.

In 2005, a joint venture was established with local partners in the Iraqi market to bottle and sell TCCC products in Northern Iraq. In 2011, CCI (through its subsidiary CCI Holland) increased its shareholding of this Iraqi bottling company, (CC) Company for Beverage Industry/Ltd. ("*CCI NIQ*"), and now holds 100% of CCI NIQ.

In 2006, the Company purchased the private natural source water company Mahmudiye Kaynak Suyu Ltd. Şti. ("*Mahmudiye*"), which holds exclusive extraction rights to a natural water source in Turkey, and following certain capital expenditures, Damla branded natural source water began to be sold in the Turkish market in 2007.

In 2007, the Company acquired a 50% stake in CCI Syria through CCI Holland thereby entering the Syrian market. Further acquisitions were made in 2008, with the Company acquiring 49% of CCI Pakistan. In addition, in 2009 the Company acquired TCCEC's 13.75% share and Day Investments Ltd's 12.50% share in CCI Turkmenistan, increasing its total share from 33.25% to 59.5%.

In 2009, the Company purchased certain real estate and other assets of the water business of Sandras Su Gida Turizm Taşımacılık İnşaat A.Ş in order to provide additional capacity for its natural source water business.

In 2012, the Company, through its subsidiary Waha BV, bought a majority stake in CCI SIQ, a company that is involved in the production, sales and distribution of soft drinks in Southern Iraq.

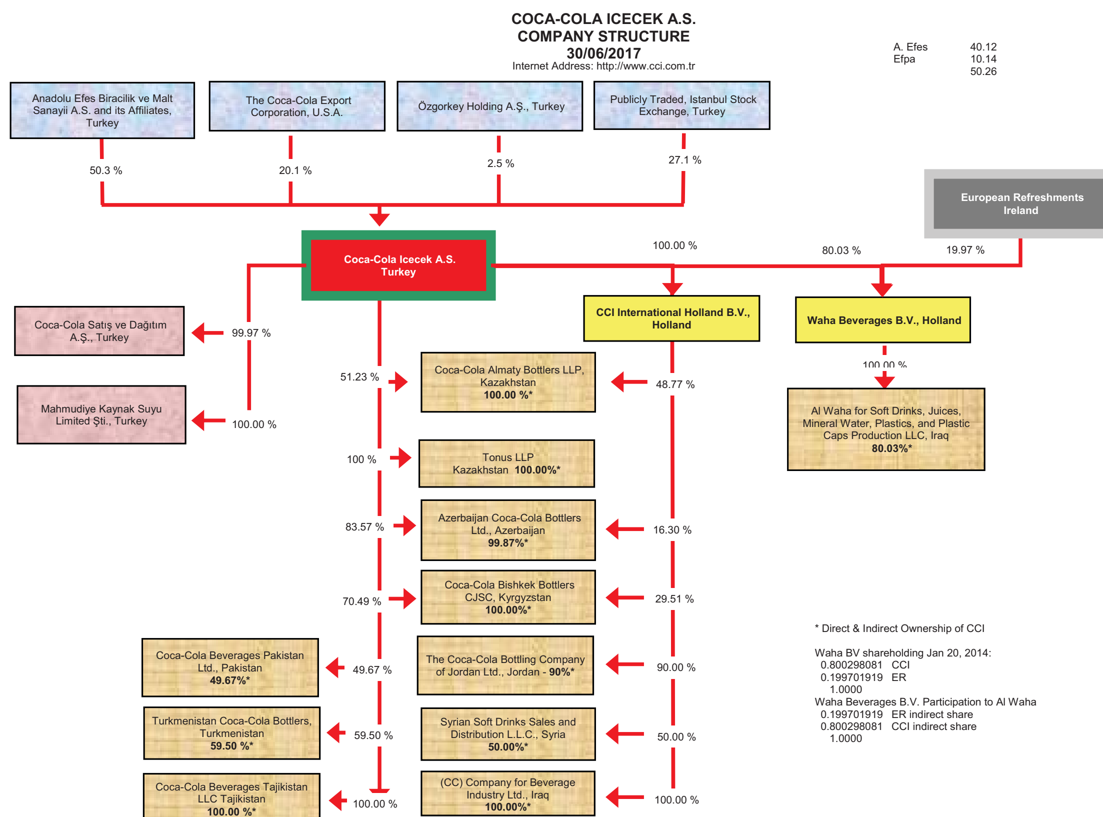
In 2012, a new sales and distribution company, CCI Tajikistan was established, which is wholly-owned by CCI.

In 2014, the Company, through its subsidiary Waha BV, increased its shareholding in CCI SIQ and now indirectly holds 80.03% of CCI SIQ.

In 2015, production started in CCI Tajikistan.

Corporate Structure

The following chart shows the principal subsidiaries and joint ventures of the Company, and its shareholder structure as of 30 June 2017:



See "*Ownership—Certain Arrangements with TCCC*" for information about certain shareholding and corporate governance matters contained in the Company's constituent documents.

Business Overview

The Group produces, sells and distributes sparkling and still beverages trademarked by TCCC in ten markets across Turkey, Central Asia, Pakistan and the Middle East (except Syria, where the Group sells and distributes sparkling and still beverages trademarked by TCCC but does not engage in production). The Group operates its business in two segments, domestic (or Turkish) bottling operations and international bottling operations. During the six months ended 30 June 2017, the Group sold approximately 606 million unit cases, as compared to approximately 582 million unit cases during the six months ended 30 June 2016. The Group's sales volume was approximately 1,189 million unit cases in 2016 as compared to approximately 1,152 million unit cases in 2015 and approximately 1,131 million unit cases in 2014.

For the six months ended 30 June 2017, the Group had net revenues of TRY 4,115 million, as compared to TRY 3,430 million for the six months ended 30 June 2016. In 2016, the Group had net revenue of TRY 7,050 million, as compared to net revenue of TRY 6,724 million and TRY 5,985 million in 2015 and 2014, respectively.

Relationship with TCCC

TCCC is the Group's most important business partner and supplier, as the Company and its subsidiaries and ventures with shared control are producers, distributors and sellers of trademarked products of TCCC, while TCCC controls the global product development and marketing of its brands and supplies to the Group key raw materials, including concentrate and beverage bases for its drinks. TCCC owns the trademarks of all of the products sold by the Group (except for Damla and Damla Minera in Turkey), including brands that are specific to a market, such as Sensun in Turkey and Crystal and Al-Waha in Iraq. When acquiring a local bottler, TCCC often purchases from that bottler the global rights to any brands of still or sparkling beverages that they sell locally. TCCC is also the Group's second largest shareholder, holding a 20.1% interest in its share capital as of 30 June

2017. See "*Ownership—Certain Arrangements with TCCC*" for information about certain shareholding arrangements.

The Group develops local distribution channels and distributes its products to customers, either directly or indirectly through independent distributors. The Group also engages in trade marketing and establishes business relationships with local customers. The business relationship with TCCC is mainly governed by a bottler's agreement (together with a distribution agreement in some cases) with respect to each country in which the Group has bottling rights.

Bottler's agreement

A bottler's agreement is essential to participate as a bottler in the Coca-Cola system. The bottlers' agreements are the standard form that TCCC uses with bottlers outside the United States and the European Union. The Group enters into separate bottler's agreements with TCCC for each of its markets. TCCC, in its sole discretion, determines the price the Group pays for concentrate, including the conditions of shipment, payment and currency of the transaction. In practice, TCCC normally sets concentrate prices after periodic discussions with the Group so as to reflect trading conditions in the relevant country. TCCC has no obligation to continue this practice. TCCC has the right to change the authorized suppliers and, at any time, revise the price of concentrate and the currency or currencies acceptable to it or its authorized suppliers. If the Group is not willing to accept revised payment conditions for Coca-Cola concentrate, the bottler's agreement automatically terminates three months after the Group notifies TCCC of its disagreement. For concentrate other than Coca-Cola concentrate, if the Group is not willing to accept revised payment conditions, TCCC may at its option terminate the entire agreement or cancel the authorization with respect to such concentrate, in either case with three months' notice.

Under the agreements, the Group has the exclusive rights granted by TCCC in its territories to sell the beverages covered by their respective agreements in containers authorized for use by TCCC. TCCC has retained the right, under certain circumstances, to produce and sell, or authorize third parties to produce and sell the beverages in any manner or form not specified in the agreement within the territories of the Group. While the agreements limit the Group's ability to sell and distribute TCCC-branded products outside each of the Group's territories, TCCC is able to give consent to such sales in appropriate circumstances under these agreements.

Any party to the relevant bottler's agreement may, with 60 days' written notice to the other parties, terminate the bottler's agreement in the event of non-compliance by another party with its terms so long as the non-complying party has not cured such non-compliance during this 60-day period. In addition, TCCC may terminate the relevant agreement upon the insolvency, bankruptcy, change of control or similar event of the Company or its bottlers. In addition to TCCC's termination rights noted above, if the Group does not comply with the standards and instructions established by TCCC with respect to the production of TCCC's trademarked beverages, TCCC has the right to suspend its authorization to such products in the relevant market until the default has been corrected to TCCC's satisfaction. TCCC may also elect, in the event that the Group breaches the terms of a bottler's agreement with respect to a particular product, to cancel its authorization under the relevant agreement in respect of that product.

Under the bottler's agreements, the Group undertakes a number of general obligations, including to:

- maintain adequate production and distribution facilities;
- maintain sufficient inventory of containers, closures, cases, aseptic packages, labels and other packaging materials necessary to satisfy demand in the market;
- undertake adequate quality control measures;
- develop and meet demand for TCCC trademarked beverages in its markets;
- spend such funds as necessary to maintain and increase demand for TCCC trademarked beverages in its markets; and
- maintain sound financial capacity to secure the performance of its obligations to TCCC.

In addition, the Group is required to provide an annual business plan for each of its markets to TCCC, which must be acceptable to TCCC. The bottler's agreements do not set out specific or detailed performance objectives (either financial or non-financial) on the part of the Group. In practice, the operational and day-to-day administration of the bottler's agreements are subject to discussions between TCCC and the Group.

The bottlers' agreements for Turkey, Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan, Tajikistan, Syria and Jordan expire on 31 December 2017, and the bottler's agreement for Northern Iraq expires in February 2018, Pakistan in May 2018 and Southern Iraq in August 2018 unless they are renewed by the parties. The agreements may be renewed at TCCC's discretion; the Company does not have a tacit right of renewal. The Group currently expects that its bottling agreements will be renewed on scheduled expiration for a period of ten years under TCCC's then current standard international agreement terms. See "*Risk Factors—Risks Related to the Group's Business—The Group's bottlers' agreements with TCCC are critical to the Group's business*". Since the bottler's agreements do not contain any commercial terms, their renewal does not involve a renegotiation of concentrate prices or any other commercial terms.

Raw materials procurement

The Group's raw material requirements primarily comprise the ingredients required for the production of beverages and the materials required for the packaging and labelling of beverages. Raw materials costs typically account for approximately 85% of the cost of goods sold, with concentrate, sugar/sweetener and packaging materials representing over 90% of such costs in roughly equal proportion. The ingredients required for the production of beverages include concentrate, sweeteners, purified water and carbon dioxide. Packaging materials include aluminum cans, can ends, returnable and non-returnable glass bottles, PET resin, preforms, aseptic fiber packaging, labels, plastic closures, crowns, cardboard and plastic film.

In compliance with the quality standards prescribed by its bottlers' agreements, the Group purchases all containers, closures, cases, aseptic packages, labels and other packaging materials, as well as sweeteners, from TCCC approved suppliers. In addition, the Group coordinates with a cross-enterprise procurement group across the wider Coca-Cola network with respect to the procurement of certain materials such as sugar, PET resin, cans, glass, aseptic fibre packaging, production and sales marketing equipment.

As noted above, pursuant to the terms of the bottlers' agreements, concentrates and beverage bases are purchased from TCCC or a company designated by it. TCCC, in its sole discretion, determines the price the Group pays for concentrate, including the conditions of shipment, payment and currency of the transaction. In practice, TCCC normally sets concentrate prices after periodic discussions with the Group so as to reflect trading conditions in the relevant country. Concentrate prices are adjusted on a yearly basis. Expenditure for concentrate and beverage bases constitutes one of the Group's largest raw material costs, representing 31.8% and 30.6% of its total raw material cost in the six months ended 30 June 2017 and the year ended 31 December 2016, respectively.

Sweeteners are another significant raw material used by the Group. Expenditures for sweetener constituted 27% of the Group's total raw material cost as of 30 June 2017. In the first half of 2017, crystal sugar and liquid sugar (produced from crystal sugar) procurement represented approximately 60% of the volume of the Group's sweetener purchases for its domestic operations. Domestic sugar prices are set by the Turkish Government and as a result of this sugar quota legislation the Group has to buy sugar locally, typically at much higher prices than those in the international market generally. In Turkey, the Group has historically used HFCS as an alternative to sugar to the extent that local regulation and availability of HFCS permitted, but there is a regulatory limit on the amount of HFCS that can be produced in the Turkish market. The Group's HFCS suppliers set the price of their HFCS based on a discount from domestic sugar prices. The Group's international operations use sugar in their products. CCI Azerbaijan and CCI Pakistan buy sugar domestically, CCI Kyrgyzstan and CCI Tajikistan import sugar from CIS countries while for its other international operations the Group imports sugar from Europe, Russia and Thailand or other international markets (although some sugar is locally purchased depending on availability and price). Sugar prices are volatile and in respect of the Group's international operations, as of 30 July 2017 there are no long-term supply contracts beyond September 2018 in place.

Packaging materials, mainly, PET resin, preform, aluminum cans, glass bottles, cases and pallets, are sourced locally as much as possible. The most important packaging materials are PET resin, preforms and aluminum cans. The prices for PET resin, preforms and aluminum cans are affected by commodity prices, and prices for these products are typically set on a monthly basis. In Pakistan, there is one TCCC approved PET resin supplier. While the Group is free to import PET resin into Pakistan should the need arise, such imports are subject to a 13% custom duty (including duty and other custom charges).

The Group uses various tools to hedge its raw materials exposure, including through fixing prices with suppliers, derivative instruments and pre-buying. It has hedged approximately 92% of the expected average 2017 sugar price with its suppliers in non-regulated countries (that is, countries other than Turkey, Pakistan, Azerbaijan, Kyrgyzstan and Tajikistan, which are regulated countries). The Group has also used derivative instruments to hedge the prices for approximately 38% of its aluminum needs for 2017 in Turkey.

Production process, quality assurance and sustainability

The production process for sparkling beverages essentially involves mixing concentrate, sugar or HFCS and treated water. The mixture is carbonated and filled in refillable or non-refillable containers (such as PET bottles and cans) on automated filling lines. The production process for still beverages involves essentially the same process, except that still beverages are not carbonized and juices are pasteurized.

The Group purchases all of its cans, glass bottles and the substantial majority of its refillable Home and Office Delivery (''*HOD*'') containers from suppliers approved by TCCC. The Group manufactures all of the PET bottles it requires. To make PET bottles, injection molding machines are used to melt PET resin into ''preforms,'' which are hollow PET tubes. Blow molding machines are then used to blow uniform jets of air into heated preforms, converting them into hollow PET bottles inside a fixed mold in the shape of the desired end product. This process makes it possible to manufacture a finished product with uniform thickness and consistent dimensions. In all of the production facilities that have PET filling lines, preforms are blown into non-refillable PET bottles in-house.

The Group's plants in Çorlu and Ankara, Turkey; Brunday, Kazakhstan; Lahore, Pakistan and Baku, Azerbaijan serve as the preform production centers for its operations. With ten PET preform injection machines, the Group's annual preform capacity in Turkey was approximately 1.8 billion preforms as of 30 June 2017. With ten PET preform injection machines (in Kazakhstan, Pakistan, Iraq and Azerbaijan), the Group's annual international operations preform capacity was approximately 1.6 billion preforms as of 30 June 2017. Sealed bottles and cans are imprinted with date codes that permit the Group to monitor, trace and replace inventory and provide fresh products.

For certain types of products with lower sales volumes, such as beverages in aluminum cans and PET bottles in Pakistan and carton packs in Azerbaijan, and certain Cappy non-returnable glass bottles in Turkey, it is not cost-effective for the Group to install the necessary filling line. In such cases, the Group contracts with third parties to ''toll fill'' the product. This is done under a standard form TCCC agreement, with the toll filler having to be certified that it meets certain TCCC standards.

The Group places great importance on quality control, which is also closely monitored by TCCC. The Group's quality standards cover the entire value chain, from water purification to production and distribution of finished products. Each of the Group's facilities has a quality control laboratory for testing raw materials, packaging and finished products. The bottler's agreements with TCCC prescribe stringent quality standards covering the entire production process.

The Group's quality, environmental and occupational health and safety protocols encompass the materials used in the manufacturing and packaging of its products, as well as its production, bottling and distribution operations. The Group has implemented the Coca-Cola Operating Requirements System (''*KORE*''), the revised quality, environmental and occupational health and safety management system that TCCC implemented in 2010. KORE is a comprehensive system that provides a detailed description of the policies, procedures, specifications and programs required to manage product quality, occupational health and safety and environmental standards. Risk management methods for monitoring systems that help ensure product safety are also defined in KORE. KORE quality audits of the Group's plants take place annually and since 2013 these have been unannounced. In parallel with KORE, the Group's plants are regularly audited for compliance with certain ISO standards, including ISO 18001 to meet certain occupational health and safety standards, ISO 14001 to minimize environmental impact, ISO 9001 to meet certain quality requirements and FSSC 22000 to meet certain food safety standards.

In addition to its focus on quality control, the Group also emphasizes the importance of sustainability in its operations, focusing on minimizing carbon emissions and the use of natural resources by reducing its packaging, water and energy usage, and water and energy usage ratios are two key performance indicators that the Group routinely monitors. The Group has implemented water and energy reduction practices and programs in its production facilities, such as its Top10 and Next Top10 Energy Saving Programs, Top10 Water Saving Programs and Behavioral Energy

Efficiency Programs, to reduce its energy and water usage ratios. The Group's plants are regularly audited for compliance with certain ISO standards, including ISO 50001 to meet certain energy management system standards and all of the Group's plants in Turkey, the Kyrgyzstan Bishkek plant and the Kazakhstan Brundai plant have been certified ISO 50001 compliant. The Group minimizes its environmental footprint by limiting the amount of waste it disposes and disposing of waste safely and in compliance with legislation and by increasing waste recycling rates. Its main strategy is based on reducing and recycling its waste. By 2016, the Group reached a 94.79% production related waste recycling rate in its domestic operations and a 93% production related waste recycling rate in its Pakistan operations. In 2016, in its domestic operations the Group's average amount of water used to produce one liter of product was 1.47 L/L. The Group reduced the average amount of energy used to produce one liter of product in its Pakistan operations to 0.43 MJ/L in 2016 from 0.57 MJ/L in 2013. The Group has also developed a low cost plant design for greenfield plants, ''Simplant'', which can be used for multiple plants. All of the new plants currently being developed in the Group use this design. This simplified design reduces the environmental footprint of the development of new plants by tailoring plant design for operational efficiency and eliminating unnecessary design features that increase costs in the design of plants.

Marketing, sales and distribution

Marketing efforts with respect to the Group's products are divided into three types of marketing:

- consumer marketing, which targets the individuals who ultimately consume the Group's products;
- customer marketing, which targets the outlets and distributors to whom the Group sell products for onward sale to shoppers/consumers; and
- shopper marketing, which targets the individuals who purchase the Group's products.

TCCC is generally responsible for brand advertising, brand monitoring and other above-the-line marketing activities. Generally, TCCC focuses on consumer marketing, involving the building of brand equity, analyzing consumer preferences, formulating the brand marketing strategy and media advertising design. The consumer marketing effort is carried out and mostly paid for by TCCC in coordination with the Company, and includes television, radio, cinema and digital advertising, particularly around significant events such as Ramadan, New Year and Nevruz and various music and sports events in Turkey and the Group's other markets.

The Group is principally responsible for all shopper and customer marketing as well as other below-the-line marketing activities, and the Group also undertakes other brand support activities. The Group concentrates on developing customer strategy, executing marketing activities at the shopper/customer level, involving the development of the relationship with its customers, occasion-based marketing at the point of purchase and carrying out consumer/customer promotional activities to build a strong presence in the marketplace.

The Group's sales and marketing strategy is to drive profitable volume growth by creating and fulfilling demand for its products and, in particular, by increasing the number of occasions during which consumers can enjoy them. Accordingly, the Group aims to reach consumers wherever they are, with the right mix of brands, in the right packages (including availability of cold drinks for immediate consumption) and with a meaningful brand message that is relevant for the particular market.

The Group does not produce, sell or distribute in Turkey or any other country in which it operates own brands or products from any company unaffiliated with TCCC, except for Damla and Damla Minera natural source water in Turkey. The Damla and Damla Minera brands were transferred to CCI by TCCC, as Turkish law requires that the person selling bottled water owns the brand. There is a call option in favour of TCCC with respect to Damla and Damla Minera that can be used upon a change in the law that allows TCCC to register these brands in its own name. In addition, the Group generally does not distribute outside of the relevant country any products produced in that country's plants. However, the Group has received special authorization under its bottler's agreement for Turkey to sell products to a subsidiary of TCCC in Turkey for resale in the Turkish Republic of Northern Cyprus. In addition, the Group exports some products produced in Kazakhstan and Azerbaijan to Kyrgyzstan and from Jordan to Syria and Palestine.

The following table sets forth the principal brands in each of the Group's markets:

Market	Principal Brands
Turkey	Coca-Cola, Coca-Cola Zero, Coca-Cola Light, Fanta, Sprite, Cappy, Schweppes, Sensun, Burn, Monster, Fuse Tea, Damla, Damla Minera, Gladiator, Powerade, Illy, Georgia, Doğadan
Pakistan	Coca-Cola, Coca-Cola Zero, Diet Coke, Fanta, Sprite, Sprite Zero, Sprite 3G, Rani, Monster, Kinley, Cappy
Kazakhstan	Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Fanta, Sprite, Schweppes, Burn, Piko, Bonaqua, Fuse Tea, Monster
Iraq	Coca-Cola, Coca-Cola Light, Fanta, Sprite, Crystal, Al-Waha, Damla Minera, Sprite Light
Azerbaijan	Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Fanta, Sprite, Cappy, Cappy Tempo, Monster, Bonaqua, Fuse Tea, Burn, Doğadan
Turkmenistan	Coca-Cola, Coca-Cola Zero, Fanta, Sprite, Bonaqua
Kyrgyzstan	Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Fanta, Sprite, Schweppes, Burn, Piko, Bonaqua, Fuse Tea
Jordan	Coca-Cola, Coca-Cola Light, Fanta, Sprite, Sprite Light, Burn, Cappy, Arwa, Minute Maid, Monster
Tajikistan	Coca-Cola, Coca-Cola Zero, Fanta, Sprite, Fuse Tea, Bonaqua, Burn

The Group has designated different geographic sales regions in each of the countries in which it operates. Each has a sales manager who has responsibility for implementing the Group's strategies at the local level and who leads a team of representatives responsible for sales, customer relations, merchandising and individual account management. In each of its markets, the Group tailors its sales strategy to reflect the level of development and local customs in the marketplace. The Group believes that its local sales management is in the best position to evaluate the particular circumstances of each market and address its particular needs. The Group also uses key account/key customer management to build and reinforce strong relationships with its major customers. Key account managers work with customers to increase sales volume, revenue and category profitability by sharing their expertise in merchandising and supply chain management, and by helping customers through developing tailor-made promotions. Key account managers also negotiate the commercial terms of their relationship with major customers.

The Group's sales force is organized by channel within each geographic region and within each country. The size and depth of sales organizations in each country differ based on the country's geographic size, population density and business opportunities. Generally, the Group's operation in each country has a sales manager responsible for the sales force. In Turkey and the Group's international markets, products are either sold and delivered to customers directly or sold through independent distributors, who are responsible for warehousing, dispatching and delivering the Group's beverages to customers. In certain instances the Group is responsible for order taking through its own pre-sellers and products are then delivered to customers by distributors.

Domestic operations

The Group's operations in Turkey are conducted by CCI. CCI owns the bottling facilities in Turkey. CCSD is responsible for conducting the Group's sales, marketing and distribution activities in Turkey. CCI holds exclusive extraction rights to natural water sources in Bursa and Köyceğiz in Turkey, while another of CCI's subsidiaries, Mahmudiye, holds exclusive extraction rights to a natural water source in Sapanca and Hazar, Turkey and bottles Damla natural source water that the Group sells in Turkey. Turkey accounted for approximately 50% of the Group's total sales volume for the six months ended 30 June 2017 and apportioned 51% for the year ended 31 December 2016.

During the six months ended 30 June 2017, the Group sold approximately 300 million unit cases in Turkey, as compared to 292 million unit cases during the six months ended 30 June 2016. In 2016, the Group sold approximately 601 million unit cases in Turkey, as compared to 593 million unit cases in 2015 and 578 million unit cases in 2014.

For the six months ended 30 June 2017, the Group's domestic operations had net revenues of TRY 1,886 million, as compared to TRY 1,782 million for the six months ended 30 June 2016. In 2016, the Group's domestic operations had net revenue of TRY 3,601 million, as compared to TRY 3,367 million and TRY 3,061 million in 2015 and 2014, respectively.

Market Overview

The size of the sparkling beverage market in Turkey in terms of consumption is estimated by GlobalData to be approximately 543 million unit cases with an annual *per capita* consumption of 39 liters for December 2016.

The Company is the leading sparkling soft drinks producer in Turkey, with a share of 64.1% of the Turkish sparkling soft drinks market, a leading juice drink producer in Turkey with a share of 26.0% of the juice drink market and amend leading producers of packaged water and ice tea in Turkey with market shares of 6.1% of the packaged water market and 17.8% of the ice tea market, each as measured by sales volume in December 2016, according to Nielsen. The soft drinks industry in Turkey is highly competitive. Soft drinks are offered by a wide range of competitors, including major international beverage companies such as the Pepsi Cola International and local beverage companies such as the Ülker Group. In addition, the Company faces competition from local non-premium brand producers and distributors, which typically produce, market and sell sparkling and still beverages at prices lower than the Group's, especially during the summer months. In Turkey, the Group competes on the basis of brand share, availability, brand image and quality.

Facilities

The Group owned and operated ten bottling plants in Turkey as of 30 June 2017, located in Ankara, Çorlu, İzmir, Bursa, Mersin, Elazığ, Sapanca, Köyceğiz, Isparta and Hazar. The total annual bottling capacity of the Group's bottling plants in Turkey was approximately 660 million unit cases in 2016 and in 2016 the total average capacity utilization of its plants was 78%. See "*Operating and Financial Review—Capital Expenditures*".

Products

The following table sets forth the products sold by the Group in Turkey as of May 2017, their year of introduction in Turkey and (if relevant) the flavors in which they are currently offered:

Brand	**Year of introduction**	**Flavors / Types as of 2017**
Sparkling Beverages		
Coca-Cola	1964	—
Sensun	1971	—
Fanta	1985	Orange, Pulpy Orange, Tangerine
Coca-Cola light	1986	—
Sprite	1987	Lemon, Lemon-Lime Light
Schweppes	1990[(1)]	100% Apple, 100% Apple-Pineapple, 100% Apple-S.Cherry, Amorino, Bitter Lemon, Tangerine, Tonic, Soda Water
Burn	2003	Blue (Lemon Ice), Berry
Coca-Cola zero	2008	—
Gladiator	2011	—
Monster	2016	Assault, Khaos, Classic
Still Beverages		
Cappy	1994	100% Apple-Multi Fruit, 100% Apple-S.Cherry, 100% Apple Peach, Apple, Apricote, Apricote Juice, Atom, Cherry, Fruit Bits Mix, Fruit Bits Peach, Frutopia Mix, Frutopia Peach, Mixed, Orange, Peach, Peach Juice, Pineapple, Pulpy Orange, Pulpy Tangerine, 100% orange, Ramadan Sherbet, Tomato, Lemonade
Powerade	2002	Ice Blast, Sun Rush
Damla water	2007	—
Damla Minera	2008	Apple, Artless, Lemon, Soda
Gladiator	2011	—
Illy	2015	Cappuccino, Coffee, Macchiato, Tiramisu
Georgia	2013	Coffee bean express, Instant
Fuse Tea	2012	Cube Cup Peach, Lemon, Light Peach, Peach, Mango-pineapple, Mango & Chamomile, Mix, Pear Sage, Strawberry-Melon, Watermelon

(1) Relaunch

The Group sells Schweppes in various flavors pursuant to a separate agreement with Schweppes Holdings Limited, a subsidiary of TCCC. Under this agreement, if TCCC terminates the Group's bottler's agreement for Turkey, then Schweppes has the right to terminate its agreement.

Beginning in September 2008, through a separate agreement with Doğadan Gıda Ürünleri Sanayi ve Pazarlama A.Ş. ("*Doğadan*"), a subsidiary of TCCC, sales and distribution of Doğadan products, principally loose tea and tea bags for hot and cold tea beverages, fruit puree, herbal sugar is undertaken by CCSD throughout Turkey. Doğadan is responsible for the production of such products.

The Group's core brands in Turkey are Coca-Cola, Coca-Cola Light, Coca-Cola Zero, Fanta and Sprite, as well as Cappy Fuse Tea and Damla still beverages. Sparkling beverages continue to represent a large proportion of sales volume in Turkey, although still beverages have continued to grow during the period under review.

The following table sets forth certain information about the Group's unit case sales volume in Turkey:

Sales volumes	**Six months ended 30 June**				**For the Year Ended 31 December**					
	2017		**2016**		**2016**		**2015**		**2014**	
	Sales volume	**Percent of total**	**Sales volume**	**Percent of total**	**Sales volume**	**Percent of total**	**Sales volume**	**Percent of total**	**Sales volume**	**Percent of total**
		(%)		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages (*mn unit cases*[1])	159	53%	160	55%	335	56%	341	58%	343	59%
Still beverages (*mn unit cases*[1])	27	9%	28	10%	56	9%	55	9%	53	9%
Water (*mn units cases*)	50	17%	57	20%	115	19%	105	18%	92	16%
Tea (*mn unit cases*[1])[2]	65	22%	46	16%	96	16%	92	16%	90	16%
Total (*mn unit cases*[1])	**300**	**100**	**292**	**100**	**601**	**100**	**593**	**100**	**578**	**100**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.

(2) Reflects sales of Doğadan tea products, which the Group distributes in Turkey.

The Group's leading sparkling beverages by sales volume in Turkey are Coca-Cola and Fanta. Other key brands in the sparkling category are Coca-Cola Zero, Coca-Cola Light, Sprite, Schweppes and Sensun. Although sparkling beverage consumption in Turkey has decreased in the last three years, the Group believes there is still potential for sales volume growth per capita. As a result of the reduced growth in sparkling beverage sales volume in Turkey, the Group has shifted its focus in Turkey from top line revenue growth to maximising profitability through a revenue growth management strategy which involves promotion management and channel strategy and expanding the consumer base by increasing the number of transactions and accelerating sales in still beverages. The Group intends to continue its efforts to increase consumption of sparkling beverages in Turkey in general, with a focus on the flavored beverage market with Fanta, Sprite and Schweppes and the sugar-free market with Coca-Cola Zero to capture a broader demographic in the Turkish market.

The variety of still beverages available continues to grow in Turkey, with new products being brought to the market on a regular basis. Recent years have seen the relative importance of still beverages grow in the Group's range of beverages offered in Turkey. This is partly attributable to changing consumer preferences as well as the Group's increased emphasis on offering a wider variety of soft drinks. The Group's still range of beverages includes 100% fruit juices, nectars, iced tea, tea, sports drinks, energy drinks and water. Iced tea sales in particular have been a strong category for the Group and the Group intends to further grow the Fuse Tea brand.

Marketing, sales and distribution

The Group's marketing strategy in relation to sparkling beverages is to sustain balanced volume and value growth by increasing the availability of its products and the number of transactions consumers have with its products, optimising package mix, having consistent consumer communications across all media and maintaining its presence across the range of sparkling beverages to enhance revenues from consumers at all income levels. The Group's marketing strategy in relation to still beverages is

to grow profits in the juice market through innovative flavors and packaging and to focus and invest in the iced tea market.

The Group employs a number of marketing channels to advertise its products, including TV, radio, digital, consumer promotions and outdoor (billboard) advertising. Part of the Group's marketing strategy is to associate the Coca-Cola brand with various occasions, such as meals, Ramadan, football and music.

In Turkey, the Group's sales force is organized by channel with a focus on acquiring new customers and developing strategies to increase sales across every channel, as well as to more effectively tailor cooler placement, in-store displays and other promotional materials and product mix for its different customers. Its customers include "mom and pop" convenience stores, dried fruit vendors, kiosks, larger grocery stores, cash and carries, discount shops, hotels and on-premise outlets such as restaurants. According to a decision by the Turkish Competition Board, in certain limited circumstances, where cooler capacity at a sales point is limited and if such sales point consents, the Group will be required to allow competitors' products to be placed in its coolers, up to a maximum of 20% of such coolers' capacity.

The Group's HOD water business in Turkey has a separate, dedicated organization dealing with the sale and distribution of 19-liter refillable containers and 15-liter glass bottles to the HOD market.

The Group's distribution network in Turkey services its customers through its direct sales and distribution system and through exclusive independent distributors. Approximately 75% of the Group's sales volume in Turkey 2016 was made through independent distributors, who are responsible for order taking, warehousing, dispatching and delivering products to customers. In certain instances the Group is responsible for order taking through its own pre-sellers, online order taking e-commerce system and telsell and products are then delivered to customers by distributors. In 2012, the Group opened the CCI Customer Call Center in Turkey to enable customers and distributors to call it directly to receive information, get support as well as share their requests.

Most deliveries are made using Coca-Cola branded vehicles. CCI does not generally own distribution vehicles as part of its business model. CCI has a small fleet of vehicles in Turkey used for transportation between its productions plants and warehouses but the majority of Coca-Cola branded distribution trucks in Turkey are owned or leased by independent distributors.

International operations

The Group's international soft drinks operations, which are located in Central Asia, the Middle East and Pakistan, are conducted through subsidiaries and joint ventures. Management estimates that the Group is the largest sparkling soft drinks business operating in Central Asia. The Company owns and operates the Coca-Cola bottling facilities in Kazakhstan (CCI Kazakhstan), Pakistan (CCI Pakistan), Northern Iraq (CCI NIQ), Southern Iraq (CCI SIQ), Azerbaijan (CCI Azerbaijan), Turkmenistan (CCI Turkmenistan), Kyrgyzstan (CCI Kyrgyzstan), Jordan (CCI Jordan) and Tajikistan (CCI Tajikistan). The Group's operations in Pakistan, Southern Iraq and Turkmenistan are undertaken through ventures and arrangements with strategic partners. See "*Risk Factors—Risks Related to the Group's Business—Certain of the Group's operations are conducted through affiliates and ventures with shared* control".

International bottling operations encompass 15 bottling plants with an annual bottling capacity of approximately 800 million unit cases. During the six months ended 30 June 2017, the Group's international bottling operations sold approximately 305 million unit cases, as compared to 290 million unit cases during the six months ended 30 June 2016. In 2016, the Company's international bottling operations sold approximately 588 million unit cases, as compared to 559 million unit cases in 2015 and 553 million unit cases in 2014.

For the six months ended 30 June 2017, the Group's international operations had net revenues of TRY 2,230 million, as compared to TRY 1,649 million for the six months ended 30 June 2016 (with the Group's share of CCI Pakistan accounted for under the equity method). In 2016, Group's international operations had net revenue of TRY 3,450 million, as compared to TRY 3,359 million and TRY 2,929 million in 2015 and 2014, respectively.

The following table sets forth certain information about the Group's international markets and production operations:

Country	Number of Facilities		Capacity	Sparkling Beverage Market Share
	As at 30 June 2017	As at 31 December 2016	(2016)	(2016)
			(mn unit cases)	*(%)*
Pakistan	5	6	332	36[1]
Kazakhstan	2	2	159	49[1]
Northern Iraq	1	1	42	51[2]
Southern Iraq	2	2	109	25[2]
Azerbaijan	1	1	58	74[3]
Turkmenistan	1	1	29	64[3]
Kyrgyzstan	1	1	18	69[3]
Jordan	1	1	37	16[4]
Tajikistan	1	1	18	21[2]

Notes:
(1) Source: Nielsen.
(2) Based on information from the Company's own estimates.
(3) Source: Ipsos.
(4) Source: GlobalData.

The following table sets forth certain information about the Group's unit case sales volume for its international operations:

Sales volumes	Six months ended 30 June[1]				For the Year Ended 31 December[2]					
	2017		2016		2016		2015		2014	
	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total
		(%)		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages (*mn unit cases*[1])	267	87%	254	88%	509	87%	473	85%	461	83%
Still beverages (*mn unit cases*[1])	9	3%	8	3%	16	3%	20	4%	22	4%
Water (*mn unit cases*)	29	10%	28	10%	63	11%	67	12%	70	13%
Tea (*mn unit cases*)	—	—	—	—	—	—	—	—	—	—
Consolidated[2] international (*mn unit cases*[1])	**305**	**100**	**290**	**100**	**588**	**100**	**559**	**100**	**553**	**100**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.
(2) After eliminations.

Pakistan

The Group acquired an interest in CCI Pakistan in 2008. See "*Risk Factors—Risks Related to the Group's Business—Certain of the Group's operations are conducted through affiliates and ventures with shared control*". During the six months ended 30 June 2017, CCI Pakistan sold approximately 165 million unit cases, as compared to 156 million unit cases during the six months ended 30 June 2016. In 2016, CCI Pakistan sold approximately 302 million unit cases, as compared to 255 million unit cases in 2015 and 240 million unit cases in 2014.

Market overview

The size of the soft drink market in Pakistan in terms of consumption is estimated by CCI to be approximately 1 billion unit cases with an annual *per capita* consumption of 32 liters (22 liters for sparkling beverages) in 2016.

The Group is Pakistan's second largest sparkling beverage bottler with an average share of 36% of the Pakistani sparkling beverage market in 2016, as measured by sales volume, according to Nielsen.

The Group also had a market share of 3.3% in the juice market and a market share of 11% in the packaged water market as measured by sales volume within urban Pakistan in 2016, according to Nielsen. The Group's primary competitors in Pakistan are Pepsi Cola International and Gourmet. Other competitors are smaller independent brands and imports. In Pakistan, the Group competes on the basis of market share, brand availability, visibility and quality.

Facilities

CCI Pakistan operated five bottling plants as of 30 June 2017, located in Lahore, Gujranwala, Rahim Yar Khan, Karachi and Multan. The total annual bottling capacity of the five plants was approximately 332 million unit cases in 2016 and in 2016 the total average capacity utilization of the plants was 89%. To address potential capacity constraints the Group currently plans to modernize and expand certain plants as well as construct new plants in Faisalabad and Islamabad. See "*Operating and Financial Review—Capital Expenditures*".

Products

The Group's core brands in Pakistan are Coca-Cola, Coca-Cola Zero, Sprite and Fanta. Other brands include Diet Coke, Sprite Zero, Sprite 3G, Monster, Kinley, Cappy, Schweppes and Rani. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by CCI Pakistan. Sparkling beverages continue to represent a substantial proportion of sales volume in Pakistan.

The following table sets forth certain information about the Group's unit case sales volume in Pakistan:

Sales volumes (excluding intercompany sales)	Six months ended 30 June[1]				For the Year Ended 31 December[2]					
	2017		2016		2016		2015		2014	
	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total
		(%)		(%)		(%)		(%)		(%)
Category										
Sparkling beverages (*mn unit cases*[1])	161.9	98.0	152.5	98.0	293.0	97.0	245.5	96.0	232.6	97.0
Still beverages (*mn unit cases*[1])	1.0	1.0	0.9	1.0	2.1	1.0	1.8	1.0	1.7	1.0
Water (*mn unit cases*)	1.9	1.0	2.6	2.0	7.1	2.0	7.4	3.0	5.8	2.0
Total (*mn unit cases*[3])	**164.7**	**100**	**156.0**	**100**	**302.1**	**100**	**254.6**	**100**	**240.1**	**100**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.

Sales and distribution

CCI Pakistan manages the distribution of its products through a combination of direct and indirect distribution. Direct deliveries are made primarily to key accounts and other retail outlets in key cities such as Lahore, Karachi, Islamabad, Faisalabad, Gujranwala, Multan and Rahim Yar Khan. As of 2017, CCI Pakistan operated through approximately 590 distributors in Pakistan.

Kazakhstan

CCI Kazakhstan was established in 1995 and became the first producer of TCCC products in Kazakhstan in 1996. During the six months ended 30 June 2017, CCI Kazakhstan sold approximately 53 million unit cases, as compared to approximately 47 million unit cases during the six months ended 30 June 2016.

Market Overview

The size of the soft drink market in Kazakhstan in terms of consumption is estimated by GlobalData to be approximately 341 million unit cases with an annual *per capita* consumption of 109 liters (43 liters for sparkling beverages) in 2016.

CCI Kazakhstan is Kazakhstan's largest sparkling soft drinks provider with an average share of 49% of the Kazakh sparkling beverage market in 2016 as measured by sales volume, according to Nielsen. Furthermore, the Group held market shares of 12% in the juice market, 10% in the mineral water market and 25% in the ice tea market in Kazakhstan in 2016 as measured by sales volume, according

to Nielsen. The Group's primary competitors in the Kazakh market are RG Brands, Pepsi Cola International and Yuniks. Other competitors are smaller independent brands and imports. In Kazakhstan, the Group competes on the basis of market share, brand availability and visibility in the market, as well as on product quality.

Facilities

CCI Kazakhstan operated two bottling plants as of 30 June 2017, which are located in Almaty and Astana. The annual bottling capacity of the two plants was approximately 159 million unit cases in 2016 and in 2016 average capacity utilization of the plants was 60%.

Products

The Group's core brands in Kazakhstan are Coca-Cola, Coca-Cola Zero, Fanta and Sprite. Other key brands include Bonaqua, Piko, Schweppes, Monster, Fuse Tea and Burn. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by CCI Kazakhstan. The Group's sparkling beverages continue to represent a large proportion of sales volume in Kazakhstan, although still beverages have continued to grow during the period under review.

The following table sets forth certain information about the Group's unit case sales volume in Kazakhstan:

Sales volumes (excluding intercompany sales)	Six months ended 30 June				For the Year Ended 31 December					
	2017		2016		2016		2015		2014	
	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total
		(%)		(%)		(%)		(%)		(%)
Category										
Sparkling beverages (*mn unit cases*[1])	40.3	77.0	36.0	78.0	74.3	79.0	80.1	80.5	81.6	80.2
Still beverages (*mn unit cases*[1])	6.6	13.0	5.8	13.0	11.5	12.3	13.2	13.3	13.7	13.5
Water (*mn unit cases*)	5.6	11	4.1	9.0	8.2	8.7	6.2	6.2	6.4	6.3
Total (*mn unit cases*[1])	**52.5**	**100**	**45.9**	**100**	**94.1**	**100**	**99.6**	**100**	**101.7**	**100**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.

Sales and distribution

CCI Kazakhstan manages the distribution of its products through a combination of direct and indirect sales. Direct sales are made in key account and hotel, restaurant and café channels through CCI Kazakhstan's pre-sellers and delivery through hybrid distributors and third party company Almaty KA channel. CCI Kazakhstan uses a direct sales model in key cities such as Almaty and Astana and also operates through approximately 65 distributors in Kazakhstan. Products delivered in Almaty and Astana cities are transported by trucks, while products delivered to the rest of Kazakhstan are transported by rail from the Almaty and Astana plants.

Iraq

The Group entered the beverage market of Northern Iraq in 2006 with a local partner and established a sales and distribution system in that market. In 2011, the Group increased its holding in CCI NIQ from 30% to 100%. In 2012, the Group acquired a majority interest in CCI SIQ, thus entering the beverage market of Southern Iraq and increased its shareholding in CCI SIQ in 2014 and now indirectly owns 80,03% of CCI SIQ.

During the six months ended 30 June 2017, the Group sold approximately 16 million unit cases in Northern Iraq and approximately 31 million unit cases in Southern Iraq, and sold 14 million unit cases during the six months ended 30 June 2016 in Northern Iraq and 32 million unit cases in Southern Iraq. In 2016, the Group sold approximately 30 million unit cases in Northern Iraq, as compared to 28 million unit cases and 30 million unit cases in 2015 and 2014, respectively. In 2016, the Group sold approximately 74 million unit cases in Southern Iraq, as compared to 79 million cases in 2015 and 80 million cases in 2014.

Following the CCI SIQ acquisition, although the Group now runs the business with an overall country general manager for Iraq, its Iraqi operations are run as two separate operations through separate shareholding structures. The Group views Northern and Southern Iraq as two distinct markets with different characteristics and stages of development, and thus approaches them with differentiated marketing strategies and separate sales operations and distribution channels.

Northern Iraq-CCI NIQ

Market overview

The size of the soft drink market in Northern Iraq in terms of consumption is estimated by CCI to be approximately 121 million unit cases with an annual *per capita* consumption of 49 liters (20 liters for sparkling beverages) in 2016.

The Group is Northern Iraq's largest sparkling beverage bottler with an average share of 51% of the Northern Iraqi sparkling beverage market in 2016, as measured by sales volume, according to CCI best estimates. The Group's primary competitor in Northern Iraq is Pepsi Cola International. Other competitors are smaller independent brands and imports. In Northern Iraq, the Group competes on the basis of market share, brand availability, visibility and quality.

Facilities

CCI NIQ operated one bottling plant as of 30 June 2017, which is located in Erbil. The annual bottling capacity of the plant was approximately 42 million unit cases in 2016 and in 2016 average capacity utilization of the plant was 62%. See "*Operating and Financial Review—Capital Expenditures*".

Products

The Group's core brands in Northern Iraq are Coca-Cola, Fanta and Sprite. Other brands include Coca-Cola Light, Al-Waha and Damla Minera. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold in Iraq. Sparkling beverages continue to represent a substantial proportion of sales volume in Northern Iraq.

The following table sets forth certain information about the Group's unit case sales volume in Northern Iraq:

Sales volumes (excluding intercompany sales)	Six months ended 30 June				For the Year Ended 31 December					
	2017		2016		2016		2015		2014	
	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total
		(%)		(%)		(%)		(%)		(%)
Category										
Sparkling beverages (*mn unit cases*[1])	13.6	84.0	11.6	85.0	25.3	86.0	24.6	87.0	27.3	92.0
Still beverages (*mn unit cases*[1])	—	—	—	—	—	—	—	—	—	—
Water (*mn unit cases*)	2.5	16.0	2.0	15.0	4.2	14.0	3.5	12.0	2.4	8.0
Total (*mn unit cases*[1])	**16.1**	**100**	**13.7**	**100**	**29.5**	**100**	**28.1**	**100**	**29.8**	**100**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.

Sales and distribution

CCI NIQ manages the distribution of its products in Northern Iraq through a combination of delivering by hybrid distributors in Erbil and through conventional distributors in the rest of the country. CCI NIQ operated through approximately 26 distributors in Northern Iraq as of 30 June 2017.

Southern Iraq-CCI SIQ

Market overview

The size of the soft drink market in Southern Iraq in terms of consumption is estimated by CCI to be approximately 406 million unit cases with an annual *per capita* consumption of 105 liters (45 liters for sparkling beverages) in 2016.

The Group is Southern Iraq's second largest soft drink provider with an average share of 25% of the Southern Iraqi sparkling beverage market in 2016, as measured by sales volume, according to CCI best estimates. The Group's primary competitor in Southern Iraq is Pepsi Cola International. Other competitors are smaller independent local bottlers. In Southern Iraq, the Group competes on the basis of market share, brand availability, visibility and quality.

Facilities

CCI SIQ operated two bottling plants as of 30 June 2017, located at Hilla and Karbala. The annual bottling capacity of the two plants was 109 million unit cases in 2016 and in 2016 the average capacity utilization of the plants was 69%.

Products

The Group's core brands in Southern Iraq are Coca-Cola, Fanta and Sprite. Other brands include Crystal, Coca-Cola Light, Sprite Light and Al-Waha. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold in Iraq. Sparkling beverages represent approximately 60% sales volume in Southern Iraq.

The following table sets forth certain information about the Group's unit case sales volume in Southern Iraq:

Sales volumes (excluding intercompany sales)	Six months ended 30 June				For the Year Ended 31 December					
	2017		2016		2016		2015		2014	
	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total
		(%)		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages *(mn unit cases[1])*	18.3	60.0	19.7	62.0	43.1	61.1	43.6	59.0	40.7	55.0
Still beverages *(mn unit cases[1])*	—	—	—	—	—	—	—	—	—	—
Water *(mn unit cases[1])*	12.4	40.0	12.3	38.0	27.4	38.9	30.3	41.0	33.3	45.0
Total *(mn unit cases[1])*	**30.8**	**100**	**32.0**	**100**	**70.6**	**100**	**73.9**	**100**	**74.1**	**100**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.

Sales and distribution

CCI SIQ manages the distribution of its products in Southern Iraq through a combination of direct and indirect sales. Sales of Crystal and 65% of sales of CCI SIQ are direct sales. 35% of sales of CCI SIQ are indirect sales through wholesalers. CCI SIQ distributes TCCC brands in Southern Iraq through distributors (85% of which are hybrid distributors, with the remainder being conventional distributors. CCI SIQ operated through approximately 34 distributors and wholesalers in Southern Iraq as of 30 June 2017.

Azerbaijan

CCI Azerbaijan became the first producer of TCCC products in Azerbaijan when it was established in 1996. During the six months ended 30 June 2017, CCI Azerbaijan sold approximately 14 million unit cases, as compared to 11 million unit cases during the six months ended 30 June 2016. In 2016, CCI Azerbaijan sold approximately 25 million unit cases, as compared to 38 million unit cases in 2015 and 45 million unit cases in 2014.

Market overview

The size of the soft drink market in Azerbaijan in terms of consumption is estimated to be approximately 81 million unit cases with an annual *per capita* consumption of 47 liters (17 liters for sparkling beverages) by GlobalData in 2016.

The Group is Azerbaijan's largest soft drink provider with an average share of 74% of the Azerbaijan sparkling beverage market in 2016, as measured by sales volume, according to Ipsos. The Group's primary competitors in Azerbaijan are Pepsi Cola International and the Jale Group. Other competitors are smaller independent brands and imports. In Azerbaijan, the Group competes on the basis of market share, brand availability, visibility and quality.

Facilities

CCI Azerbaijan operated one bottling plant as of 30 June 2017, which is located in Baku. The annual bottling capacity of the plant was approximately 58 million unit cases in 2016 and in 2016 average capacity utilization of the plant was 42%.

Products

The Group's core brands in Azerbaijan are Coca-Cola, Coca-Cola Zero, Fanta and Sprite. Other brands include Cappy, Cappy Tempo, Doğadan, Burn, Monster, Bonaqua and Fuse Tea. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by CCI Azerbaijan. Sparkling beverages continue to represent a large proportion of sales volume in Azerbaijan.

The following table sets forth certain information about the Group's unit case sales volume in Azerbaijan.

Sales volumes (excluding intercompany sales)	Six months ended 30 June				For the Year Ended 31 December					
	2017		2016		2016		2015		2014	
	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total	Sales volume	Percent of total
		(%)		*(%)*		*(%)*		*(%)*		*(%)*
Category										
Sparkling beverages (*mn unit cases*[1])	10.0	72.4	8.1	73.5	17.9	71.0	24.6	65.0	26.6	59.0
Still beverages (*mn unit cases*[1])	0.8	5.0	0.6	5.5	1.4	6.0	3.3	9.0	5.3	12.0
Water (*mn unit cases*[1])	2.9	21.0	2.3	21.0	5.8	23.0	9.9	26.0	13.1	29.0
Tea (*mn unit cases*[1])	0.2	1.1	—	—	0.2	1.0	—	—	—	—
Total (*mn unit cases*[1])	**13.8**	**100**	**11.0**	**100**	**25.2**	**100**	**37.9**	**100**	**45.1**	**100**

(1) One unit case is equal to 5.678 liters or 192 US fluid ounces.

Sales and distribution

CCI Azerbaijan manages the distribution of its products through a combination of direct and indirect distribution. Direct deliveries are made primarily to key accounts and other retail outlets in Baku. CCI Azerbaijan operated through approximately 30 distributors in Azerbaijan as of June 2017.

Turkmenistan

CCI Turkmenistan was established in 1998, when it became the first producer of TCCC products in Turkmenistan. During the six months ended 30 June 2017, CCI Turkmenistan sold approximately 9 million unit cases, as compared to 13 million unit cases during the six months ended 30 June 2016. In 2016, CCI Turkmenistan sold approximately 29 million unit cases, as compared to 28 million unit cases in 2015 and 28 million unit cases in 2014.

Market overview

The size of the soft drink market in Turkmenistan in terms of consumption is estimated to be approximately 75 million unit cases with an annual *per capita* consumption of 119 liters (39 liters for sparkling beverages) by GlobalData in 2016. The Group is the largest soft drink provider in Turkmenistan with an average share of 64% of the Turkmenistan sparkling beverage market in 2016, as measured by sales volume according to Ipsos. The Group's primary competitors in Turkmenistan are Pepsi (produced and distributed by Akdas, a local company) and small independent brands and imports. In Turkmenistan, the Group competes on the basis of availability, visibility in the market and product quality.

Facilities

CCI Turkmenistan operates one bottling plant located in Ashgabat. The annual bottling capacity of the plant was approximately 29 million unit cases in 2016 and in 2016 average capacity utilization of the plant was 97%.

Products

Principal brands sold by the Group in Turkmenistan include Coca-Cola, Coca-Cola Zero Fanta, Sprite and Bonaqua. See *"—Business Overview—Marketing, sales and distribution"* for additional information about the principal brands sold by CCI Turkmenistan.

Sales and distribution

CCI Turkmenistan manages the distribution of its products through a combination of direct and indirect distribution. Direct deliveries are made in Ashgabad, while 22 distributors operate throughout the rest of Turkmenistan.

Kyrgyzstan

CCI Kyrgyzstan became the first producer of TCCC products in Kyrgyzstan when it was established in 1996. During the six months ended 30 June 2017, CCI Kyrgyzstan sold approximately 8.3 million unit cases, as compared to 8.5 million unit cases during the six months ended 30 June 2016. In 2016, CCI Kyrgyzstan sold approximately 16.3 million unit cases, as compared to 15.4 million unit cases in 2015 and 16.1 million unit cases in 2014.

Market overview

The size of the soft drink market in Kyrgyzstan in terms of consumption is estimated by CCI to be approximately 52 million unit cases with an annual *per capita* consumption of 50 liters (23 liters for sparkling beverages) by GlobalData in 2016. The Group is the largest soft drink provider in Kyrgyzstan with an average share of 69% of the Kyrgyzstan sparkling beverage market in 2016, as measured by sales volume, according to Ipsos. The Group's primary competitors in Kyrgyzstan are Pepsi Cola International and Umut. Other competitors are smaller independent brands and imports. In Kyrgyzstan, the Group competes on the basis of availability, visibility in the market and product quality.

Facilities

CCI Kyrgyzstan operated one bottling plant as of 30 June 2017, which is located in Bishkek. The annual bottling capacity of the plant was approximately 18 million unit cases in 2016 and in 2016 average capacity utilization of the plant was 83%.

Products

Principal brands sold by the Group in Kyrgyzstan include Coca-Cola, Coca-Cola Zero, Fanta, Sprite, Burn, Fuse Tea, Piko, Schweppes and Bonaqua. See *"—Business Overview—Marketing, sales and distribution"* for additional information about the principal brands sold by CCI Kyrgyzstan.

Sales and distribution

CCI Kyrgyzstan manages the distribution of its products through a combination of direct sales by the Group's own sellers and delivery by hybrid distributors in Bishkek and through distributors in the rest of the country. Only sales points bigger than 100 square metres with at least two cashiers are directly served by the Group's own sellers. CCI Kyrgyzstan operated through approximately 22 distributors in Kyrgyzstan as of June 2017.

Jordan

The Group acquired a 90% interest in CCI Jordan in 2005. CCI Jordan has been bottling TCCC products in Jordan since 1997. During the six months ended 30 June 2017, CCI Jordan sold approximately 8.6 million unit cases, as compared to 8.2 million unit cases during the six months ended 30 June 2016. In 2016, CCI Jordan sold approximately 18.6 million unit cases, as compared to 17.3 million unit cases in 2015 and 15.4 million unit cases in 2014.

Market Overview

The size of the soft drink market in Jordan in terms of consumption is estimated by CCI to be approximately 144 million unit cases with an annual *per capita* consumption of 83 liters (39 liters for sparkling beverages) in 2016. The Group's primary competitor in Jordan is Pepsi Cola International. The Group had an average share of 16% of the Jordan sparkling beverage market in 2016, as measured by sales volume, according to GlobalData. In Jordan, the Group competes on the basis of availability, visibility in the market and product quality.

Facilities

CCI Jordan operated one bottling plant as of 30 June 2017, which is located in Madaba. The annual bottling capacity of the plant was approximately 37 million unit cases in 2016 and in 2016 average capacity utilization of the plant was 46%.

Products

Principal brands sold by the Group in Jordan include Coca-Cola, Coca-Cola Light, Fanta, Sprite, Sprite Light, Minute Maid, Monster, Cappy and Arwa. See *"—Business Overview—Marketing, sales and distribution"* for additional information about the principal brands sold by CCI Jordan.

Sales and distribution

CCI Jordan manages the sales and distribution of its products mainly through direct and indirect sales. CCI Jordan operates through nine distributors in Jordan.

Tajikistan

The Group began selling TCCC trademarked beverages in Tajikistan in October 2012. During the six months ended 30 June 2017, the Group sold approximately 1.8 million unit cases in Tajikistan and approximately 1.2 million unit cases in 2016.

Market Overview

The size of the soft drink market in Tajikistan in terms of consumption is estimated by CCI to be approximately 27 million unit cases with an annual *per capita* consumption of 20 liters (9 liters for sparkling beverages) in 2016. The Group's primary competition in Tajikistan is RC Cola and imports. The Group had an average share of 21% of the Tajikistan sparkling beverage market in 2016, as measured by sales volume according to CCI estimates.

Facilities

CCI Tajikistan operates one bottling plant as of 30 June 2017, which is located in Dushanbe. In 2016, the annual bottling capacity of the plant was approximately 18 million unit cases in 2016 and average capacity utilization of the plant was 19%.

Products

Principal brands sold by the Group in Tajikistan are Coca-Cola, Coca-Cola Zero, Fanta, Sprite, Burn, Fuse Tea and Bonaqua. See "*—Business Overview—Marketing, sales and distribution*" for additional information about the principal brands sold by the Group in Tajikistan.

Sales and distribution

CCI Tajikistan manages the sales and distribution of its products mainly through indirect distribution, and manages distribution through approximately 11 distributors as of June 2017.

Syria

The Group has a 50.00% indirect ownership interest in CCI Syria through its subsidiary, CCI Holland, accounted for on an equity basis, through which the Group sells Coca-Cola products. The Group began selling TCCC trademarked beverages in Syria in 2006. The Group did not sell any soft drinks in Syria during the six months ended 30 June 2017 and the six months ended 30 June 2016. In 2016, the Group did not sell any soft drinks in Syria, as compared to 378,000 unit cases in 2015 and 1.2 million unit cases in 2014. The Group's sales volumes and revenues in Syria have been consistently decreasing over the past four years and are currently immaterial to the Group's business. The Group currently has three employees in Syria. The Group does not engage in production activities in Syria. Given current events in Syria, the Group is undertaking only very limited marketing activity in the country.

Intellectual Property

The Group and its subsidiaries and joint ventures are party to certain licensing agreements with TCCC. TCCC or its subsidiaries owns or has rights to the trademarks of all of TCCC's products it has authorized the Group to produce, distribute and sell in its territories. The Company and its subsidiaries and joint ventures are prohibited from producing other products or packages that would imitate, infringe or cause confusion with the products, containers or trademarks of TCCC, or from acquiring or holding an interest in a party that engages in such activities. See *"Risk Factors—Risks*

Related to the Group's Business—The Group is reliant on TCCC to protect the trademarks of TCCC's products''.

CCI sells Damla and Damla Minera natural source water in Turkey. The Damla and Damla Minera brands were transferred to CCI by TCCC, as Turkish law requires that the person selling bottled water owns the brand. There is a call option in favour of Coca-Cola Meşrubat Paz. Dan. San. ve tic. A.Ş. with respect to Damla and Damla Minera that can be used upon a change in the law that allows TCCC to register these brands in its own name.

Support from CCI

The Company provides certain shared central support services to its subsidiaries and affiliates. These include all applicable headquarter support functions, depending on the needs of the operations. The Company has a strategic purchasing team in Istanbul to aid in sharing procurement across the Group's markets, and works to facilitate ''best practice'' sharing across its operations. As part of this cross sharing, CCI has established certain programs for employees across the Group's operations to help further develop its in-house talent.

Research and development

Management considers research and development activities an important component of its business but most research and development activities are conducted by TCCC, and management believes the Group benefits from the transfer of TCCC's information and know how in this regard.

Regulatory and Environmental Matters

The Group's business is subject to a comprehensive regulatory framework regarding, among other matters, sanitation, environmental protection, competition and health and safety at work. For further information about the regulatory environment in Turkey, see *''Regulation''*. Moreover, the Company's operates in a number of emerging markets, and the regulatory framework in these jurisdictions can be subject to frequent amendment, often becoming more stringent.

Employees

The following table sets forth the distribution of the Group's full-time employees by country as of the dates indicated:

	As of 30 June	As of 31 December		
	2017	**2016**	**2015**	**2014**
Country				
Turkey	2,726	2,373	2,362	2,508
Kazakhstan	725	717	950	845
Pakistan	3,120	3,253	3,564	4,175
Iraq	863	966	1,085	1,137
Azerbaijan	322	296	352	390
Turkmenistan	303	334	339	419
Kyrgyzstan	311	307	355	384
Jordan	394	402	411	406
Tajikistan	101	118	125	77
Total	**8,865**	**8,765**	**9,543**	**10,341**

During the peak summer season, the Group frequently hires seasonal and temporary workers to assist with the additional capacity demand.

The Group's employees are the key element of its success. It is the Group's main responsibility to provide its employees with a workplace where they are valued, encouraged to do their best and their rights are recognized. Accordingly, the Group's priority is to make sure that it provides a workplace respecting human rights and to make sure it complies with workplace rights. The CCI Work Place Rights Policy (*''WPR Policy''*) is the Group's guide to sustain its operations and its collective success.

As part of CCI's WPR Policy, it respects its employees' right to exercise freedom of association and collective bargaining and commit to constructive dialogue with employees who are members of legally

recognized trade unions. As of June 2017 approximately 40% of the Group's employees in Pakistan and 35% of its employees in Turkey were members of a trade union. Since the collective bargaining agreement was signed in August 2016 in Turkey, the Group has a union representative in all CCI plants, and additionally, there is ongoing positive communication between CCI management and the union on employee related matters, and consequently there has been no significant disputes with employees or unions. Collective bargaining agreements at the Pakistan plant expired on 31 December 2016; new negotiations are expected to be concluded in September 2017. The collective bargaining agreement at the Turkey plants will expire on 1 January 2018.

Insurance

The Group maintains all risk property damage insurance (including earthquake, fire, floods, strikes, riots, civil commotion and malicious damage), business interruption insurance, business interruption due to machinery breakdown insurance, electronic equipment insurance, cash in safe insurance, cash in transit insurance, fidelity insurance, third party insurance, product liability insurance, directors and officers liability insurance and cyber risk insurance for all of its operations, as well as employer's liability insurance for Turkey, Azerbaijan, Tajikistan, Kazakhstan and Kyrgyzstan, product recall, and trade credit insurance for Turkey, automobile liability insurance for Turkey, Tajikistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Jordan and Pakistan and explosive articles liability insurance for Turkey and Kyrgyzstan. In addition, the Group maintain insurance coverage for terrorism insurance for Turkey. The Group also maintains political violence insurance for all its operations excluding Syria expropriation and transfer restriction insurance coverage for Turkmenistan, transportation insurance for all operations except Iraq; personal accident insurance for Turkey and environmental insurance for Kazakhstan. However, the Group does not maintain insurance in respect of certain other risks and may be subject to losses that are not covered, or not sufficiently covered, by insurance. In the event of severe damage to its facilities, the Group could experience disruption to its production capacity, for which it may not be compensated. See "*Risk Factors—Risks Related to the Group's Business—The Group operates in emerging markets and may not be insured against all potential losses and liabilities*".

Legal matters

From time to time in the ordinary course of business, the Group is involved in legal proceedings relating to its activities. As of 31 December 2016, CCI Pakistan is involved in tax litigations. If determined adversely to the Group, management estimates that the maximum liability could be up to US$14.0 million. In addition, tax authorities in Pakistan are seeking to recover US$33.5 million from CCI Pakistan, with respect to sales and excise tax amounts being applied retrospectively to the Group's activities during the period from July 2013 to May 2014, when according to applicable law in Pakistan Capacity Tax was applied instead of sales and excise tax. The Group has disputed this matter on the basis that the decision of the Pakistan Constitutional Court invalidating Capacity Tax with effect from May 2014 (and thus reinstating the sales and excise tax) can not be applied retrospectively.

REGULATION

As with other participants in the soft drinks industry, the Group's business is subject to extensive regulatory requirements, including rules and regulations relating to production, food safety, health and safety at work, environmental matters and competition law.

In certain jurisdictions, such as Turkey (only for cola drinks) and Pakistan (for sparkling beverages), excise and other indirect taxes increase the price of soft drinks charged to customers. See "*Risk Factors—Risks Related to the Group's Business—Increases in taxes such as excise taxes and sales taxes could adversely affect the Group's business*". Furthermore, the Group is subject to antitrust and competition laws in various jurisdictions in which it operates and may be subject to regulatory scrutiny in certain of these jurisdictions. See "*Risk Factors—Risks Related to the Group's Business—The Group's operations may be limited by anti-trust regulations*".

The Group is also subject to different environmental legislation and controls in each of the countries in which it operates. Environmental laws in the countries in which it operates relate to a number of matters, including the conformity of operating procedures with environmental standards regarding, among other things, the emission of gas and liquid effluents. The regulatory climate in most countries in which the Group operates is becoming increasingly strict with respect to environmental issues.

Set forth below is a summary of material provisions relating to the Group's operations in Turkey in effect as of the date of this Offering Circular.

Turkey

Environmental regulations

The principal environmental legislation related to operations of facilities are the Environmental Law No. 2872 ("*Environmental Law*") published in the Official Gazette No. 18132, dated 11 August 1983, and the Environmental Impact Assessment Regulation ("*EIA Regulation*") published in the Official Gazette No. 29186, dated 25 November 2014. Turkey amended its principal environmental legislation in recent years, which eased the licensing procedures by unifying all separate permits into a single document ("*Environmental Permit*") and removing several bureaucratic controls. Accordingly, an assessment with regards to the impact of a facility's activities on the environment is made and an Environmental Permit is issued that covers all specific activities of the facility. An Environmental Permit covers emissions, waste water and other discharges, noise control and other aspects of the environmental laws.

Environmental law

The Environmental Law sets out the general framework of environmental protection requirements and the consequences of non-compliance with these requirements. Under the Environmental Law and other environmental regulations, environmental audits may be conducted by the relevant authorities and fines may be imposed for violations. Any activity in breach of the Environmental Law may be subject to suspension.

EIA regulation

The EIA Regulation aims to regulate the application and substance of environmental impact assessments on certain projects.

Entities whose activities fall within the scope of the EIA Regulation are required to obtain the approval of the Ministry of Environment and Urbanisation prior to commencement of operations or any modification or capacity increases to existing operations. Without environmental impact assessment ("*EIA*") approval or a decision that an EIA is not necessary, entities may have their activities suspended and may be subject to fines amounting to two percent of the total capital investment for the relevant project. In such event, the investor is obligated to reinstate the area of activity. Accordingly, facilities which process drinkable water products must obtain an EIA approval or a decision that an EIA is not necessary.

Environmental permit and license regulation

The Environmental Permit and License Regulation published in the Official Gazette No. 29115, dated 10 September 2014, unifies and regulates the separate licenses, permits, approvals and authorizations that are required to be obtained under the Environmental Law, thereby streamlining the process for obtaining environmental licenses and permits. Pursuant to this regulation, all environmental permits that are required for the activities of a specific facility (for example, emission permits, wastewater discharge permits, noise control permits and hazardous waste permits) are granted under one

environmental permit or environmental permit and license, and the holders must comply with all the requirements of the relevant environmental regulations governing such permit or license. Both the environmental permit and the environmental permit and license are valid for a period of five years. A new permit must be obtained if there is a change in the nature or the location of the activities.

Failure to obtain an applicable permit or to comply with its requirements or with the other requirements set forth under the regulation may result in administrative sanctions under the Environmental Law, subject to the relevant entity being granted a cure period (a maximum of one year) for rectification of its non-compliance. If the non-compliance continues, the entity's permit and/or license will be revoked and the activities of the relevant entity will be partially or wholly, temporarily or permanently, suspended.

The Company is also bound by several separate regulations legislated under the Environmental Law determining emission thresholds and conditions for carrying out certain activities, including wastewater discharge, noise control, waste management, solid waste and waste oil.

Regulation of water pollution

The Regulation on Control of Water Pollution published in the Official Gazette No. 25687, dated 31 December 2004 ("*Regulation on Water Pollution*"), regulates the principles and procedures in relation to classification of waters and their consumption, principles and restrictions on quality of water, discharge of wastewaters, relevant permits in relation thereto and establishment of wastewater facilities.

Turkish Food Codex

The Turkish Food Codex Regulation ("*Türk Gıda Kodeksi Yönetmeliği*") ("*Regulation*") published in the Official Gazette No. 28157, dated 29 December 2011, is the main piece of regulation in relation to the adoption of international food standards in the process of integration with EU. The Regulation is drafted as per the articles 23 and 27 of the Law No.5996 on Veterinary Services, Phytosanitary, Food and Feed ("*Veteriner Hizmetleri, Bitki Sağlığı, Gıda ve yem Kanunu*") (*"Food Law"*), published in the Official Gazette No. 27610, dated 13 June 2010. The purpose of this Regulation is to determine the standards of food production and high quality producing practices to protect consumer health and for fair internal/international trade. The Regulation also specifies the rules and procedures of appropriate technical and hygienic production, processing, storage, handling, packaging, transporting, marketing, sampling and analysis methods in compliance with the requirements prescribed for the protection of human health and the protection of consumer and manufacturer rights.

Under the umbrella of this Regulation, there are multiple communiqués and regulations which regulate separate sections of the food industry. Among these, several pieces of legislation are relevant to the Company's operations. For instance, "Communiqué on Non-Alcoholic Beverages" No:2007/26 published in the Official Gazette No. 26553, dated 15 June 2007, governs specific qualities and classification of non-alcoholic beverages including juice, cola and other sparkling and still beverages without alcohol and "Regulation on Food Additives" published in the Official Gazette No. 28693, dated 30 June 2013, lists added ingredients, such as sweeteners, acids and antioxidants, and specifies usage standards of these ingredients.

In addition to above, "Communiqué on Energy Drinks" numbered 2017/4, published in the Official Gazette No. 30110, dated 30 June 2017, is a new regulation which is adopted in order to outline, in detail, the manufacturing, processing, storing, packaging and marketing of energy drinks. The communiqué defines the products which should be labelled as energy drinks and lists the ingredients of such products. Also, "Regulation on Flavourings and Ingredients Having the Characteristics of Flavourings" published in the Official Gazette No. 28157, dated 29 December 2011, regulates the usage of flavourings.

Non-compliance with the Regulation may be resulted in administrative sanctions as stipulated in the Food Law.

Product liability

Pursuant to Turkish law, the protection of consumers is a constitutional principle. Although there is not a specific code of product liability in Turkey, numerous regulations have been adopted in line with Council Directive 92/59/EEC on general product safety. Furthermore, there is a general consumer protection law in Turkey that has been amended over the years to bring it in line with EU directives.

The Turkish Code of Obligations No. 6098 published in the Official Gazette No. 27836, dated 4 February 2011, regulates the liability of sellers in respect of defective goods. Furthermore, the Consumer Protection Law No. 6502 published in the Official Gazette No. 28835, dated 28 November 2013, governs the liability of manufacturers, producers and suppliers of defective products and services. Producers and manufacturers are obliged to recall batches of defective products. Furthermore, in case of a defective product, each consumer may bring a strict liability indemnification claim for damages caused by such defective product. The indemnification standard is an absolute liability standard and the manufacturer/producer will be held liable even if it has not acted negligently in the production process.

"Regulation on Food Hygiene", published in the Official Gazette No. 28145, dated 17 December 2011, sets forth the rules and general principles with respect to hygiene that the manufacturer must comply. Such liability of the manufacturer signifies its obligation to follow certain rules related to hygiene from the moment of production until product's presentation to the customer.

Also related to the Regulation, "Regulation on Labelling and Informing Customer", published in the Official Gazette No. 29960, dated 26 January 2017 (*"Labelling Regulation"*), stipulates the general principles on labelling products and mandatory information about food which must be conveyed to the customer.

Health and safety

The Law on Work Health and Safety No. 6331, published in the Official Gazette No. 28339, dated 30 June 2012 ("*Health and Safety Law*"), introduced stringent health and safety requirements in all workplaces. Accordingly, the Health and Safety Law regulates a number of concepts such as formation and implementation of procedures of work health and safety units within workplaces; provision or procurement of health and safety services and compulsory employment or outsourcing of workplace doctors and occupational safety experts. Additional employer responsibilities include conducting risk assessments, supervising compliance with health and safety measures and implementing emergency plans. In case of a breach of health and safety obligations, employers will be subject to administrative monetary fines.

Additional legislation promulgated in this respect includes the Regulation on Work Health and Safety Councils published in the Official Gazette No. 28532, dated 18 January 2013, which sets forth the functions and authorities of such health and safety councils for workplaces with more than 50 employees, and the Regulation on the Principles and Procedures of Work Health and Safety Education of Employees published in the Official Gazette No. 28648, dated 15 May 2013, which provides details of health and safety procedures and education programmes.

Enterprise registration certificate (Gıda İşletmesi Kayıt Belgesi)

Food enterprises must either be registered with or obtain a permit from the Ministry of Food, Agriculture and Livestock. Pursuant to Article 4 of the Regulation on Procedures for Food Enterprises Registry and Permits, published in the Official Gazette No. 28145, dated 17 December 2011, enterprises that are listed in the Regulation must obtain a permit from the Ministry whereas non-listed enterprises must be registered with the Ministry. Production of water beverages and soft drinks is not listed in the Regulation and the Company is therefore only required to register with the Ministry.

Regulation on control of packaging wastes

The Regulation on Control of Packaging Waste, published in the Official Gazette No. 28035, dated 24 August 2011 ("*Packaging Waste Regulation*"), regulates the obligations of packaging waste producers and market providers to take responsibility for the environmental impact of packaging materials. This regulation concentrates on four areas of waste management: prevention, reuse, recycling, and recovery. According to this regulation, market providers are obligated to either implement deposit management with regard to packaging or execute service agreements with relevant municipalities or authorized institutions in relation to collection, storage, recycle, reuse, transport and disposal of packaging waste.

Regulation on water for human consumption (Su Üretim İzni)

There are several laws and regulations governing natural mineral waters and water intended for human consumption under Turkish law. The principal legislation in relation to water intended for human consumption is the Regulation on Water for Human Consumption published in the Official Gazette No. 25730, dated 17 February 2005 ("*Water Usage Regulation*"). Due to Turkey's EU-

harmonization process, this regulation was drafted in line with Council Directives 98/83/EC, 2003/40/EC and Commission Regulation 115/2010. The Water Usage Regulation governs the main principles in relation to the manufacture, processing, preservation, packaging, labelling, marketing, audit and standardization of the quality of water intended for human consumption. Accordingly, a water facility and manufacturing permit for any spring water or drinking water processing facilities must be obtained. While the process of extracting or capturing water from the source, directing the water to a facility through a pipeline, storage of it, bottling and the characteristics of the bottles and caps are regulated by the Water Usage Regulation, labelling of water is also regulated under the Labelling Regulation.

Law on Groundwater No. 167 published in the Official Gazette No 10688, dated 23 December 1960, is the main legislation governing the principles in relation to ownership and management of groundwater usage. Pursuant this Law, drinkable groundwater above a certain quantity can be leased by the relevant Special Provincial Administration by way of tender procedures.

Regulation on natural mineral waters for human consumption

The Law on Geothermal Resources and Natural Mineral Waters No. 5686, published in the Official Gazette No. 26551, dated 13 June 2007 ("*Natural Mineral Waters Law*"), regulates the main principles in relation to exploration, utilization in production and preservation of natural mineral water resources. Pursuant to this law, in order carry out mineral water production activities, following a preliminary three year research period and exploration of a natural mineral water resource, an operation permit must be obtained from the relevant Special Provincial Administration, which is valid for thirty years. Operation permit holders are obliged to pay an administrative fee amounting to 1% of their annual turnovers to the relevant Special Provincial Administration. Failure to fulfil this obligation may cause revocation of the operation permit by the Administration.

The Regulation on Natural Mineral Waters, published in the Official Gazette No. 25657, dated 1 December 2004, sets forth additional requirements for the operation of natural mineral water resources, such as obtaining preliminary approval from the Turkish Public Health Association and obtaining a facility permit and operation permit from the relevant governorship prior to the commencement of a facility's operations.

Taxation

In Turkey, soft drinks, water and energy drinks are subject to VAT. Pursuant to Special Consumption Tax Law No. 4760 published in the Official Gazette No. 24783, dated 12 June 2002, carbonated non-alcoholic beverages that include cola as an ingredient are subject to a 25% special consumption tax ("*SCT*"). Under such law, water and energy drinks are not subject to SCT. Pursuant to VAT Law No. 3065, water beverages (including mineral water), energy drinks, non-alcoholic beverages that include cola, plain soft drinks (with no flavor) and soft drinks including fruit (*i.e.*, orange, lemon) are subject to 8% VAT. The below table sets forth the currently applicable VAT and SCT rates:

	VAT Rate	SCT Rate
Water	8%	N/A
Soft drinks (cola)	8%	25%
Soft drinks (other, i.e. including fruit, energy drinks)	8%	N/A

Turkish competition rules

Turkish competition law is regulated by the Law on the Protection of Competition No. 4054 and related secondary legislation. Turkish competition rules and regulations are similar to those of the EU. An undertaking having a dominant position within a certain market, such as CCI in the Turkish carbonated soft drinks and sports drinks markets, has to comply with the restrictions imposed by Turkish competition law regulations and is under close scrutiny of the Competition Board due to its dominant position in the relevant product market. All activities leading to abuse of dominant position, anticompetitive agreements, decisions and concerted practices and completing mergers and acquisitions without obtaining the approval of the Competition Board (when such approval is required) are open to investigation by the Competition Board, either *ex officio* or upon complaint of the third parties, and could lead to monetary fines at rates calculated on the basis of the annual gross turnover of the concerned undertaking generated by the end of the fiscal year preceding the Competition Board decision. The amount of the fine can vary depending on the type and duration of the violation. Moreover, employees may be imposed fines at certain circumstances.

Abuse of dominant position

A dominant position is not in itself anti-competitive, however, an undertaking with a dominant position is prohibited from abusing such position to eliminate/restrict competition. Abuse of a dominant position is not specifically defined in the Turkish competition rules but it can include:

- directly or indirectly preventing entries into the market or hindering competitor activity in the market;
- directly or indirectly engaging in discriminatory behavior by applying dissimilar conditions to equivalent transactions with similar trading parties;
- making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which by their nature or according to commercial usage have no connection with the subject of the contract;
- distorting competition in other markets by taking advantage of financial, technological and commercial superiorities in the dominated market; and
- limiting production, markets or technical development in a manner that is to the prejudice of consumers.

Predatory or exploitative pricing can also be an abuse of dominance. In assessing dominance of an undertaking, first the relevant market must be identified and then the market position should be determined. In theory, there is no market share threshold above which an undertaking will be presumed to be dominant. While the Competition Board considers high market share as the most indicative factor of dominance, it also takes into account other factors, such as market shares of other players in the market, barriers to entry, portfolio power, financial power and vertical integration. As a general rule, an undertaking with a market share of 40% is a likely candidate for dominance, whereas an undertaking with a market share of less than 25% would not generally be considered dominant.

Mergers and acquisitions

When a merger or acquisition results in a change of control over all or part of an enterprise or an asset and where turnover thresholds determined by the Competition Board are exceeded, such mergers and acquisitions will be subject to approval by the Competition Board. Where a merger or acquisition transaction poses the risk of reducing competition in a market by creating or strengthening a dominant position, those transactions may be prohibited, or approved only upon the fulfilment of certain conditions. There are no exact parameters in making such an assessment and it will be based on market conditions at the time of a particular transaction. Fines of 0.1% of annual gross turnover can be imposed on the parties where a transaction is closed before or without the approval of the Competition Board (when such approval is required).

Anticompetitive agreements and concerted practice between market players

Agreements and concerted practices between undertakings, and decisions and practices of association of undertakings that have the aim or effect, or likely effect, of preventing, restricting or distorting competition, directly or indirectly, in a particular market for goods or services are illegal and prohibited. As a general rule, the Turkish competition rules prohibit all forms of restrictive agreements, including any form of cartel agreement. The rules also prohibit concerted practices by which two or more undertakings come to an (informal) understanding to avoid competing with each other. In addition to cartels, vertical agreements between undertakings at different levels of the production and distribution chain can restrict competition. The restriction of a buyer's ability to determine its sale price, without prejudice to the possibility of the supplier imposing a maximum sale price or recommending a sale price, is one of the most important examples of vertical infringements.

Agreements carrying certain types of restrictions may benefit from the exemption mechanism provided that they carry procompetitive effects. This is mostly the case for agreements that ensure new developments or improvements in the production or distribution of goods or services and which do not limit competition more than it is necessary for the achievement of these goals. Majority of the agreements which benefit from such exemptions tend to be vertical in nature.

Sanctions

The Competition Board can initiate an investigation for violation of competition rules, including with respect to anti-competitive agreements and concerted practices and abuse of dominant position. Monetary fines, of up to 10% of an undertaking's turnover, can be imposed for violation of competition rules. Fines imposed on undertakings are supported with other sanctions such as

contractual invalidity and fines imposed on executives having decisive influence in cartels and reputational damages. As well, those who suffer harm as a result of a violation of competition rules may claim up to triple damages.

MANAGEMENT

Board of Directors

The Board of Directors is responsible for the management of the Company's operations. It is vested with the broadest powers to take any actions necessary or useful to fulfil the Company's corporate purpose, with the exception of actions reserved by Turkish law or the Company's articles of association to the General Assembly. The Board of Directors consists of 12 directors according to the Company's articles of association, four of whom are independent and one of whom is appointed by TCCC as vice-chairman. All members of the Board of Directors may be appointed and/or dismissed by the General Assembly, for a period not exceeding three years and until their successors are elected. The Board of Directors may deliberate and act validly if at least seven members of the Board of Directors are present. Decisions of the Board of Directors are taken by the affirmative vote of the majority of the present members of the Board of Directors, with the exception of decisions that require a greater majority under the Company's articles of association or the Turkish Commercial Code, Capital Markets Law and CMB regulations. Each director's term expires at the annual General Assembly in the year indicated below. Directors whose term has expired may be re-elected. Any director may be removed at any time from his or her office by a resolution of the General Assembly if the meeting agenda contains a provision in this respect or, even if not included into the meeting agenda, if the dismissal is based on a justified reason.

The table below sets forth the names, respective ages, positions, year of election and terms of office of the current members of the Board of Directors as of the date of the Offering Circular.

Name	Age	Position	Year of Appointment	Expiration of term of office
Tuncay Özilhan	70	Chairman	1996	2018
Galya Frayman Molinas	50	Vice Chairman	2016	2018
Talip Altuğ Aksoy	46	Member	2017	2018
Salih Metin Ecevit	71	Member	2012	2018
Kamilhan Süleyman Yazıcı	37	Member	2017	2018
Mehmet Cem Kozlu	71	Member	2006	2018
Mehmet Hurşit Zorlu	58	Member	2004	2018
Ahmet Boyacıoğlu	71	Member	2006	2018
Ahmet Cemal Dördüncü	64	Independent Member	2012	2018
Hamit Sedat Eratalar	65	Independent Member	2012	2018
Mehmet Mete Başol	60	Independent Member	2013	2018
İzzet Karaca	63	Independent Member	2016	2018

The business address of Mr. Tuncay Özilhan, Mr. Mehmet Hurşit Zorlu, Mr. Talip Altuğ Aksoy, Mr. Ahmet Boyacıoğlu and Mr. Salih Metin Ecevit is Fatih Sultan Mehmet Mah. Balkan Cad., Buyaka E Blok, Ümraniye, Istanbul, Turkey. The business address of Ms. Galya Frayman Molinas and Mr. Mehmet Cem Kozlu is Fahrettin Kerim Gökay Cd. No.35 34662 Üsküdar. The business address of Mr. Kamilhan Süleyman Yazıcı is Umut Sokak, No:12, İçerenköy, 34752 Kadıköy/ İstanbul. The business address of Mr. Hamit Sedat Eratalar is Büyükdere Cad. No. 201, Levent Loft A Bl. K. 2, Daire 37 Levent, Istanbul, Turkey. The business address of Mr. Mehmet Mete Başol is Kemerpark Evleri Belediye Cad., Yucel Sk. No 1/u, Gokturk – Eyup, Istanbul, Turkey. The business address of Mr. Ahmet Cemal Dördüncü is Miralay Şefik Bey Sok., Akhan No:15, 34437 Gümüşsuyu, Istanbul, Turkey. The business address of Mr. İzzet Karaca is Esentepe Mah. Anadolu Cad. No:1 Kartal-İstanbul.

A brief description of the qualifications and professional experience of the members of the Board of Directors is presented below.

Mr. Tuncay Özilhan, Chairman. Mr. Tuncay Özilhan graduated from Saint Joseph High School and the Faculty of Economics of Istanbul University; he received his MBA in Management Sciences from Long Island University in the USA. His professional career began in 1977 as General Director of Erciyas Biracılık (brewery); he later became Coordinator of AEH Beer Group and General Coordinator of AEH until his appointment as CEO of the Anadolu Group in 1984. In 2007, Mr. Ozilhan was appointed Chairman of Anadolu Group and still continues to serve in this position. He also serves as the Chairman of several Anadolu Group companies, including Anadolu Efes and Coca-Cola Satiş ve Dağıtım A.Ş. Mr. Özilhan also serves as a Member of the Board of Directors and

Chairman of the Turkish – Russian Business Council at the Foreign Economic Relations Board (DEİK), President of Anadolu Efes Sports Club, and Honorary Consul for the Republic of Estonia. He also holds ''The Order of the Rising Sun, Gold and Silver Star'', awarded by the Japanese government.

Ms. Galya Frayman Molinas, Vice-Chairman. Ms. Molinas started her career at Unilever Turkey in Brand Management in 1989. She joined Coca-Cola in 1996 and led Marketing in Turkey, Central Europe & Russia until 2005. She served as marketing function lead in Coca-Cola Eurasia Group, which included Russia, India, Adriatic & Balkans, Caucasus & Central Asia and Middle East geographies 2005 through 2008. Molinas was named Coca-Cola Turkey Business Unit President in 2009; her responsibilities were extended to Caucasus and Central Asia and she served in this capacity until 2017. Recently, Galya Frayman Molinas was appointed as Vice President, Global Strategy & Insights at The Coca-Cola Company. Molinas is a Director at the Boards of Coca-Cola Icecek, Coca-Cola Beverages Pakistan and Coca-Cola Equatorial Bottling Company. Molinas served as a founding member of Coca-Cola Global Women's Leadership Council. She chaired Turkey's Sustainability Council for four years and served at the Board of YASED, Turkey's International Investors Association for three terms. She is the founding trustee and President of the Coca-Cola Foundation in Turkey. She is also a member of the Advisory Board of Harvard Business School's MENA and Central Asia Research Center and is a trustee of the Bogazici University Foundation.

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

Mr. Salih Metin Ecevit, Member. Mr. Ecevit graduated from Siyasal Bilgiler Fakültesi in 1967. He also received a Master's degree from Syracuse University in Economics in 1976. From 1967 to 1980, he worked as a Government Auditor and served as Deputy General Manager of General Directorate of Revenues at the Ministry of Finance. Mr. Ecevit joined Anadolu Group in 1980 and worked in various roles, serving as General Manager, Board Member and Chairman of the Board of Directors in automotive companies of Anadolu Group. He retired in 2006, while he was serving as the Automotive Group President, owing to the retirement age limit regulations of the Group. He served as Board Member and Chairman of the Association of Imported Car Distributors in Turkey from 1992 to 2004. He is a member of the Board of Directors of many Anadolu Group companies and serves as the Chairman of the Board of Yazıcılar Holding A.Ş.

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

Dr. Mehmet Cem Kozlu, Member. Dr. Kozlu completed middle and high school at Robert College after which he received his bachelor's degree from Denison University, MBA from Stanford University and PhD from Boğaziçi University. Dr. Kozlu lectured International Marketing and Export Administration at Boğaziçi University from 1978 to 1981 and was a visiting Professor in the Department of Economics at Denison University in 1985. After holding executive positions in various domestic and international companies, Dr. Kozlu was appointed General Manager and Chairman of the Board of Directors of Turkish Airlines in 1988 and held these positions until 1991. He also served as the Chairman of the Association of European Airlines (AEA) in 1990. Dr. Kozlu remained in public service as a Member of the Turkish Parliament from 1991 to 1995 and Chairman of the THY Board of Directors from 1997 to 2003. Dr. Kozlu has held different positions in The Coca Cola

Company since 1996. He assumed the posts of Turkey, Caucasia and Central Asian Republics Executive Director and the Vienna-based Central Europe, Eurasia and Middle East Group President, retiring in April 2006. Currently, he is the Chairman of the Board of Directors of Singapore based Evyap Asia. Dr. Kozlu also serves as member of the Boards of Directors of İstanbul based Coca Cola Satış ve Dağıtım A.Ş., Anadolu Endüstri Holding A.Ş., Kamil Yazıcı Yönetim ve Danışmanlık A.Ş., Pegasus Airlines, and DO & CO Aktiengesellschaft (Vienna) and Global Relations Forum, as a member of Koc University Maritime Council Forum and as member of the Boards of Trustees of Anadolu-Johns Hopkins Sağlık Merkezi (Anadolu-Johns Hopkins Health Center) and İstanbul Modern Sanatlar Vakfı (İstanbul Modern Arts Foundation).

Mr. Mehmet Hurşit Zorlu, Member. Mr. Zorlu holds a Bachelor of Science degree in Economics from Istanbul University. After working at Toz Metal and Turkish Airlines, he joined Anadolu Group in 1984 as a Marketing Specialist in the Efes Beverage Group and has held various positions including Marketing Supervisor, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director. Between 2000-2008, Mr. Zorlu served as Efes Beverage Group Finance and Investor Relations Director. From 2008 to 2013, Mr. Zorlu was the CFO of the Anadolu Group. From 2013 onwards he served as the Deputy CEO of Anadolu Group until his appointment as the CEO of Anadolu Group in February 2017. He is also a Board Member in several Anadolu Group companies. Mr. Zorlu is the Chairman of Turkish Corporate Governance Association (TKYD) and also serves as a Board Member of the Turkish Investor Relations Society (TUYİD).

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

Mr. Ahmet Cemal Dördüncü, Independent Member. Mr. Dördüncü graduated from Çukurova College and holds a Bachelor's degree from Çukurova University and a Master's degree from Mannheim University. Starting his professional career in Germany in 1981, he joined Sabancı Group in 1987 and worked in several management positions. Between 1999-2004, he served as Chairman and Managing Director in the Group's various companies. In 2004, he was appointed as Sabancı Holding Business Development and Strategic Planning Executive Vice President and between 2005-2010 he served as a Board Member and CEO. Mr. Dördüncü has been serving as the Chief Executive Officer of Akkök Holding since January 2013. He is one of the founding members of the National Innovation Initiative and can speak English, German, Portuguese and Spanish. He is the Chairman of SAF GYO and Gizem Frit, as well as serving as a Board Member in several Akkök Holding companies. Dördüncü is also a Board Member in Anadolu Isuzu Otomotiv Sanayii ve Ticaret A.Ş., Coca- Cola İçecek A.Ş., Anadolu Efes Biracılık ve Malt Sanayii A.Ş. and International Paper Co.

Mr. Hamit Sedat Eratalar, Independent Member. Mr. Eratalar holds a Bachelor's degree from the Department of Economics and Finance at the Ankara University Faculty of Political Sciences. He worked as a Partner and CEO of management consulting firm Eratalar Yönetim Danısmanlık A.Ş. between 2006-2008 and as a Consultant in DRT Danışmanlık A.Ş. between 2007 and 2012. Mr. Eratalar joined the Company's Board of Directors in 2013 and also currently serves as a member of the Board of Directors of Deutsche Bank A.Ş., Kuauf Alçı Sanayi A.Ş. and the Borusan Group and as Partner in Eratalar Yeminli Mali Müşavirlik Şti.

Mr. Mehmet Mete Başol, Independent Member. Mr. Başol graduated from the Economics Department of Arizona State University. Between 1984-1988, he worked in Interbank in various banking positions and between 1988-2001 he served as Deputy Chief Executive, Chief Executive Officer and Chairman of the Board at Turk Merchant Banka A.Ş., Bankers Trust A.Ş. and Deutsche Bank A.Ş. Between 2001-2003, he served as Managing Director on the Public Banks Joint Board for restructuring and rehabilitation practice. He has been a Counsellor and Director at various financial institutions since 2003. Presently he serves as a member of the Board of Directors of Nurol Investment Bank Inc., Enerya Gaz Dağıtım A.Ş., Enerya Gaz Ticaret A.Ş., Coca-Cola İçecek A.Ş. and Anadolu Efes Biracılık ve Malt Sanayi A.Ş.

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

Board committees

The Board of Directors has appointed an audit committee, a corporate governance committee and a committee for early detection of risks from among its members.

Audit Committee

The Audit Committee is composed of two directors, Mehmet Mete Başol and Hamit Sedat Eratalar, both of whom are independent members of the Board of Directors. Mr. Başol serves as Chairman of the Audit Committee. Among other matters, the Audit Committee ensures that adequate and suitable internal controls are in place and appropriate to the Company's needs; that (in conjunction with the Early Determination of Risks Committee) significant business and financial risks have been identified and are being monitored and managed.

Corporate Governance Committee

The Corporate Governance Committee is composed of five directors, İzzet Karaca, Mehmet Mete Başol, and Hurşit Zorlu, R. Yılmaz Argüden, and Deniz Can Yücel. Mr. Karaca serves as Chairman of the Corporate Governance Committee. The remit of the Corporate Governance Committee is to develop and implement continuous improvement processes to facilitate the application of best practices pursuant to the CMB Regulations and Corporate Governance Principles and, more broadly, international standards. The Corporate Governance Committee also currently carries out the functions of the "nominations committee" and "remuneration committee" as defined in the CMB Regulations and Corporate Governance Principles.

Early Determination of Risks Committee

The Early Determination of Risks Committee is composed of two directors, Ahmet Cemal Dördüncü and İzzet Karaca. Mr. Dördüncü serves as Chairman of the Committee. The remit of the Early Determination of Risks Committee is to detect risks that might endanger the existence and development of the Company and to design studies and measurements to detect such risks, as well as to create strategies for risk management and oversee the application of such strategies.

Key Executives

In the opinion of the Company the following persons are the most important for the management of the Group's operations (the "*Key Executives*"):

Name	Age	Position
Burak Başarır	47	CEO
Michael Coombs	54	Chief Financial Officer
Gökhan Kıpçak	53	Chief Information Officer
Lisani Cenk Atasayan	49	Central Asia Region Director
N. Orhun Köstem	46	Middle East and Pakistan Region Director
Ali Hüroğlu	61	Group Supply Chain Services Director
Ebru Özgen	47	Group Human Resources Director
R. Ertuğrul Onur	52	General Counsel
Atilla D. Yerlikaya	46	Group Corporate Affairs Director
Meltem Metin	48	Strategy and Business Development Director
Gökhan İzmirli	42	Chief Audit Executive
Osman Kazdal	53	Group Commercial Excellence Director
Tugay Keskin	48	Turkey General Manager

The business address of each of the Key Executives is Dudullu OSB Mah. Deniz Feneri Sk. No:4, Ümraniye 34776 Istanbul, Turkey.

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

Michael Coombs, Chief Financial Officer. Mr. Coombs was appointed to the position of CFO as of 1 January 2017. He was the Group CFO for Coca-Cola Eurasia and Africa Group between April and December 2016. Prior to this, he held the position of Vice President and CFO of Coca-Cola East Japan, his most recent role in a career spanning more than thirty years in the global Coca-Cola system. Following a number of finance assignments within the Coca-Cola system in South Africa, the UK and France, in 1997 Michael moved to Istanbul, where he served as the CFO of CCI. He was appointed as the General Manager of TurkeCom in 2001, an eBusiness joint venture between The Coca-Cola Company and a number of Turkish conglomerates. Two years later, he moved back to the Turkish bottler to resume the position of CFO. From January 2005, he held the position of CFO for Coca-Cola Japan (CCJC). Between 2009 and 2013, he led two of Coca-Cola's bottling businesses in Japan as the president of Tone CCBC and Coca-Cola Central Japan. Michael has broad Coca-Cola system experience in the key markets of South Africa, Britain, France, and Turkey and most recently eleven years in Japan. He holds a Bachelor's degree in commerce from the University of South Africa and an M.B.A. from the University of South Florida.

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

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

N. Orhun Köstem, Middle East and Pakistan Region Director. Mr. Köstem was appointed as CCI Middle East and Pakistan Region Director as of 1 January 2017. Mr. Köstem joined Anadolu Group in 1994 and assumed different senior executive positions such as Corporate Finance and Investor Relations Director of Efes Beverage Group, Finance Director of Efes Breweries International, Corporate Finance Coordinator of the Anadolu Group and Coca-Cola İçecek Chief Financial Officer. In 2015, he was listed among "Turkey's Most Influential 50 CFOs" by Fortune Turkey Magazine. He was awarded as Turkey's Best CFO in the Investor Relations Awards organized by Thomson Reuters Extel in 2011 and 2013, while he was also honored with the CFO of the Year award by Management Events in 2014. He holds a BSc in Mechanical Engineering and an MBA from the Middle East Technical University, as well as an MA in Law and Economics from Bilgi University. Köstem is one

of the three authors of the book "A Window to Capital Markets: The A to Z of Public Offering and Investor Relations" published in 2009.

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

Ebru Özgen, Group Human Resources Director. Ms. Özgen was appointed as the Group Human Resources Director for Coca-Cola İçecek A.Ş. as of 1 January 2017. She joined CCI as Budget and Planning Supervisor in 1997, worked as Finance Manager between 1998-2000 and East Region Finance Manager between 2000-2005. Ms. Özgen was appointed as Turkey Budget Planning and Commercial Finance Manager in 2010 with increased management responsibilities. In 2013 she was promoted to become Turkey Finance Director, and as a member of CCI Turkey Leadership Team she was responsible for the coordination of finance operations that support strategic business targets. Ms. Özgen started her career in 1992 in Arthur Andersen. She has a bachelor's degree in Business Administration from the Middle East Technical University and an MBA in International Banking and Finance from the University of Birmingham. In 2009, she earned a master's degree on Law and Economics from Bilkent University. Ms. Özgen is a CIM certified CPA and independent auditor.

R. Ertuğrul Onur, General Counsel. Mr. Onur graduated from Istanbul University's Law Faculty in 1988. Following the completion of his apprenticeship at the Konya Bar, he worked as a research assistant at the same Law Faculty, becoming a member of the Istanbul Bar. Mr. Onur served as Legal Counsel for Mobil Oil Türk A.Ş. and BP Petrolleri A.Ş. between 1995 and 2000. He also worked as BP Turkey Employee Representative, BP Oil Europe Works Council Member and BP Oil Europe Works Council Link Committee Member. Prior to joining The Coca-Cola system, he set up the legal department within Pfizer İlaçları and served there as Assistant General Manager and Legal Director. Mr. Onur implemented various compliance programs as Compliance Liasion Officer at Pfizer Turkey. Mr. Onur was appointed Legal Director of the Company in 2007 and is also currently the Head of the CCI Ethics and Compliance Committee.

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

Meltem Metin, Strategy and Business Development Director. Ms. Metin, a graduate of Istanbul University in Business Administration (English), started her career at Pamukbank as a management trainee. She joined the Anadolu Group to work as a specialist in the Financial Control Directorate in 1995. She became Financial Controller at Anadolu Endüstri Holding before being transferred to Efes Sınai Yatırım Holding in 1998, working first as a Financial Controller, then as Regional Finance Manager. In May 2000, she was appointed as Finance Manager to the Kazakhstan operations of Efes Sınai Coca-Cola Almaty Bottlers ("*CCI KZ*") during which time she was the Finance Manager for the Kyrgyzstan operations Coca-Cola Bishkek Bottlers ("*CCI KG*") as well. After she was appointed as General Manager of CCI KZ in February 2002, she also assumed that position for CCI KG in June 2005. Ms. Metin has been the Company's Strategic Business Development Director since May 2009.

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

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

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

Interests of Directors and Key Executives

The Özilhan family, together with the Yazıcı family, directly and indirectly hold 43% of Anadolu Efes' share capital. Anadolu Efes holds 50.3% of the Company's share capital and Mr. Tuncay Özilhan, the Chairman of the Board, is a member of the Özilhan family. As of 30 June 2017, TCCC holds 20.1% of the Company's share capital; TRY 254,370,782.00. Özgörkey Holding holds 2.5% of the Company. Save as set out above and in "*Risk Factors—Risk Related to the Group's Business—The Group is effectively controlled by Anadolu Efes, whose interests (along with the interests of TCCC, another significant shareholder) may conflict with the interests of the holders of the Notes*", there are no actual or potential conflicts of interest between the obligations of the members of the Board of Directors and the Key Executives toward the Company and their respective private interests and duties or obligations to the Company.

OWNERSHIP

Set forth in the table below is the Company's shareholding structure as at the date of this Offering Circular:

Holder	Percentage Holding
Anadolu Efes[(1)]	50.3%
TCCC[(2)]	20.1%
Özgörkey Holding	2.5%
Public and miscellaneous	27.1%
	100.0%

(1) Directly and indirectly. See "*Risk Factors—Risk Related to the Group's Business—The Group is effectively controlled by Anadolu Efes, whose interests (along with the interests of TCCC, another significant shareholder) may conflict with the interests of the holders of the Notes*".

(2) Through The Coca-Cola Export Corporation ("*TCCEC*").

Certain Arrangements with TCCC

Certain shareholding arrangements

Shareholding arrangements between the shareholders of the Company are governed by the Company's articles of association and the shareholders agreement executed between Anadolu Efes and TCCEC on 6 June 2013.

The Company has three classes of shares: Anadolu Efes and one of its subsidiaries hold the A Group registered shares ("*A Shares*"); TCCEC and Cemal Ahmet Bozer hold the B Group registered shares ("*B Shares*"); and Anadolu Efes and one of its subsidiaries together with the other shareholders also hold C Group bearer shares ("*C Shares*"). Each share is entitled to one vote at ordinary or extraordinary general meetings of shareholders. The holders of A Shares and the holders of B Shares have special rights and privileges, some of which are described below.

Appointment of the Board of Directors and the managing director. The Board of Directors is composed of twelve members elected by the Company's shareholders at the general meeting. From the candidates nominated by the majority of the holders of A Shares seven members are elected, while from the candidates nominated by the majority of the holders of B Shares one member is elected and four members (the independent members) are elected from amongst the candidates nominated by any shareholder. The Company's daily operations are administered by the managing director, who is appointed out of candidates nominated by those members of the board of directors of the Company who were appointed by the holders of A Shares.

Directors' voting. Except for certain "Major Decisions" that require approval of the directors elected from amongst the candidates nominated by the majority of the holders of B Shares, decisions of the Board of Directors can be taken by the affirmative vote of the majority of the members of the Board of Directors who are present at such meeting (unless a higher number of members must vote as prescribed by the Turkish Commercial Code and Capital Markets Law). The "Major Decisions" include establishment or dissolution of affiliates of the Company which are deemed as material transaction according to relevant capital markets regulations, capital expenditures above a certain threshold; investment in other entities above a certain threshold; approval of business plans; sale and donation of the immovables of the Company and establishing mortgage over the immovables of the Company above a certain threshold, proposals to amend the Company's articles of association or the issued share capital of the Company; proposals to dissolve or merge the Company, distribute additional dividends exceeding the statutory limitations set forth under the capital markets regulations, proposals to make any transaction or agreement between the Company and shareholders holding at least 5% shares in the Company or their affiliates and decisions to issue new securities above a certain threshold. The "Major Decisions" that are submitted for voting at the general meeting of shareholders (e.g. such "Major Decisions" include amendment of the issued share capital of the Company and dissolution or merger of the Company) require an affirmative vote of shareholders holding at least 80% of each of the A Shares and B Shares separately.

Transfer of Shares in the Company. Any amount of A Shares or B Shares in the Company can be transferred by a shareholder to its respective affiliate, but if the transfer is to a third party then a shareholder can transfer its A Shares or B Shares if all A Shares or B Shares, as the case may be, are transferred in their entirety and if the shareholder obtains consent to the transfer from all other holders of the relevant class of shares.

When contemplating a transfer of A Shares to a third party, a shareholder must first offer such shares to the holders of B Shares; and when contemplating a transfer of B Shares to a third party a shareholder must first offer such shares to the holders of A Shares. In each of the said cases the non-selling shareholder has ninety days to accept the offer to purchase the Company's shares from the other shareholder(s). There are no restrictions on the transfer of C Shares.

Holders of B Shares may demand that the holders of A Shares sell their A Shares to the holders of B Shares upon occurrence of certain events, which include an unresolved deadlock by the shareholders over any of the "Major Decisions"; bankruptcy or dissolution of a holder of A Shares; a change of control in a holder of A Shares; termination or non-renewal of any bottler's agreement signed between the Company, TCCC and TCCEC. The holders of A Shares may demand that the holders of B Shares purchase its A Shares in the event that TCCC or TCCEC terminate any bottler's agreement other than as allowed by the bottler's agreement. In either of the said cases, the shares are to be sold at a price to be agreed between the holders of A Shares and the holders of B Shares; and failing an agreement by reference to the stock price of the Company or, if this is not available or the holders of A Shares are of the opinion that the price of shares in the Company over the past three months is materially different from the value of the Company, by referral to an audit firm. In the event that TCCC or TCCEC terminate or fail to renew any bottler's agreement, the holders of B Shares will make a tender offer to purchase C Shares as per the relevant capital markets regulations.

Anadolu Efes

Anadolu Efes is a leading international brewer. It operates breweries, malteries and a hops processing plant across six markets and has sales operations in a further three countries. Anadolu Efes is part of the broader Anadolu group of companies (the "*Anadolu Group*"), one of Turkey's leading conglomerates. The foundations of the Anadolu Group were laid in the early 1950s by members of the Özilhan and Yazıcı families in Turkey. In 1969, a diverse assortment of companies and activities was brought together under Anadolu Endüstri Holding A.Ş. Since its inception, the Anadolu Group has grown steadily, becoming what is today a conglomerate of more than 80 companies in 16 countries ranging from the Atlantic to the Pacific that are active mainly in beer and soft drinks (through Anadolu Efes and its shareholding in the Company), and the automotive, retail, stationery, real estate and financial services sectors. The Anadolu Group has also expanded its range of activities with investments in the informatics, electronics, energy, food and healthcare sectors.

Certain Corporate Governance Provisions for Companies Listed on the Borsa Istanbul

On January 3, 2014, the CMB issued the Communiqué Serial: II-17.1 "Corporate Governance Communiqué", which provides certain mandatory and non-mandatory corporate governance principles as well as rules regarding related-party transactions and a company's investor relations department. Some provisions of the Corporate Governance Communiqué are applicable to all companies incorporated in Turkey and listed on the Borsa İstanbul, whereas some others are applicable solely to companies whose shares are traded in certain markets of the Borsa İstanbul. As a company whose shares are listed on Borsa Istanbul, the Company is subject to the Capital Markets Law, communiqués issued by the CMB and the rules of the Borsa Istanbul. In particular, the Company is subject to the principles set out in the Corporate Governance Communiqué, which addresses matters regarding the approval of transactions, conflicts of interest and related party transactions.

The Corporate Governance Communiqué contains principles relating to: (i) companies' shareholders; (ii) public disclosure and transparency; and (iii) the board of directors. A number of principles are compulsory, while the remaining principles apply on a "comply or explain" basis. Where the Company does not comply with any of the non-mandatory principles applicable to it under the Corporate Governance Communiqué, it is required to explain any such non-compliance in its annual Corporate Governance Principles Compliance Report, which is published as part of the Company's annual report.

The mandatory principles under the Corporate Governance Communiqué include: (i) the composition of the board of directors; (ii) appointment of independent board members; (iii) board committees; (iv) specific corporate approval requirements for related party transactions, transactions that may result in

a conflict of interest and certain other transactions; and (v) information rights in connection with general assembly meetings.

The board of directors of a listed company shall have at least five members and the majority of the board shall consist of non-executive directors. A certain number of these non-executive board members must be independent board members. Independent directors may be appointed for a period up to three years and can be re-elected, provided that they do not serve as a board member for more than six years within the last ten years.

In addition to the mandatory principles regarding the composition of the board and the independent board members, the Corporate Governance Communiqué introduced specific corporate approval requirements and subject to certain exceptions, valuation requirements for all material related party transactions such as asset and service purchases, lease, liability transfer and asset and service sales. All those types of transactions shall be approved by the majority of the independent board members. If not, then they shall be brought to the general assembly meeting where related parties to those transactions are not allowed to vote. Meeting quorum shall not be sought for these resolutions and the resolution quorum is the simple majority of the attendees who may vote.

Board resolutions regarding granting of any guarantee, pledge, mortgage or surety in favour of third parties in order to carry out ordinary business activities, require the affirmative vote of the majority of independent board members. If the majority of independent board members do not approve such transactions, the reason for dissent must be disclosed to the public.

The general assembly of shareholders is required to be informed of the transactions that may lead to a conflict of interest with the listed company and its controlling shareholders, board members, high level executives and their up to second degree relatives.

The Capital Markets Law authorizes the CMB to require listed companies to comply with the corporate governance principles in whole or in part and to take certain measures with a view to monitor compliance with the new principles, which include requesting injunctions from the court or filing lawsuits to determine or to revoke any unlawful transactions or actions that contradict with these principles.

Significant transactions

Capital markets legislation foresees further restrictions in corporate governance of publicly held companies. Communiqué Serial: II-23.1 Common Principles Regarding Significant Transactions and the Retirement Rights Communique, published in the Official Gazette dated 24 December 2013 (the "*Significant Transactions Communiqué*") sets forth that certain significant transactions must be approved by the general assembly. Significant transactions which require the approval of the general assembly are as follows:

— Merger, demerger, reorganization and liquidation of the company,

— Lease or transfer of, or establishment of rights in rem on all or a significant amount of the company's assets,

— Change of main field of activity of the company,

— Granting of privileges to shares or changing the scope or subject of any existing privileges,

— delisting from the Borsa Istanbul,

— Acquisition or lease of material assets to related parties, and

— Using funds obtained from planned paid capital increases to pay the company's debts to its related parties arising from asset transfers to the company other than cash, provided that the amount of such funds exceed the company's share capital.

The Significant Transactions Communiqué sets out certain thresholds and other criteria in order to determine whether or not a planned transaction falls into the significant transactions category.

No meeting quorum is needed for general assemblies held for approval of such transactions, unless foreseen otherwise in the articles of association of the company. If at least half of the voting shares are present at the general assembly, majority of the present shares are needed for the transaction to be approved. If not, the decision quorum for approval is two thirds of the present shares. The listed company is under the obligation to offer to buy the shares of the shareholders who have voted against the relevant material transaction in the general assembly.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:

The US$500,000,000 4.215 per cent. Notes due 2024 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of Coca-Cola İçecek Anonim Şirketi (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated 19 September 2017 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, Citibank, N.A., London Branch as fiscal agent and principal paying agent, and as transfer agent (in such capacities, the **Fiscal Agent** and, together with any further or other paying agents or transfer agents appointed from time to time in respect of the Notes, the **Paying Agents** and the **Transfer Agents**, respectively) and Citigroup Global Markets Deutschland AG as registrar (the **Registrar** and, together with the Fiscal Agent, the Transfer Agent, and any other Paying Agents or Transfer Agents, the **Agents**). The holders of the Notes (the **Noteholders**) are entitled to the benefit of a Deed of Covenant (the **Deed of Covenant**) dated 19 September 2017 and made by the Issuer. The original of the Deed of Covenant is held by the Fiscal Agent on behalf of the Noteholders at its specified office.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the Agency Agreement.

*The owners shown in the records of Euroclear Bank SA/NV (**Euroclear**), Clearstream Banking, S.A. (**Clearstream, Luxembourg**) and the Depository Trust Company (**DTC**) of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.*

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of US$200,000 and integral multiples of US$1,000 in excess thereof (referred to as the **principal amount** of a Note). A certificate (each, a **Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar. The Notes are issued pursuant to the Turkish Commercial Code (Law No. 6102), the Capital Markets Law (Law No. 6362) and the Communiqué No.VII-128.8 of the Capital Markets Board (**CMB**) on Debt Instruments.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book-entry interests in the Notes, see "Book-Entry Clearance Systems".

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any Transfer Agents.

For a description of certain restrictions on transfers of interests in the Notes, see "Transfer Restrictions".

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see "The Global Certificates—Registration of Title"), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement and, in the case of Restricted Notes, compliance with the Securities Act Legend.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate (or such longer period as may be required to comply with any fiscal or other regulations), be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Transfer Agent but upon payment by the Noteholder (or the giving of such indemnity as the Issuer or any Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. STATUS

The Notes are direct, unconditional and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. COVENANTS

4.1 Negative Pledge

So long as any of the Notes remains outstanding,

the Issuer will not, and the Issuer will procure that none of its Subsidiaries (as defined below) will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer and/or any of its Subsidiaries to secure any Relevant Indebtedness, unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

(ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

4.2 Financial statements

So long as any of the Notes remains outstanding, the Issuer shall deliver to the Fiscal Agent as soon they become available but in any event (i) within six months of the end of each financial year of the Issuer, a copy of the Issuer's audited annual consolidated financial statements for such financial year, together with the report thereon by the Issuer's independent auditors, and (ii) within 90 days of the end of the first six months of each such financial year, a copy of the Issuer's consolidated financial statements for such six-month period, together with the review report thereon by the Issuer's independent auditors, each prepared and presented in accordance with Turkish Accounting Standards consistently applied. The Issuer shall procure that the Fiscal Agent delivers a copy of such financial statements, together with the relevant report of the auditors thereon, to any Noteholder promptly upon written request by such Noteholder.

4.3 Interpretation

In these Conditions:

Turkish Accounting Standards means the Turkish accounting and financial reporting standards for the preparation and presentation of financial statements by public companies in Turkey pursuant to the "Communiqué on Financial Reporting in Capital Markets" Serial II, No. 14.1, published in the Official Gazette No. 28676 dated 13 June 2013 (as amended, supplemented or restated from time to time);

Person means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or other entity, including, without limitation, any government, state agency or international organisation;

Relevant Indebtedness means: (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market; and (ii) any guarantee or indemnity in respect of any such indebtedness; and

Subsidiary means, in relation to any Person, any other Person:

(a) that is controlled, directly or indirectly, by the first such Person; or

(b) more than half of the issued equity or the voting rights in respect of any such equity, of which is or are beneficially owned, directly or indirectly by the first such Person; or

(c) that is a Subsidiary of another Subsidiary of the first such Person,

and for this purposes a Person shall be treated as being **controlled** by another Person if that other Person is able to direct its affairs and/or to control the appointment or removal of a majority of the members of its board of directors or equivalent governing body.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including the Issue Date at the rate of 4.215 per cent. per annum, payable semi-annually in arrear on each of 19 March and 19 September in each year (each an **Interest Payment Date**). The first payment (representing a full six months' interest) shall be made on 19 March 2018.

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

6. PAYMENTS

6.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by US dollar cheque drawn on a bank that processes payments in US dollars mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the **record date**) being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition, a Noteholder's registered account means the US dollar account maintained by or on behalf of it with a bank that processes payments in US dollar, details of which appear on the register of Noteholders at the close of business, in the case of principal, on the second Business Day (as defined in Condition 6.4 below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder's registered address means its address appearing on the register of Noteholders at that time.

6.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In these Conditions, **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Fiscal Agent;

(b) there will at all times be a Paying Agent in a jurisdiction within Europe; and

(c) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 19 September 2024 (the **Maturity Date**).

7.2 Optional Redemption

The Issuer may, on giving not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 12, the Noteholders (which notices shall be irrevocable and shall specify the date fixed for redemption and the applicable record date), redeem all (but not some only) of the Notes at any time during the period commencing on (and including) the date falling 90 days prior to the Maturity Date to (but excluding) the Maturity Date at their principal amount, together with interest accrued to the date fixed for redemption.

At any time prior to the date falling 90 days prior to the Maturity Date, the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 12, the Noteholders (which notices shall be irrevocable and shall specify the date fixed for redemption and the applicable record date), redeem all (but not some only) of the Notes at the Make-Whole Redemption Price. The Make-Whole Redemption Price shall be notified by the Issuer to the Fiscal Agent and, in accordance with Condition 12, the Noteholders as soon as practicable after its determination and in any event by no later than two Business Days prior to the date fixed for redemption.

For the purpose of this Condition 7.2:

Make-Whole Redemption Price means, in respect of each Note, the greater of (a) 100 per cent. of the principal amount of the Notes outstanding and (b) the sum (expressed as a percentage of the principal amount of the Notes outstanding) of the present values of the Remaining Scheduled Payments discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of 12 months of 30 days each) at the U.S. Treasury Rate plus a spread of 35 basis points, together with accrued interest on the Notes to the date of redemption, all as determined by the Determination Agent;

U.S. Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (on the basis of a 360-day year consisting of 12 months of 360 days each and computed as of the third Business Day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date;

Comparable Treasury Issue means the United States Treasury security or securities selected by the Determination Agent that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes;

Comparable Treasury Price means, with respect to any date fixed for redemption, (A) the arithmetic average of the Reference Treasury Dealer Quotations for such date fixed for redemption, after excluding the highest and lowest such Reference Treasury Dealer Quotations, (B) if the Determination Agent obtains fewer than four such Reference Treasury Dealer Quotations, the arithmetic average of all such quotations, or (C) if only one such Reference Treasury Dealer Quotation is obtained, the amount of the Reference Treasury Dealer Quotation so obtained;

Reference Treasury Dealer means (A) each of the five banks or firms selected by the Determination Agent, which are nationally recognised primary United States government securities dealers, or (B) such other five persons operating in the market for the Comparable Treasury Issue as are selected by the Determination Agent in consultation with the Issuer;

Reference Treasury Dealer Quotation means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Determination Agent by each such Reference Treasury Dealer at 5.00 p.m., New York City time on the third Business Day immediately preceding such redemption date;

Remaining Scheduled Payments means, with respect to the Notes, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date but for such redemption, provided, however, that if that redemption date is not an Interest Payment Date, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to the redemption date; and

Determination Agent means a leading investment bank or financial institution of international standing (i) selected by the Issuer for the purposes of calculating the Make-Whole Redemption Price, and (ii) notified to the Noteholders by the Issuer in accordance with Condition 12.

7.3 Redemption for Taxation Reasons

If:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 15 September 2017, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

7.4 Redemption at the Option of the Holders Upon a Change of Control

If a Change of Control Put Event occurs, the Issuer will, upon any Noteholder giving to the Issuer through a Paying Agent notice within the Change of Control Put Period (unless prior to the giving of such notice the Issuer has given notice of redemption under Condition 7.2 or 7.3) redeem in whole (but not in part) the Notes the subject of the notice on the Change of Control Redemption Date at 101 per cent. of their principal amount (the **Change of Control Redemption Amount**) together with interest accrued to the date of redemption.

Within 14 days of the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice to the Noteholders in accordance with Condition 12 (a **Change of Control Notice**) specifying the nature of the relevant Change of Control Put Event, the circumstances giving rise to it and the procedure for Noteholders to exercise their rights to require redemption of any Notes pursuant to this Condition 7.4.

To exercise such right, any holder of the Notes must deliver at the specified office of a Paying Agent on any Business Day falling within the Change of Control Put Period, a duly signed and completed notice of exercise in the form obtainable from any specified office of a Paying Agent (a **Change of Control Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this paragraph accompanied by the Certificate for such Notes or evidence satisfactory to the Agent concerned that the Certificate for such Notes will, following the delivery of the Change of Control Put Notice, be held to its order or under its control. A Change of Control Put Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Notice and instead to give notice that the Note is immediately due and repayable under Condition 10.

If 85 per cent. or more in nominal amount of the Notes outstanding on the Change of Control Redemption Date immediately prior to any redemption of the Notes pursuant to this Condition 7.4 are redeemed on such redemption, the Issuer may, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (such notice to be given within 30 days of the Change of Control Redemption Date), redeem all but not some only of the remaining outstanding Notes at the Change of Control Redemption Amount together with interest accrued to the date of redemption.

For the purposes of this Condition 7.4:

Anadolu Group means Anadolu Endüstri Holding A.Ş. together with its Subsidiaries including but not limited to Anadolu Efes Biracılık ve Malt Sanayii A.Ş.;

a **Change of Control** means the Anadolu Group and TCCC individually or together ceasing to control the Issuer other than as a result of the Anadolu Group or TCCC acquiring sole control of the Issuer. As used in this definition, **control** means (a) the holding of more than one-half of the issued share capital of the Issuer (excluding (x) any part of such issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital, and (y) any share transfers within the direct or indirect Subsidiaries of the Anadolu Group and TCCC) and/or (b) the ability to direct the affairs of the Issuer and/or (c) the ability to control the appointment or removal of a majority of the members of its board of directors or equivalent governing body, whether, in the case of (b) or (c), through the ownership of voting securities, by contract or otherwise;

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 60 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 60 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a **Change of Control Put Event** will be deemed to occur if a Change of Control occurs and on the Relevant Announcement Date the Notes have:

(a) been assigned at the invitation of the Issuer:

  (i) an investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded to a non-investment grade rating or such Rating Agency ceases to assign a credit rating to the Notes and, in each case, does not subsequently upgrade its credit rating assigned to the Notes to an investment grade rating or re-assign an investment grade rating to the Notes by the end of the Change of Control Period; or

  (ii) a non-investment grade rating by any Rating Agency and, within the Change of Control Period, that credit rating is either downgraded by one or more categories (by way of example, BB+ to BB being one rating category) or such Rating Agency ceases to assign a credit rating to the Notes and, in each case, does not subsequently

upgrade its credit rating assigned to the Notes to, or re-assign a credit rating to the Notes of, the category assigned to the Notes on the Relevant Announcement Date or better by the end of the Change of Control Period,

provided that if on the Relevant Announcement Date the Notes have been assigned at the invitation of the Issuer a credit rating from more than one Rating Agency, at least one of which is an investment grade rating, then paragraph (i) only will apply; or

(b) not been assigned a credit rating by any Rating Agency at the invitation of the Issuer and a Negative Rating Event also occurs within the Change of Control Period;

Change of Control Put Period means the period of 30 days following the date on which a Change of Control Notice is given;

Change of Control Redemption Date means the fifth Business Day following the expiry of the Change of Control Put Period;

an **investment grade rating** shall mean, in relation to S&P, a rating of BBB- or above, in relation to Moody's, a rating of Baa3 or above, in relation to Fitch, a rating of BBB- or above and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

a **Negative Rating Event** shall be deemed to have occurred at any time if at such time there is no credit rating assigned to the Notes by any Rating Agency at the invitation of the Issuer and (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a credit rating of the Notes or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a credit rating that is an investment grade rating by the end of the Change of Control Period;

a **non-investment grade rating** shall mean, in relation to S&P, a rating of BB+ or below, in relation to Moody's, a rating of Ba1 or below, in relation to Fitch, Inc., a rating of BB+ or below and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

Rating Agency means Standard & Poor's Credit Market Services Europe Limited (**S&P**), Fitch Ratings Ltd. (**Fitch**) or Moody's Investors Service Ltd. (**Moody's**), or any of their respective successors, or any other rating agency of international standing;

Relevant Announcement Date means the date that is the earlier of (i) the date of the first public announcement of the relevant Change of Control and (ii) the date of the earliest Relevant Potential Change of Control Announcement (if any);

Relevant Potential Change of Control Announcement means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs; and

TCCC means The Coca-Cola Company, a Delaware corporation, together with its wholly owned Subsidiaries and their respective successors and assigns.

7.5 Purchases

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes in any manner and at any price. Such Notes may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent or the Registrar for cancellation.

7.6 Notices Final

Upon the expiry of any notice as is referred to in Conditions 7.2, 7.3 or 7.4 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8. TAXATION

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of a Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In

that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment in the Republic of Turkey; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day.

8.2 Interpretation

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

(b) **Relevant Jurisdiction** means the Republic of Turkey or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

9. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8.

10. EVENTS OF DEFAULT

10.1 Events of Default

The holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and repayable at its principal amount, together with interest accrued to the date of repayment, if any of the following events (**Events of Default**) shall have occurred and be continuing:

(a) if default is made in the payment of any principal or interest when due in respect of the Notes or any of them and the default continues for a period of 3 Business Days in the case of principal or 10 Business Days in the case of interest; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

(c) (i) any Indebtedness for Borrowed Money of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or (as the case may be) within any originally applicable grace period for the payment thereof; (iii) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce that security; or

(iv) default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that the aggregate nominal amount of any such Indebtedness for Borrowed Money of the Issuer or such Principal Subsidiary in the case of (i), (ii) and/or (iii) above, and/or amount of Indebtedness for Borrowed Money in relation to which such guarantee and/or indemnity of the Issuer or such Principal Subsidiary has been given in the case of (iv) above, is at least US$50,000,000 (or its equivalent in any other currency); or

(d) if (i) the Issuer or any of its Principal Subsidiaries sells or otherwise disposes of (in the case of the Issuer) the whole or a substantial part of its assets or (in the case of a Principal Subsidiary) the whole or substantially the whole of its assets or ceases or threatens to cease to carry on (in the case of the Issuer) the whole or a substantial part of its business or (in the case of a Principal Subsidiary) the whole or substantially the whole of its business or (ii) an order is made by any competent court or an effective resolution is passed for the winding-up, dissolution or liquidation of the Issuer or any of its Principal Subsidiaries, save for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent (I) in the case of a Principal Subsidiary, by which the assets and undertaking of that Principal Subsidiary are transferred to the Issuer and/or any other Subsidiary(ies) of the Issuer or (II) on terms approved by an Extraordinary Resolution of Noteholders, or (iii) the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(e) if (i)(A) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or (B) an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to (in the case of the Issuer) the whole or any part of its undertaking or assets or (in the case of a Principal Subsidiary) the whole or substantially the whole of its undertaking or assets, or (C) an encumbrancer takes possession of (in the case of the Issuer) the whole or any part of its undertaking or assets or (in the case of a Principal Subsidiary) the whole or substantially the whole of its undertaking or assets, or (D) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, any amount (A) in respect of which such proceedings are initiated or (B) of any indebtedness in respect of which such application is made or which is secured by the relevant encumbrance, is at least US$50,000,000 and the relevant proceedings, application, appointment, taking of possession or process is not discharged within 60 days; or

(f) if the Issuer or any of its Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(g) any event occurs which under the laws of the Republic of Turkey or any other applicable jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (f) inclusive above.

10.2 Interpretation

For the purposes of this Condition 10:

(a) a **Principal Subsidiary** means at any time a Subsidiary of the Issuer:

(i) whose total sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or, as the case may be, consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that, in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (a)(ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate gross revenues/net profits equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a)(i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total sales equal to) not less than 10 per cent. of the consolidated total sales of the Issuer and its Subsidiaries taken as a whole, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a)(i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (a)(iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Agency Agreement; and

(b) **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, interest or other amounts) for or in respect of any borrowed money.

10.3 Reports

A certificate of two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary, shall, in the absence of manifest error, be conclusive and binding on all parties.

11. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. NOTICES

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relevant Certificate, with the Fiscal Agent or, if the Certificates are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. MEETINGS OF NOTEHOLDERS AND MODIFICATION

13.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes the modification of certain of these Conditions the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution.

13.2 Modification

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement (in each case, except for any matter defined in the Agency Agreement as a Basic Terms Modification) either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which, in the sole opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes, *provided* that any such further notes are fungible with the outstanding Notes for U.S. federal income tax purposes.

15. GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Agency Agreement, the Deed of Covenant and the Notes, and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant and the Notes, are governed by, and will be construed in accordance with, English law.

15.2 Submission to Jurisdiction

(a) Subject to Condition 15.2(c) below, the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) is to have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a **Dispute**) and accordingly each of the Issuer and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales).

(b) For the purposes of this Condition 15.2, the Issuer waives any objection to the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

15.3 Consent to Enforcement

The Issuer agrees, without prejudice to the enforcement of a judgment obtained in the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) according to the provisions of Article 54 of the International Private and Procedural Law of Turkey (Law No. 5718), that in the event that any action is brought in relation to the Issuer in a court in the Republic of Turkey in connection with the Notes, any judgment obtained in the courts of England in connection with such action shall constitute conclusive evidence of the existence and amount of the claim against the Issuer, pursuant to the provisions of the first sentence of Article 193 of the Civil Procedure Code of Turkey (Law No. 6100) and Articles 58 and 59 of the International Private and Procedural Law of Turkey (Law No. 5718).

15.4 Appointment of Process Agent

The Issuer irrevocably and unconditionally appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom, as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose and deliver to the Fiscal Agent a copy of the new agent's acceptance of that appointment within 30 days of the previous agent having ceased to be such agent for service of process.

15.5 Other Documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the High Court of Justice of England and Wales in London (and any competent United Kingdom appellate court in respect of any appeal relating to any judgment or order originally of the High Court of Justice of England and Wales) and appointed an agent in England for service of process, in terms substantially similar to those set out above.

16. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL CERTIFICATES

The Global Certificates contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Certificates, some of which modify the effect of the Conditions of the Notes. Terms defined in the Conditions of the Notes have the same meaning in paragraphs in this "The Global Certificates" section.

Accountholders

For so long as any of the Notes are represented by the Global Certificates, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "*Accountholder*") (in which regard any certificate or other document issued by DTC or Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "*Noteholders*" and references to "*holding of Notes*" and to "*holder of Notes*" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the nominee of a common depositary for the relevant clearing system (the "*Relevant Nominee*") in accordance with and subject to the terms of the Global Certificates. Each Accountholder must look solely to DTC or Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer or any of its subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

Payments

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Global Certificate to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the holders of the Global Certificates for such purpose.

Distributions of amounts with respect to book-entry interests in the Regulation S Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Rule 144A Notes holding through DTC will receive, to the extent received by the Fiscal Agent, all distribution of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Fiscal Agent and shall be *prima facie* evidence that payment has been made.

Notices

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 12. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to such clearing system.

Whilst any of the Notes held by a Noteholder are represented by a Global Certificate, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures and otherwise in such manner as the Fiscal Agent and the applicable clearing system may approve for this purpose.

Change of Control Put Exercise Notice

For so long as any Note is represented by a Global Certificate, to exercise the right to require redemption of this Note under Condition 7.4 the Noteholder must, within the notice period set out in Condition 7.4, give notice to a Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable (which may include notice being given on such Noteholder's instruction by Euroclear, Clearstream, Luxembourg, DTC or any depositary for them to any Agent by electronic means) in a form acceptable to Euroclear, Clearstream, Luxembourg or DTC, as applicable, from time to time.

Any notice given in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg or DTC, as applicable, by a Noteholder under Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw such notice and instead to give notice that the Note is immediately due and repayable under Condition 10.

Registration of Title

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream, Luxembourg or DTC, as appropriate, notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with a Global Certificate or, in the case of DTC only, DTC ceases to be a clearing agency registered under the US Securities Exchange Act of 1934, and in each case a successor clearing system is not appointed by the Issuer within 90 days after receiving such notice from Euroclear, Clearstream, Luxembourg or DTC or becoming aware that DTC is no longer so registered. In these circumstances title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Conditions of the Notes, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the "*Exchanged Global Certificate*") becomes exchangeable for Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and DTC and their respective direct and indirect participants, as more fully described under "*Book—Entry Clearance Systems*".

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of each of DTC, Euroclear or Clearstream, Luxembourg (together, the "*Clearing Systems*") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Joint Bookrunners takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of such facilities. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of the Clearing Systems or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Pursuant to the Communiqué, the Issuer is required to notify the Central Registry İstanbul within three İstanbul business days from the Issue Date of the amount, Issue Date, ISIN, interest commencement date, maturity date, interest rate, name of the custodian, the currency of the Notes and the country of issuance.

Book-Entry Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a member of the Federal Reserve System, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in participants' accounts. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depositary Trust and Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. More information about DTC can be found at www.dtcc.com but such information is not incorporated by reference in and does not form part of this Offering Circular.

Registration and Form

Book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be represented by the Unrestricted Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream, Luxembourg. Book-entry interests in the Notes held through DTC will be represented by the Restricted Global Certificate registered in the name of Cede & Co., as nominee for DTC, and held by a custodian for DTC. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear, Clearstream, Luxembourg and DTC to reflect the amounts of Notes held through Euroclear, Clearstream, Luxembourg and DTC, respectively. Beneficial ownership of book-entry interests in

Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC.

The aggregate holdings of book-entry interests in the Notes in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or, if individual Certificates are issued in the limited circumstances described under "*The Global Certificates—Registration of Title*", holders of Notes represented by those individual Certificates. The Fiscal Agent will be responsible for ensuring that payments received by it from the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be, and the Fiscal Agent will also be responsible for ensuring that payments received by the Fiscal Agent from the Issuer for holders of book-entry interests in the Notes holding through DTC are credited to DTC.

The Issuer will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC.

Clearing and Settlement Procedures

Initial settlement

Upon their original issue, the Notes will be in global form represented by the two Global Certificates. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Issue Date against payment (value the Issue Date). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Notes following confirmation of receipt of payment to the Issuer on the Issue Date.

Secondary market trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Book-entry interests in the Notes may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Notes between Euroclear or Clearstream, Luxembourg and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream, Luxembourg and DTC.

General

None of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent, the Agents or any of their agents will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above nor will the Issuer, the Fiscal Agent, the Agents or any of their agents have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

This is a general summary of certain material US federal and Turkish tax considerations in connection with an investment in the Notes. This summary does not address all aspects of US federal and Turkish tax law and does not discuss any tax law considerations of any jurisdiction other than the United States and Turkey. While this summary is considered to be a correct interpretation of existing laws in force on the date of this Offering Circular, there can be no assurance that those laws or the interpretation of those laws will not change, possibly with retroactive effect. This summary does not discuss all of the income tax consequences that may be relevant to an investor in light of such investor's particular circumstances or to investors subject to special rules, such as regulated investment companies, certain financial institutions or insurance companies. **Prospective investors are advised to consult their tax advisers with respect to the tax consequences of the purchase, ownership or disposition of the Notes (or the purchase, ownership or disposition by an owner of beneficial interests therein) as well as any tax consequences that may arise under the laws of any state, municipality or other taxing jurisdiction.** References to "*resident*" herein refer to tax residents of Turkey and references to "*non-resident*" herein refer to persons who are not tax residents of Turkey.

Certain US Federal Income Tax Consequences

The following summary describes certain US federal income tax consequences of the acquisition, ownership and disposition of a Note by a US Holder (as defined below) whose functional currency is the US Dollar that acquires the Note in this Offering from the Joint Bookrunners at the "issue price" (generally, the initial offering price to the public (i.e., excluding bond houses and brokers) at which price a substantial amount of the Notes are sold) and holds it as a capital asset within the meaning of the US Internal Revenue Code of 1986 (the "*Code*"). This summary does not address all aspects of US federal income taxation that may be applicable to particular US Holders subject to special US federal income tax rules, including, among others, tax-exempt organisations, financial institutions, dealers and traders in securities or currencies, US Holders that will hold a Note as part of a "straddle" hedging transaction, "conversion transaction" or integrated transaction for US federal income tax purposes, US Holders that enter into "constructive sale" transactions with respect to the Notes, US Holders liable for alternative minimum tax and certain former US citizens or long-term residents of the US subject to Section 877 or 877A of the Code. In addition this summary does not address consequences to US Holders of the acquisition, ownership and disposition of a Note under any other US federal tax laws (*e.g.* estate or gift tax laws) or under the tax laws of any state, locality or other political subdivision of the United States or other countries or jurisdictions.

As used herein, the term "*US Holder*" means a beneficial owner of a Note that is for US federal income tax purposes: (a) an individual who is a citizen or resident of the US; (b) a corporation created or organized in or under the laws of the US, any state thereof or the District of Columbia; (c) an estate the income of which is subject to US federal income taxation regardless of its source; or (d) a trust that is subject to US tax on its worldwide income regardless of its source.

If an entity or arrangement treated as a partnership for US federal income tax purposes holds a Note, the US federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Therefore, a partnership holding a Note and its partners should consult their own tax advisers regarding the US federal income tax consequences of the acquisition, ownership and disposition of a Note.

The discussion below is based upon the Code, US Treasury regulations thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this Offering Circular and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in US federal income tax consequences different from those discussed below.

The summary of the US federal income tax consequences set out below is for general information only. All prospective purchasers should consult their tax advisers as to the particular tax consequences to them of owning the Notes, including the applicability and effect of state, local, foreign and other tax laws and possible changes to those laws.

Payments of Interest

Payments of interest on the Notes, including additional amounts, if any, generally will be taxable to a US Holder as ordinary income at the time that such payments are received or accrued, in accordance with such US Holder's regular method of accounting for US federal income tax purposes. Interest

paid on a Note generally will constitute foreign source income for US federal income tax purposes and generally will be considered "passive" income, which is treated separately from other types of income in computing the foreign tax credit that may be allowable to US Holders under US federal income tax laws. Subject to applicable restrictions and limitations, a US Holder may be entitled to claim a US foreign tax credit in respect of any Turkish withholding taxes imposed on interest received on the Notes. A US Holder who does not elect to claim a credit for foreign tax may instead claim a deduction in respect of the tax provided the US Holder elects to deduct rather than claim a credit for all foreign taxes for such taxable year. US Holders that are eligible for benefits under the income tax treaty between the United States and Turkey (the "*US—Turkey Tax Treaty*"), or are otherwise entitled to a refund for any taxes withheld under Turkish tax law, generally will not be entitled to a US foreign tax credit or deduction for the amounts of any Turkish taxes withheld in excess of the maximum rate under the US – Turkey Tax Treaty or of those taxes that have been otherwise refunded to them under Turkish tax law. The US rules relating to crediting or deducting foreign taxes are extremely complex, and US Holders are urged to consult their own tax advisers regarding the availability and advisability of claiming a foreign tax credit or a deduction with respect to any Turkish taxes withheld from payment.

Sale, exchange and redemption of notes

Upon the sale, exchange, redemption, retirement at maturity or other taxable disposition of a Note, a US Holder generally will recognise taxable gain or loss equal to the difference between the amount realised (*i.e.* the amount of cash and the fair market value of any property received on the disposition (except to the extent the cash or property received is attributable to accrued and unpaid interest not previously included in income, which is treated as a payment of interest)) and the US Holder's tax basis in the Note. A US Holder's tax basis in a Note generally will equal the amount paid for the Note. Any gain or loss recognized by a US Holder on the sale, exchange or other disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the US Holder for more than one year at the time of disposition. A non-corporate US Holder's long-term capital gain may be taxed at lower rates. The deductibility of capital losses is subject to significant limitations. Gain or loss realized by a US Holder on the sale or retirement of a Note generally will be US source. Accordingly, a US Holder may not be able to claim a foreign tax credit for any Turkish tax upon a disposition of a Note unless it has other specified foreign source income. US Holders should consult their own advisers about the availability of US foreign tax credits or deductions with respect to any non-US taxes imposed upon a disposition of Notes.

Information reporting and backup withholding

In general, information reporting requirements will apply to certain payments of principal and interest paid on the Notes and to the proceeds of sale of a Note paid to the Noteholders (unless a Noteholder is an exempt recipient). A backup withholding tax may apply to such payments if a Noteholder fails to timely provide a correct taxpayer identification number or a certification of exempt status, or if a Noteholder fails to report in full dividend and interest income.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability, provided the required information is timely furnished to the US Internal Revenue Service ("*IRS*").

Medicare tax

With respect to taxable years beginning after 31 December 2012, certain US Holders, including certain individuals, estates, and trusts, will be subject to an additional 3.8% Medicare tax on "net investment income". For individual US Holders, the additional Medicare tax applies to the lesser of (i) "net investment income" or (ii) the excess of "modified adjusted gross income" over US$200,000 for unmarried individuals (US$250,000 if married and filing jointly or US$125,000 if married and filing separately). "Net investment income" generally equals the taxpayer's gross investment income reduced by the deductions that are allocable to such income. Investment income generally includes passive income such as interest, dividends, annuities, royalties, rents, and capital gains. US Holders are urged to consult their own tax advisors regarding the implications of the additional Medicare tax resulting from an investment in the Notes.

Certain Turkish Tax Considerations

The following discussion is a summary of certain Turkish tax considerations relating to an investment by a person who is a non-resident of Turkey in Notes of a Turkish company issued abroad. The

discussion is based upon current law and is for general information only. The discussion below is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership or disposition of the Notes that may be relevant to a decision to make an investment in the Notes. Furthermore, the discussion only relates to the investment by a person where the Notes will not be held in connection with the conduct of a trade or business through a permanent establishment in Turkey. Each investor should consult its own tax advisers concerning the tax considerations applicable to its particular situation. This discussion is based upon laws and relevant interpretations thereof in effect as of the date of this Offering Circular, all of which are subject to change, possibly with a retroactive effect. In addition, it does not describe any tax consequences: (a) arising under the laws of any taxing jurisdiction other than Turkey or (b) applicable to a resident of Turkey or a permanent establishment in Turkey that is constituted either by the existence of a fixed place of business or appointment of a permanent representative.

For Turkish tax purposes, a legal entity is a resident of Turkey if its corporate domicile is in Turkey or its effective place of management is in Turkey. A resident legal entity is subject to Turkish taxes on its worldwide income, whereas a non-resident legal entity is only liable to the Turkish taxes for the trading income made through a permanent establishment or a permanent representative, or for the income sourced in Turkey otherwise.

An individual is a resident of Turkey if such individual has established domicile in Turkey or stays in Turkey more than six months in a calendar year. On the other hand, foreign individuals who stay in Turkey for six months or more for a specific job or business or particular purposes that are specified in the Income Tax Law (Law No: 193) are not treated as a resident of Turkey. A resident individual is liable for Turkish taxes on his/her worldwide income, whereas a non-resident individual is liable for Turkish tax for the income sourced in Turkey.

Income from capital investment is sourced in Turkey when the principal is invested in Turkey. Capital gain derived from trading income is considered sourced in Turkey when the activity or transaction generating such income is performed or accounted for in Turkey. The term "accounted for" means that a payment is made in Turkey, or if the payment is made abroad, it is recorded in the books in Turkey.

Any withholding tax levied on income derived by a non-resident person is the final tax for the non-resident person and no further declaration is needed. Any other income of a non-resident person sourced in Turkey that has not been subject to withholding tax will be subject to taxation through declaration where exemptions are reserved.

Interest paid on notes (such as the Notes) issued abroad by Turkish corporates is subject to withholding tax. Through the Decrees, the withholding tax rates are set according to the initial maturity of notes issued abroad as follows:

- 10% withholding tax for notes with an initial maturity of less than one year,
- 7% withholding tax for notes with an initial maturity of at least one year and less than three years,
- 3% withholding tax for notes with an initial maturity of at least three years and less than five years, and
- 0% withholding tax for notes with an initial maturity of five years and more.

Such withholding tax is the final tax for a non-resident person and no further declaration is required.

In general, capital gains are not taxed through withholding tax and therefore any capital gain sourced in Turkey with respect to the Notes may be subject to declaration. However, pursuant to Law numbered 6111, special or separate tax returns will not be submitted for capital gains from the notes of a Turkish corporate issued abroad when the income is derived by a non-resident. Therefore, no tax is levied on the non-resident persons on capital gains from such Notes and no declaration is required.

A non-resident holder will not be liable for Turkish estate, inheritance or similar tax with respect to its investment in the Notes, nor will it be liable for any Turkish stamp issue, registration or similar tax or duty relating thereto.

Reduced withholding tax rates

Under current Turkish laws and regulations, interest payments on notes by an issuer to a non-resident holder will be subject to a withholding tax at a rate between 10% and 0% in Turkey, as detailed above.

If a double taxation treaty is in effect between Turkey and the country of the holder of the notes (in some cases, for example, pursuant to the treaties with the United Kingdom and the United States, the term ''beneficial owner'' is used), which provides for the application of a lower withholding tax rate than the current rate to be applied by the corporation, then the lower rate may be applicable. For the application of withholding at a reduced rate that benefits from the provisions of a double tax treaty concluded between Turkey and the relevant jurisdiction where the investor is a resident, an original copy of the certificate of residence signed by the competent authority referred to in Article 3 of the Treaty is required, together with a translated copy translated by a translation office, to verify that the investor is subject to taxation over its worldwide gains in the relevant jurisdiction on the basis of resident taxpayer status, as a resident of the relevant jurisdiction to the related tax office directly or through the banks and intermediary institutions prior to the application of withholding. In the event the certificate of residence is not delivered prior to the application of withholding tax, then upon the subsequent delivery of the certificate of residence, refunding of the excess tax shall be granted pursuant to the provisions of the relevant double taxation treaty and the Turkish tax legislation.

The Proposed Financial Transactions Tax (''FTT'')

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the ''*participating Member States*''). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, ''established'' in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

PLAN OF DISTRIBUTION

The Company intends to offer the Notes through the Joint Bookrunners and their broker-dealer affiliates, as applicable, named below. Subject to the terms and conditions stated in a subscription agreement dated 15 September 2017 among the Joint Bookrunners and the Company (the "*Subscription Agreement*"), each of the Joint Bookrunners has severally agreed to purchase, and the Company has agreed to sell to each of the Joint Bookrunners, the principal amount of the Notes set forth opposite each Joint Bookrunners's name below.

Joint Bookrunners	Principal Amount of Notes
BNP Paribas	100,000,000
Citigroup Global Markets Limited	100,000,000
HSBC Bank plc	100,000,000
J.P. Morgan Securities plc	100,000,000
MUFG Securities EMEA plc	100,000,000
TOTAL	**500,000,000**

The Subscription Agreement provides that the obligations of the Joint Bookrunners to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The offering of the Notes by the Joint Bookrunners is subject to receipt and acceptance and subject to the Joint Bookrunners' right to reject any order in whole or in part.

The Company has been informed that the Joint Bookrunners propose to resell beneficial interests in the Notes at the offering price set forth on the cover page of this Offering Circular within the United States to persons reasonably believed to be QIBs in reliance upon Rule 144A, and to non-US persons outside the United States in reliance upon Regulation S. See "*Transfer Restrictions*". The prices at which beneficial interests in the Notes are offered may be changed at any time without notice.

Offers and sales of the Notes in the United States will be made by those Joint Bookrunners or their affiliates that are registered broker-dealers under the Exchange Act, or in accordance with Rule 15a-6 thereunder.

The Notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*".

Accordingly, until 40 days after the closing date of this Offering (the "*Distribution Compliance Period*"), an offer or sale of Notes (or beneficial interests therein) within the United States by a dealer that is not participating in this Offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

The Notes will constitute a new class of securities of the Company with no established trading market. The Company cannot provide any assurances to investors that the prices at which the Notes (or beneficial interests therein) will sell in the market after this Offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this Offering. The Joint Bookrunners have advised the Company that they currently intend to make a market in the Notes. However, they are not obligated to do so, and they may discontinue any market-making activities with respect to the Notes at any time without notice. Applications have been made to admit the Notes to listing on the Official List and to have the Notes admitted to trading on the Main Securities Market; *however*, no assurance can be given that such applications will be accepted. Accordingly, the Company cannot provide any assurances to investors as to the liquidity of or the trading market for the Notes.

In connection with the Offering, one or more Joint Bookrunner(s) may purchase and sell Notes (or beneficial interests therein) in the open market. These transactions may include overallotment, syndicate covering transactions and stabilising transactions. Overallotment involves the sale of Notes (or beneficial interests therein) in excess of the principal amount of Notes to be purchased by the Joint Bookrunners in this Offering, which creates a short position for the Joint Bookrunners. Covering transactions involve the purchase of the Notes (or beneficial interests therein) in the open

market after the distribution has been completed in order to cover short positions. Stabilising transactions consist of certain bids or purchases of Notes (or beneficial interests therein) made for the purpose of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein) while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes (or beneficial interests therein). They may also cause the price of the Notes (or beneficial interests therein) to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Joint Bookrunners may conduct these transactions in the over-the-counter market or otherwise. If the Joint Bookrunners commence any of these transactions, they may discontinue them at any time.

The Company expects that delivery of interests in the Notes will be made against payment therefor on the Issue Date specified on the cover page of this Offering Circular, which will be the fifth Business Day following the date of pricing of the Notes (this settlement cycle being referred to as "T+5"). Under Rule 15c6-l of the Exchange Act, trades in the secondary market generally are required to settle in three New York business days, unless the parties to any such trade expressly agree otherwise. Accordingly, investors who wish to trade interests in the Notes on the date of this Offering Circular or the next New York business days will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Investors in the Notes who wish to trade interests in the Notes on the date of this Offering Circular or the next New York business days should consult their own adviser.

The Joint Bookrunners and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Bookrunners or their respective affiliates may have performed investment banking and advisory services for the Company and its affiliates from time to time for which they may have received fees, expenses, reimbursements and/or other compensation. The Joint Bookrunners or their respective affiliates may, from time to time, engage in transactions with and perform advisory and other services for the Company and its affiliates in the ordinary course of their business. Certain of the Joint Bookrunners and/or their respective affiliates have acted and expect in the future to act as a lender to the Company and/or other members of the Group and/or otherwise participate in transactions with the Group.

In the ordinary course of their various business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Company or its affiliates. In addition, certain of the Joint Bookrunners and/or their respective affiliates hedge their credit exposure to the Company pursuant to their customary risk management policies. These hedging activities could have an adverse effect on the future trading prices of the Notes offered hereby. The Joint Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Company has agreed to indemnify each Joint Bookrunners against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Joint Bookrunners may be required to make because of those liabilities.

SELLING RESTRICTIONS

General

No action has been taken by the Issuer or any of the Joint Bookrunners that would, or is intended to, permit a public offer of the Notes, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Bookrunner has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

United States

The Company has not registered the Notes under the Securities Act or the laws of any state securities commission and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*".

Turkey

THE OFFERING OF THE NOTES HAS BEEN APPROVED BY THE CMB ONLY FOR THE PURPOSE OF THE SALE OF THE NOTES OUTSIDE OF TURKEY IN ACCORDANCE WITH ARTICLE 15(B) OF DECREE 32 AND THE COMMUNIQUÉ. IN ACCORDANCE WITH DECREE 32, RESIDENTS OF TURKEY MAY PURCHASE OR SELL THE NOTES (OR BENEFICIAL INTERESTS THEREIN) IN OFFSHORE TRANSACTIONS ON AN UNSOLICITED (REVERSE INQUIRY) BASIS; PROVIDED THAT, SUCH PURCHASE OR SALE IS MADE THROUGH LICENSED BANKS AUTHORISED BY THE BRSA OR LICENSED BROKERAGE INSTITUTIONS AUTHORISED PURSUANT TO CMB REGULATIONS AND THE PURCHASE PRICE IS TRANSFERRED THROUGH SUCH LICENSED BANKS. AS SUCH, TURKISH RESIDENTS SHOULD USE SUCH LICENSED BANKS OR LICENSED BROKERAGE INSTITUTIONS WHILE PURCHASING THE NOTES (OR BENEFICIAL INTERESTS THEREIN) AND TRANSFER THE PURCHASE PRICE THROUGH SUCH LICENSED BANKS. THE ISSUANCE CERTIFICATE (IHRAÇ BELGESI) RELATING TO THE NOTES WAS APPROVED BY THE CMB IN ITS MEETING OF 11 AUGUST 2017 AND NUMBERED 31/1039.

THE JOINT BOOKRUNNERS HAVE AGREED THAT NEITHER THEY, NOR ANY OF THEIR RESPECTIVE AFFILIATES, NOR ANY PERSON ACTING ON BEHALF OF ANY OF THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES, HAVE ENGAGED OR WILL ENGAGE IN ANY DIRECTED SELLING EFFORTS WITHIN TURKEY IN CONNECTION WITH THE NOTES. THE JOINT BOOKRUNNERS HAVE FURTHER AGREED THAT NEITHER THEY NOR ANY OF THEIR RESPECTIVE AFFILIATES, NOR ANY PERSON ACTING ON BEHALF OF ANY OF THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES (I) HAVE ENGAGED OR WILL ENGAGE IN ANY FORM OF GENERAL SOLICITATION OR GENERAL ADVERTISING IN CONNECTION WITH ANY OFFER AND SALE OF THE NOTES IN TURKEY, OR (II) WILL MAKE ANY DISCLOSURE IN TURKEY IN RELATION TO THE COMPANY, THE NOTES OR THE OFFERING CIRCULAR WITHOUT THE PRIOR CONSENT OF THE COMPANY, SAVE AS MAY BE REQUIRED BY APPLICABLE LAW, COURT ORDER OR REGULATION.

United Kingdom

Each Joint Bookrunner has represented, warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "*FSMA*")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Company, and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Bookrunner has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Switzerland

Each Joint Bookrunner has acknowledged that, in Switzerland, the Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes. Accordingly, each of the Joint Bookrunners has represented and agreed that it has not publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland any Notes and that the Notes may not be and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither the Offering Circular nor any other offering or marketing material relating to the Notes constitutes an issue prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss code of obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or a simplified prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither the Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. Neither the Offering Circular nor any other offering or marketing material relating to the offering, the Issuer or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by the Swiss Financial Markets Supervisory Authority ("*FINMA*"), and investors in the Notes will not benefit from protection or supervision by FINMA.

Singapore

Each Joint Bookrunner has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "*SFA*"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person that is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that

corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) pursuant to Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

i. to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (Regulation No. 11971); or

ii. in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "*Banking Act*"); and

b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

TRANSFER RESTRICTIONS

Because the following restrictions will apply with respect to the Notes, investors in the Notes are advised to consult legal counsel prior to making an offer, resale, pledge or transfer of any of the Notes. References to Notes in this section should, as appropriate, be deemed to refer to the Notes themselves and/or beneficial interests therein.

According to Article 15d(ii) of Decree 32 regarding the Protection of the Value of the Turkish Currency, residents in Turkey will be free to purchase and sell securities and other capital market instruments traded on financial markets abroad, and to transfer their purchasing proceeds abroad through banks and the intermediary institutions authorised in accordance with capital market legislation. However, the Notes cannot be offered or sold in Turkey as the issuance is approved by the CMB with the condition that the Notes are offered and sold outside Turkey and following the primary sale of the Notes, no transaction that may be deemed as a sale of the Notes (or beneficial interests therein) in Turkey by way of private placement and no public offering may be engaged in without the prior approval of the CMB.

The Company has not registered the Notes under the Securities Act or the laws of any state securities commission and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only: (a) to persons reasonably believed to be QIBs in reliance upon Rule 144A under the Securities Act and (b) to non-US persons outside the United States in reliance upon Regulation S under the Securities Act.

If an investor invests in the Notes, then such investor will be deemed to have acknowledged, represented and agreed with the Joint Bookrunners and the Company as follows:

(a) Such investor understands and acknowledges that the Notes have not been registered under the Securities Act or any other applicable securities law and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities law, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, or pursuant to an exemption therefrom or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (d) below.

(b) Such investor is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company and is not acting on the Company's or any such affiliate's behalf and such investor is either: (i) a QIB and is aware that any sale of Notes to it will be made in reliance upon Rule 144A and such acquisition will be for its own account or for the account of another QIB or (ii) not a "US person" (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a US person (other than a distributor) and is purchasing Notes in an offshore transaction in accordance with Regulation S under the Securities Act.

(c) Such investor acknowledges that none of the Company or the Joint Bookrunners, or any person representing the Company or the Joint Bookrunners, has made any representation to it with respect to the Company or the offer or sale of any of the Notes, other than the information contained in this Offering Circular, which has been delivered to the investor and upon which such investor is relying in making its investment decision with respect to the Notes. Such investor acknowledges that the Joint Bookrunners make no representation or warranty as to the accuracy or completeness of this Offering Circular. Such investor has had access to such financial and other information concerning the Company and the Notes as it has deemed necessary in connection with its decision to purchase the Notes, including an opportunity to ask questions of and request information from the Company and the Joint Bookrunners.

(d) Such investor is purchasing the Notes for its own account, or for one or more investor accounts for which such investor is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any other law. Such investor agrees (or will be deemed to agree) on its own behalf and on behalf of any investor account for which it is purchasing Notes, and each subsequent holder of the Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to: (i) the date that is one year (or such shorter period of time as permitted by Rule 144 under the Securities Act or any successor provision thereunder) after the

later of the Issue Date and the last date on which the Company or any affiliate of the Company was the owner of such Notes (or any predecessor thereto), or (ii), such later date, if any, as may be required by applicable law (the "*Resale Restriction Termination Date*"), only: (A) to the Company, (B) pursuant to a registration statement that has been declared effective under the Securities Act, (C) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person reasonably believed to be a QIB that purchases for its own account or for the account of another QIB to whom such investor gives notice that the transfer is being made in reliance upon Rule 144A, (D) in an offshore transaction complying with Rule 903 or 904 of Regulation S under the Securities Act or (E) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date; however, any resale of the Notes thereafter will continue to need to comply with all applicable laws. Such investor acknowledges that the Company reserves the right prior to any offer, sale or other transfer of the Notes pursuant to clause (D) or (E) above to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company.

With respect to the Regulation S Notes, each investor therein agrees (or will be deemed to agree) on its own behalf and on behalf of any investor account for which it is purchasing a Regulation S Note, that no offer, sale, pledge or other transfer made during the Distribution Compliance Period (*i.e.*, prior to the date 40 days after the closing date of this Offering) will be made to a US person or for the account or benefit of a US person (other than a distributor).

(e) Each Rule 144A Note will contain a legend substantially in the following form:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS NOTE (OR OF A BENEFICIAL INTEREST HEREIN) BY ITS ACCEPTANCE HEREOF (OR OF A BENEFICIAL INTEREST HEREIN): (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) THAT IT WILL NOT PRIOR TO: (i) THE DATE THAT IS ONE YEAR (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ISSUE DATE OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE (AS DEFINED IN RULE 144) OF THE ISSUER WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE), OR (ii) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "*RESALE RESTRICTION TERMINATION DATE*"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) EXCEPT: (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE UPON RULE 144A UNDER THE SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-US PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN COMPLIANCE WITH THE RELEVANT SECURITIES LAWS OF ANY OTHER JURISDICTION, AND (3)

AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE (OR A BENEFICIAL INTEREST HEREIN) IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; *PROVIDED* THAT THE ISSUER SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) OR (E) ABOVE TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION REASONABLY SATISFACTORY TO THE ISSUER. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER HEREOF AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION", "UNITED STATES" AND "US PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

Each Regulation S Note will contain a legend substantially in the following form:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*"), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

(f) If such investor is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, such investor acknowledges that until the expiration of the "40-day distribution compliance period" within the meaning of Rule 903 of Regulation S, any offer or sale of the Notes will not be made by such investor to a US person or for the account or benefit of a US person within the meaning of Rule 902 under the Securities Act.

(g) Such investor acknowledges that the Registrar will not be required to accept for registration of transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Company and the Registrar that the restrictions set forth herein have been complied with.

(h) Such investor acknowledges that:

 (i) the Company, the Joint Bookrunners and others will rely upon the truth and accuracy of such investor's acknowledgements, representations and agreements set forth herein and such investor agrees (or will be deemed to agree) that if any of its acknowledgements, representations or agreements herein cease to be accurate and complete, such investor will notify the Company and the Joint Bookrunners promptly in writing, and

 (ii) if such investor is acquiring any Notes as fiduciary or agent for one or more investor accounts, such investor represents with respect to each such account that:

  (A) such investor has sole investment discretion, and

  (B) such investor has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account and that each such investment account is eligible to purchase the Notes.

(i) Such investor agrees that it will give to each person to whom it transfers a Note notice of any restrictions on the transfer of such Note.

(j) Such investor understands that no action has been taken in any jurisdiction (including the United States) by the Company or the Joint Bookrunners that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under this "*Transfer Restrictions*" section and "*Selling Restrictions*".

ENFORCEMENT OF JUDGMENTS AND SERVICE OF PROCESS

The Company is a public joint stock company organised under the laws of Turkey. Certain of the directors and officers of the Company named herein reside inside Turkey and all or a significant portion of the assets of such persons may be, and substantially all of the assets of the Company are, located in Turkey. As a result, it may not be possible for investors to effect service of process upon such persons outside Turkey or to enforce against them in the courts of jurisdictions other than Turkey any judgments obtained in such courts that are predicated upon the laws of such other jurisdictions. In order to enforce such judgments in Turkey, investors should initiate enforcement lawsuits before the competent Turkish courts. In accordance with Articles 50-59 of Turkey's International Private and Procedure Law (Law No. 5718), the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey unless:

(a) there is in effect a treaty between such country and Turkey providing for reciprocal enforcement of court judgments,

(b) there is *de facto* enforcement in such country of judgments rendered by Turkish courts, or

(c) there is a provision in the laws of such country that provides for the enforcement of judgments of Turkish courts.

There is no treaty between Turkey and either the United States or the United Kingdom providing for reciprocal enforcement of judgments. There is no *de facto* reciprocity between Turkey and the United States. Turkish courts have rendered at least one judgment confirming *de facto* reciprocity between Turkey and the United Kingdom; *however*, since *de facto* reciprocity is decided by the relevant court on a case-by-case basis, there is uncertainty as to the enforceability of court judgments obtained in the United States or the United Kingdom by Turkish courts. Moreover, there is uncertainty as to the ability of an investor to bring an original action in Turkey based upon the US federal or any other non-Turkish securities laws.

In addition, the courts of Turkey will not enforce any judgment obtained in a court established in a country other than Turkey if:

(a) the defendant was not duly summoned or represented or the defendant's fundamental procedural rights were not observed,

(b) the judgment in question was rendered with respect to a matter within the exclusive jurisdiction of the courts of Turkey,

(c) the judgment is incompatible with a judgment of a court in Turkey between the same parties and relating to the same issues or, as the case may be, with an earlier foreign judgment on the same issue and enforceable in Turkey,

(d) the judgment is not of a civil nature,

(e) the judgment is clearly against public policy rules of Turkey,

(f) the judgment is not final and binding with no further recourse for appeal under the laws of the country where the judgment has been rendered, or

(g) the judgment was rendered by a foreign court that has deemed itself competent even though it has no actual relationship with the parties or the subject matter at hand.

In any suit or action against the Company in the Turkish courts, a foreign plaintiff may be required to deposit security for court costs (*cautio judicatum solvi*), provided however that the court may in its discretion waive such requirement for security in the event that the plaintiff is considered to be (i) a national of one of the contracting states of the Convention Relating to Civil Procedures signed at The Hague on 1 March 1954 (ratified by Turkey by Law No. 1574); save for legal entities incorporated under the laws of such contracting states or (ii) a national of a state that has signed a bilateral treaty with Turkey which is duly ratified and contains, *inter alia*, a waiver of the *cautio judicatum solvi* requirement on a reciprocal basis.

In connection with the issuance of the Notes, service of process may be made upon the Company at Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom with respect to any proceedings in England.

LEGAL MATTERS

Certain matters as to English and United States law will be passed upon for the Company by Dentons UKMEA LLP and as to matters of Turkish law by Balcıoğlu Selçuk Akman Keki Avukatlık Ortaklığı (who will also pass upon matters of Turkish tax law). Certain matters as to English and United States law will be passed upon for the Joint Bookrunners by Allen & Overy LLP, and certain matters as to Turkish law will be passed upon for the Joint Bookrunners by Gedik & Eraksoy Avukatlık Ortaklığı (who will also pass upon matters of Turkish tax law).

OTHER GENERAL INFORMATION

Authorisation

The issuance and sale of the Notes by the Company and the execution and delivery by the Company of the Transaction Documents have been authorised pursuant to the authority of the officers of the Company under a resolution of its Board of Directors dated 26 July 2017.

Listing

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market, *however*, no assurance can be given that such application will be accepted. It is expected that admission of the Notes to the Official List and to trading on the Main Securities Market will be granted on or about 19 September 2017, subject only to the issue of the Notes.

The estimated total expenses related to the admission of the Notes to trading on the Main Securities Market are €5,000.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Company in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.

Clearing Systems

The Unrestricted Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg (ISIN XS1577950402 and Common Code 157795040). Application has been made for acceptance of the Restricted Global Certificate into DTC's book-entry settlement system (ISIN US191229AB90, CUSIP 191229AB9 and Common Code 111731217).

No Significant or Material Adverse Change

There has been no significant change in the financial or trading position of either the Group or the Company since 30 June 2017, being the end of the last financial period for which the Group's financial statements have been published and no material adverse change in the financial position or prospects of either the Group or the Company since 31 December 2016.

Litigation

Save as disclosed in "*The Group and its Business—Legal Matters*", neither the Issuer nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer or the Group.

Interests of Natural and Legal Persons Involved in the Issue

So far as the Company is aware, no person involved in the offer of the Notes has an interest material to the offer.

Accounts and Auditors

The Audited Consolidated Financial Statements included in this Offering Circular have been audited by PwC Turkey, a member of PwC located at BJK Plaza, Sűleyman Seba Caddesi, No: 48 B Blok Kat 9 Akaretler, Beşiktaş 34357, Istanbul, Turkey, as stated in the audit report with respect thereto, which is also included in this Offering Circular.

The Unaudited Interim Consolidated Financial Statements included in this Offering Circular are unaudited and have been reviewed by PwC Turkey, as stated in the review report with respect thereto, which is also included in this Offering Circular. The term "review" refers to limited procedures performed in accordance with principles and standards on the review of interim financial statements set out in the Turkish Accounting Standards for a review of such information and does not constitute an audit.

PwC Turkey are independent certified public accountants in Turkey, and as members of the independent auditors' association are authorised to conduct independent audits of companies in Turkey.

Certain Information about the Company

Coca-Cola İçecek Anonim Şirketi is a holding and operating company that was incorporated in Istanbul, Turkey on 30 May 1990, under registration number 265859. The Company operates under the Turkish Commercial Code. The Company's principal office is at Dudullu OSB Mah. Deniz Feneri Sk. No.4 34776, Ümraniye, İstanbul, Turkey, and its telephone number is +90 216 528 40 00.

Documents

The Company produces audited consolidated annual and unaudited consolidated quarterly and semi-annual interim financial statements. Copies of the latest audited annual and unaudited semi-annual interim reports of the Company (in English) delivered by the Company pursuant to Condition 4 may be obtained and copies (with certified English translations where the documents at issue are not in English) of the Company's articles of association and of its audited financial statements as of and for the years ended 31 December 2014, 2015 and 2016, and copies of the transaction documents referred to herein (including the forms of the Notes) will be available for inspection during normal business hours in physical form, at the offices of the Company and the Fiscal Agent.

For so long as the Notes are listed on the Irish Stock Exchange and admitted to trading on its Main Securities Market, copies of this Offering Circular, the constitutional documents of the Company and (after the Issue Date) the Deed of Covenant and the Agency Agreement will be available for inspection in physical form at Dudullu OSB Mah. Deniz Feneri Sk. No.4 34776, Ümraniye, İstanbul, Turkey.

Documents Incorporated by Reference

No document or content of any website are incorporated by reference in this Offering Circular.

Language

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

INDEX OF TERMS

As used in this Offering Circular:

Definition	Meaning
"2015 Audited Consolidated Financial Statements"	means the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2015, which includes comparative financial information as at and for the year ended 31 December 2014
"2016 Audited Consolidated Financial Statements"	the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2016, which includes comparative financial information as at and for the year ended 31 December 2015
"AEH"	means Anadolu Endüstri Holding A.Ş., a shareholder of Anadolu Efes
"Anadolu Efes"	means Anadolu Efes Biracılık ve Malt Sanayii A.S., a shareholder of the Company
"Anadolu Group"	means AEH and its subsidiaries and affiliates
"Audited Consolidated Financial Statements"	means together the 2015 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements
"Board" and "Board of Directors"	means the executive and non-executive members of the Company's board of directors
"CCI Azerbaijan"	means Azerbaijan Coca-Cola Bottlers L.L.C., a company conducting Coca-Cola production, bottling, distribution and selling operations in Azerbaijan
"CCI Jordan" and "CCI JO"	means The Coca-Cola Bottling Company of Jordan Ltd., a company conducting Coca-Cola production, bottling, distribution and selling operations in Jordan
"CCI Kazakhstan" and "CCI KZ"	means J.V. Coca-Cola Almaty Bottlers Limited Liability Partnership and Tonus Joint Stock Company acting together to conduct Coca-Cola production, bottling, distribution and selling operations in Kazakhstan
"CCI Kyrgyzstan"	means Coca-Cola Bishkek Bottlers CJSC, a company conducting Coca-Cola production, bottling, distribution and selling operations in Kyrgyzstan
"CCI Pakistan" and "CCI PK"	means Coca-Cola Beverages Pakistan Ltd, a company conducting Coca-Cola production, bottling, distribution and selling operations in Pakistan
"CCI Syria"	means Syrian Soft Drinks Sales and Distribution L.L.C., a company conducting Coca-Cola distribution and selling operations in Syria
"CCI SIQ"	means Al Waha for Soft Drinks, Juices, Mineral Water, Plastics and Plastic Caps Production LLC, a company conducting Coca-Cola production, bottling, distribution and selling operations in Southern Iraq
"CCI Tajikistan" and "CCI TJ"	means Coca-Cola Beverages Tajikistan L.L.C., a company conducting Coca-Cola distribution and selling operations in Tajikistan
"CCI Turkmenistan" and "CCI TK"	means Turkmenistan Coca-Cola Bottlers, a company conducting Coca-Cola production, bottling, distribution and selling operations in Turkmenistan

Definition	Meaning
"CCI NIQ"	means (CC) Company for Beverage Industry/Ltd., a company conducting Coca-Cola production, bottling, distribution and selling operations in Northern Iraq
"CCI Holland"	means CCI International Holland B.V.
"CCSD"	means Coca-Cola Satış ve Dağıtım A.Ş.
"Capital Markets Law"	means Law No. 6362 of Turkey
"Central Asia"	means Kazakhstan, Azerbaijan, Kyrgyzstan, Turkmenistan and Tajikistan.
"Central Bank"	means the Central Bank of Turkey
"Clearing Systems"	means DTC, Euroclear and Clearstream, Luxembourg
"Clearstream, Luxembourg"	means Clearstream Banking, S.A.
"CMB"	means the Capital Markets Board of Turkey
"Communiqué"	means the Communiqué VII 128.8 on Debt Instruments
"CCI", "Company" and "Issuer"	means Coca-Cola İçecek Anonim Şirketi, a public joint stock company
"Competition Board"	means the Competition Board of The Turkish Competition Authority
"Consolidated Financial Statements"	means the Interim Condensed Consolidated Financial Statements together with the Audited Consolidated Financial Statements
"CPI"	means Consumer Price Index
"CRA Regulation"	means Regulation (EU) No. 1060/2009
"Decrees"	means Decree No 2009/14592 dated 12 January 2009, which has been amended by Decree No 2010/1182 dated 20 December 2010 and Decree No 2011/1854 dated 26 April 2011
"Decree 32"	means Decree 32 on the Protection of the Value of the Turkish Currency as amended from time to time
"Distribution Compliance Period"	means the period of 40 days following the closing date of this Offering
"DTC"	means the Depository Trust Company
"EU"	means the European Union and its member states as at the date of this Offering Circular
"EUR", "€" and "Euro"	means the currency of the participating member states in the third stage of the Economic and Monetary Union of the treaty establishing the European Community
"Euroclear"	means Euroclear Bank SA/NV
"Exchange Act"	means the United States Securities Exchange Act of 1934, as amended
"Fitch"	means Fitch Ratings Limited
"FMCG"	means fast-moving consumer goods
"GDP"	means Gross Domestic Product
"Global Certificates"	means the Restricted Global Certificate together with the Unrestricted Global Certificate
"GlobalData"	means GlobalData PLC
"Group"	means the Company and its subsidiaries and joint ventures
"IMF"	means International Monetary Fund
"Interbrand"	means Interbrand, part of the Omnicom Group Inc. network of agencies

Definition	Meaning
"Interim Condensed Consolidated Financial Statements"	means the Group's unaudited condensed consolidated interim financial statements as at and for the six months ended 30 June 2017, which include comparative financial information as at and for the six months ended 30 June 2016
"International Offering"	means the sale to non-US persons outside the United States in reliance upon Regulation S under the Securities Act
"Irish Stock Exchange"	means the Irish Stock Exchange plc
"ISO"	means the International Organisation for Standardisation
"Joint Bookrunners"	means BNP Paribas, Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc and MUFG Securities EMEA plc
"Lira" and "TRY"	means the lawful currency of Turkey
"Mahmudiye"	means Mahmudiye Kaynak Suyu Ltd. Şti.
"Main Securities Market"	means the Irish Stock Exchange's Main Securities Market
"Middle East"	means Iraq and Jordan.
"Moody's"	means Moody's Investors Service Ltd.
"Nielsen"	means the Nielsen Company, a subsidiary of Nielsen Holdings N.V.
"Offering"	means the US Offering and the International Offering together
"Offering Circular"	means this Offering Circular
"Prospectus Directive"	means Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area)
"QIBs"	means qualified institutional buyers under Rule 144A
"Rating Agencies"	means S&P, Moody's and Fitch
"Regulation S"	means Regulation S under the Securities Act
"Regulation S Notes"	means the Notes offered and sold in reliance on Regulation S
"Restricted Global Certificate"	means the certificate in registered form issued in respect of the Rule 144A Notes
"Rule 144A"	means Rule 144A under the Securities Act
"Rule 144A Notes"	means the Notes offered and sold in reliance on Rule 144A
"Pakistan Rupee" and "PKR"	means the lawful currency of Pakistan
"S&P"	means Standard & Poor's Credit Market Services Europe Limited
"Securities Act"	means the United States Securities Act of 1933, as amended
"TCCC"	means The Coca-Cola Company
"TCCEC"	means The Coca-Cola Export Corporation
"Turkey"	means the Republic of Turkey
"Turkish Commercial Code"	means Turkish Commercial Code No.6102 and published in the Official Gazette dated 14 February 2011 under No.27846
"Unrestricted Global Certificate"	means the certificate in registered form issued in respect of the Regulation S Notes
"US" or "United States"	means the United States of America
"US$", "USD" and "US dollars"	means the lawful currency of the United States of America
"US Offering"	means the sale in the United States to qualified institutional buyers as defined in, and in reliance upon, Rule 144A under the Securities Act

FINANCIAL STATEMENTS

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Audited consolidated financial statements of the Group as of and for the year ended 31 December 2016 (including comparative financial information as at and for the year ended 31 December 2015) F-36

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COCA-COLA İÇECEK ANONİM ŞİRKETİ

(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND FOOTNOTES

ORIGINALLY ISSUED IN TURKISH)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2017
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT

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

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

1. We have reviewed the accompanying condensed consolidated balance sheet of Coca Cola İçecek A.Ş. and its subsidiaries (collectively referred to as the "Group") as at 30 June 2017 and the related condensed consolidated statements of income, other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information of Coca Cola İçecek A.Ş. is not prepared, in all material respects, in accordance with TAS 34.

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

Burak Özpoyraz, SMMM
Partner

Istanbul, 7 August 2017

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız 0-1460-0224-0500015

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

Coca-Cola İçecek Anonim Şirketi

Interim Condensed Consolidated Financial Statements as of June 30, 2017

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Coca-Cola İçecek Anonim Şirketi
Consolidated Interim Balance Sheet as at June 30, 2017
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	Reviewed June 30, 2017	Audited December 31, 2016
ASSETS			
Cash and Cash Equivalents	**4**	**1.448.742**	1.466.109
Investments in Securities	**5**	**-**	11.036
Trade Receivables		**1.102.224**	604.345
- Due from related parties	*24*	*124.127*	*76.633*
- Other trade receivables		*978.097*	*527.712*
Other Receivables	**8**	**49.257**	41.375
- Other receivables from third parties	*8*	*49.257*	*41.375*
Derivative Financial Instruments	**6**	**2.050**	1.123
Inventories		**737.605**	521.303
Prepaid Expenses	**9**	**192.996**	147.652
Tax Related Current Assets		**60.734**	101.734
Other Current Assets	**17**	**214.067**	238.171
- Other current assets from third parties	*17*	*214.067*	*238.171*
Total Current Assets		**3.807.675**	3.132.848
Other Receivables		**11.295**	11.417
- Other receivables from third parties		*11.295*	*11.417*
Property, Plant and Equipment	**11**	**5.102.366**	5.084.815
Intangible Assets		**2.072.885**	2.077.668
- Goodwill	*13*	*668.888*	*671.195*
- Other intangible assets	*12*	*1.403.997*	*1.406.473*
Prepaid Expenses	**9**	**176.641**	142.281
Deferred Tax Assets	**22**	**-**	6.917
Total Non-Current Assets		**7.363.187**	7.323.098
Total Assets		**11.170.862**	10.455.946
LIABILITIES			
Short-term Borrowings	**7**	**57.548**	109.184
Current Portion of Long-term Borrowings	**7**	**770.386**	256.300
Trade Payables		**1.246.035**	773.481
- Due to related parties	*24*	*235.222*	*180.810*
- Other trade payables		*1.010.813*	*592.671*
Payables Related to Employee Benefits		**23.321**	31.508
Other Payables	**8**	**269.491**	211.717
- Other payables from third parties	*8*	*269.491*	*211.717*
Derivative Financial Instruments	**6**	**-**	65
Provision for Corporate Tax		**14.629**	-
Current Provisions		**82.165**	82.341
- Current provisions for employee benefits		*82.165*	*82.341*
Other Current Liabilities	**17**	**44.644**	33.043
Total Current Liabilities		**2.508.219**	1.497.639
Long-term Borrowings	**7**	**2.956.860**	3.404.663
Trade Payables		**27.064**	26.425
- Due to related parties	*24*	*26.317*	*25.697*
- Other trade payables		*747*	*728*
Derivative Financial Instruments	**6**	**-**	-
Non-Current Provisions		**74.567**	65.217
- Non-current provisions for employee benefits		*74.567*	*65.217*
Deferred Tax Liability	**22**	**377.420**	353.905
Other Non-Current Liabilities	**17**	**110.769**	111.150
Total Non-Current Liabilities		**3.546.680**	3.961.360
Equity of the Parent		**4.410.972**	4.305.168
Share Capital	**18**	**254.371**	254.371
Share Capital Adjustment Differences	**18**	**(8.559)**	(8.559)
Share Premium		**214.241**	214.241
Non-Controlling Interest Put Option Valuation Fund		**19.115**	21.653
Other comprehensive income items not to be reclassified to profit or loss		**(12.492)**	(12.492)
- Actuarial gains / losses		*(22.274)*	*(22.274)*
- Other valuation funds		*9.782*	*9.782*
Other comprehensive income items to be reclassified to profit or loss		**2.005.861**	1.992.722
- Currency translation adjustment		*1.971.721*	*1.929.045*
- Cash flow hedge reserve		*34.140*	*63.677*
Restricted Reserves Allocated from Net Profit	**18**	**136.553**	131.734
Accumulated Profit / Loss		**1.656.568**	1.739.892
Net Income / (Loss)		**145.314**	(28.394)
Non-Controlling Interest		**704.991**	691.779
Total Equity		**5.115.963**	4.996.947
Total Liabilities		**11.170.862**	10.455.946

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

Coca-Cola İçecek Anonim Şirketi

Consolidated Statement of Income for the six months' ended June 30, 2017
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	Reviewed January 1 - June 30, 2017	April 1 - June 30, 2017	Reviewed January 1 - June 30, 2016	April 1 - June 30, 2016
Net Revenue		**4.115.012**	**2.559.344**	3.430.337	2.129.015
Cost of Sales (-)		**(2.713.926)**	**(1.639.674)**	(2.209.964)	(1.326.124)
Gross Profit / (Loss)		**1.401.086**	**919.670**	1.220.373	802.891
General and Administration Expenses (-)		**(182.964)**	**(91.098)**	(165.980)	(86.460)
Distribution, Selling and Marketing Expenses (-)		**(791.216)**	**(458.292)**	(699.032)	(405.716)
Other Operating Income	19	**93.579**	**72.709**	45.647	17.878
Other Operating Expense (-)	19	**(81.209)**	**(73.010)**	(51.154)	(23.548)
Profit / (Loss) From Operations		**439.276**	**369.979**	349.854	305.045
Gain from Investing Activities	20	**-**	**-**	1.829	652
Loss from Investing Activities (-)	20	**(6.047)**	**(2.469)**	(8.702)	(6.529)
Gain / (Loss) from Associates	10	**(103)**	**(74)**	(387)	(84)
Profit / (Loss) Before Financial Income / (Expense)		**433.126**	**367.436**	342.594	299.084
Financial Income / (Expense)		**(161.503)**	**(37.566)**	(76.930)	(56.738)
Financial Income	21	*122.354*	*16.765*	*94.668*	*446*
Financial Expenses (-)	21	*(283.857)*	*(54.331)*	*(171.598)*	*(57.184)*
Profit / (Loss) Before Tax from Continuing Operations		**271.623**	**329.870**	265.664	242.346
Tax Expense of Continuing Operations		**(95.173)**	**(49.655)**	(54.474)	(36.300)
Deferred Tax Income / Expense (-)	*22*	*(35.172)*	*(12.776)*	*(1.461)*	*4.310*
Current Period Tax Expense (-)		*(60.001)*	*(36.879)*	*(53.013)*	*(40.610)*
Net Income / (Loss) from Continuing Operations		**176.450**	**280.215**	211.190	206.046
Attributable to:					
Non-controlling interest		**31.136**	**48.868**	33.649	57.932
Equity holders of the parent	23	**145.314**	**231.347**	177.541	148.114
Net Income / (Loss)		**176.450**	**280.215**	211.190	206.046
Equity Holders Earnings Per Share from Continuing Operations (full TL)	23	**0,0057**	**0,0091**	0,0070	0,0058
Equity Holders Earnings Per Diluted Share from Continuing Operations (full TL)	23	**0,0057**	**0,0091**	0,0070	0,0058

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Statement of Comprehensive Income
For the six months' period June 30, 2017
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Reviewed		Reviewed	
	January 1 - June 30, 2017	**April 1 - June 30, 2017**	January 1 - June 30, 2016	April 1 - June 30, 2016
Net Income	**176.450**	**280.215**	211.190	206.046
Cash flow hedge reserve	**(36.921)**	**(38.460)**	12.063	11.422
Deferred tax effect	**7.384**	**7.692**	(2.412)	(2.283)
Currency translation adjustment	**22.214**	**(202.538)**	(29.258)	72.040
Other comprehensive income items to be reclassified to profit or loss subsequently	**(7.323)**	**(233.306)**	(19.607)	81.179
Total Other Comprehensive Income After Tax	**169.127**	**46.909**	191.583	287.225
Attributable to:				
Non-controlling interest	**10.674**	**3.012**	20.276	67.844
Equity holders of the parent	**158.453**	**43.897**	171.307	219.381

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

Coca-Cola İçecek Anonim Şirketi

Consolidated Statement of Change in Shareholders' Equity for the six months' ended June 30, 2017
(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 / (Loss)	Total Equity of the Parent	Non-Controlling Interest	Total Equity
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)	-	-	-	-	-	-	9.651	(15.885)	-	117.159	(117.159)	(6.234)	(13.373)	(19.607)
Net income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	177.541	177.541	33.649	211.190
Total Comprehensive Income / (loss)	-	-	-	-	-	-	9.651	(15.885)	-	117.159	60.382	171.307	20.276	191.583
Dividend paid	-	-	-	-	-	-	-	-	-	(30.016)	-	(30.016)	-	(30.016)
Transfers	-	-	-	-	-	-	-	-	650	(650)	-	-	-	-
Increase (decrease) from other changes (*)	-	-	-	102	-	-	-	-	-	-	-	102	(102)	-
June 30, 2016	254.371	(8.559)	214.241	(6.351)	9.782	(16.506)	757	1.253.487	155.632	1.715.994	177.541	3.750.389	552.749	4.303.138
January 1, 2017	**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**
Other comprehensive gain / (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(29.537)**	**42.676**	**-**	**(28.394)**	**28.394**	**13.139**	**(20.462)**	**(7.323)**
Net income / (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**145.314**	**145.314**	**31.136**	**176.450**
Total Comprehensive Income / (loss)	**-**	**-**	**-**	**-**	**-**	**-**	**(29.537)**	**42.676**	**-**	**(28.394)**	**173.708**	**158.453**	**10.674**	**169.127**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(50.111)**	**-**	**(50.111)**	**-**	**(50.111)**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.819**	**(4.819)**	**-**	**-**	**-**	**-**
Increase (decrease) from other changes (*)	**-**	**-**	**-**	**(2.538)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.538)**	**2.538**	**-**
June 30, 2017	**254.371**	**(8.559)**	**214.241**	**19.115**	**9.782**	**(22.274)**	**34.140**	**1.971.721**	**136.553**	**1.656.568**	**145.314**	**4.410.972**	**704.991**	**5.115.963**

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

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

Coca-Cola İçecek Anonim Şirketi

Consolidated Statement of Cash Flow for the six months' ended June 30, 2017
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	Reviewed June 30, 2017	Reviewed June 30, 2016
Net Income		**176.450**	211.190
Adjustments to reconcile net profit / (loss) to net cash provided by operating activities		**563.979**	371.441
Depreciation and amortization		**246.937**	205.133
Adjustments for Impairment Loss (Reversal)		**14.697**	9.135
- *Provision / (reversal) for doubtful receivable*		*2.886*	*1.547*
- *Provision / (reversal) for inventories*		*5.871*	*(676)*
- *Impairment loss / (reversal) in property, plant and equipment*	11, 20	*5.940*	*8.264*
Adjustments for Provisions		**45.458**	40.796
- *Provision / (reversal) for employee benefits*		*45.458*	*40.796*
Adjustments for Interest (Income) Expenses		**66.996**	56.922
- *Interest income*	*21*	*(24.904)*	*(18.677)*
- *Interest expense*	*21*	*91.900*	*75.599*
Unrealized foreign exchange (gain) / loss		**94.508**	5.985
(Gain) / loss from associates	**10**	**103**	387
Income tax expense		**95.173**	54.474
(Gain) / loss on sale of property, plant and equipment	**20**	**107**	(1.391)
Change in operating activities		**(249.745)**	(228.916)
Adjustments for decrease (increase) in Trade Accounts Receivable		**(500.765)**	(434.358)
- *(Increase) / decrease on due from related parties*		*(47.494)*	*7.047*
- *(Increase) / decrease on trade receivables*		*(453.271)*	*(441.405)*
Change in inventories		**(222.173)**	(109.296)
Adjustments for increase (decrease) in Trade Accounts Payable		**473.193**	314.738
- *Increase / (decrease) on due to related parties*		*55.032*	*33.423*
- *Increase / (decrease) on trade payables*		*418.161*	*281.315*
Cash flows from operating activities:		**490.684**	353.715
Interest paid		**(88.411)**	(78.227)
Interest received	21	**24.904**	18.677
Payments made for employee benefits		**(44.471)**	(10.156)
Tax returns / (payments)		**(1.735)**	158
Change in other working capital		**3.132**	95.442
A. NET CASH GENERATED FROM OPERATING ACTIVITIES		**384.103**	379.609
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets		**(257.689)**	(274.298)
- *Purchase of property, plant and equipment*	11	*(248.575)*	*(271.726)*
- *Purchase of intangibles*	12	*(9.114)*	*(2.572)*
Proceeds from sale of property, plant and equipment and intangibles		**5.130**	5.644
Change in other investing activities		**11.036**	148
B. NET CASH (USED) / GENERATED IN INVESTING ACTIVITIES		**(241.523)**	(268.506)
Proceeds from borrowings		**1.123.738**	213.379
Repayments of borrowings		**(1.170.228)**	(428.159)
Cash flow hedge reserve		**(37.871)**	2.780
Dividends paid		**(50.111)**	(30.016)
C. NET CASH (USED) / GENERATED FROM FINANCING ACTIVITIES		**(134.472)**	(242.016)
Net increase / (decrease) in cash and cash equivalents before currency translation effects (A+B+C)		**8.108**	(130.913)
Effects of currency translation on cash and cash equivalents		(11.539)	(5.505)
Effects of currency translation intercompany borrowings		(3.086)	(3.086)
Currency translation adjustment		(10.850)	14.054
D. CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		**(25.475)**	5.463
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)		**(17.367)**	(125.450)
E. CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4**	**1.466.109**	1.002.214
CASH AND CASH EQUIVALENTS AT PERIOD END (A+B+C+D+E)	**4**	**1.448.742**	876.764

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

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 10 (2016 - 9) production facilities in different regions of Turkey and operates 15 (2016 - 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"). American Depositary receipts 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 the Irish Stock Exchange.

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

The condensed consolidated financial statements of the Group were approved for issue by the Board of Directors on August 7, 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 to 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 June 30, 2017 and December 31, 2016 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	June 30, 2017		December 31, 2016	
	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.	**7.392**	**2,91%**	9.392	3,69%
Publicly Traded	**68.030**	**26,74%**	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 1.033 has been listed with the Central Registry Agency, with a sale purpose (December 31, 2016 - 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 the 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 by 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 2017 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 is partially owned by TCCC as well.

According to the 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 by CCSD throughout Turkey starting from September 2008.

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.

The 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.

The Group has the exclusive bottling and distribution rights in Turkey for Schweppes branded beverages under the 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 June 30, 2017, and December 31, 2016 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**	**June 30, 2017**	December 31, 2016
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%

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

Joint Venture

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights	
			June 30, 2017	December 31, 2016
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, a Risk Detection Committee; which was established under the arrangements, terms and principles of the Turkish Commercial Code, Capital Market Legislation and CMB's “Corporate Governance Principles” assesses, manages and reports 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. The 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.

Seasonality of Operations

Sparkling beverages consumption is seasonal, typically resulting in higher demand during the summer season and accordingly the seasonality effects are reflected in the figures. Therefore, the results of operations for the six months ended June 30, 2017 do not automatically constitute an indicator for the results to be expected for the overall fiscal year.

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 June 30, 2017 and 2016).

	June 30, 2017	June 30, 2016
Blue-collar	**3.898**	4.347
White-collar	**4.740**	5.109
Average number of employees	**8.638**	9.456

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 condensed consolidated interim financial statements have been prepared from the statutory financial statements of the 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, financial statements are prepared on a historical cost basis.

The condensed consolidated interim 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.

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").

For the period ended June 30, 2017, the Group prepared its condensed consolidated interim financial statements in accordance with the Turkish Accounting Standard No.34 "Interim Financial Reporting". Interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, therefore should be read in conjunction with the Group's 31 December 2016 annual consolidated financial statements.

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, 2016, 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 June 30, 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" for consistency of comparison.

Summary of Significant Accounting Policies

The interim condensed consolidated financial statements of the Group for the six months ended June 30, 2017 have been prepared in accordance with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2016, except for the adoption of new and amended standards.

Interim condensed consolidated financial statements do not include the information and disclosures required in the annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2016.

2. BASIS OF PRESENTATION (continued)

a) Standards, amendments and interpretations applicable as at 30 June 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 assessing the impact of the amendment 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 on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

Annual improvements 2014–2016;

- 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.

b) Standards, amendments and interpretations applicable as at 30 June 2017

Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions, effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. 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 does not expect that this standard will have an impact on the financial position or performance 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. In the scope of the new standards, contract with customers has been analysed and performance obligations are defined as performance liability, limited with delivering of goods and is not required to allocate the sales price for performance obligations. The Group does not expect that this amendment will have a material impact on the financial position or performance 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.

2. BASIS OF PRESENTATION (continued)

IFRS 16 'Leases', effective from annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied. 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 has been assessing the possible effects of IFRS 16. The Group has been analysed the contracts with service providers, in order to define any contract which includes asset usage right. In accordance with the new standards, such leased assets will be accounted as an asset usage rights. The Group's study related with such standards is still in process.

Annual improvements 2014–2016;

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

Estimation Uncertainty

For the condensed consolidated interim financial statements, as of June 30, 2017, 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 consistent with the assumptions and estimations made for the year ended December 31, 2016, except for the necessary considerations made for income taxes.

2. BASIS OF PRESENTATION (continued)

Functional and Presentation Currency

The majority of the consolidated foreign subsidiaries and joint venture are regarded as foreign operations since they are financially, economically and organizationally autonomous. In accordance with "IAS 21 The Effects of Changes in Foreign Exchange Rates", there has been a change in the functional currency of the foreign subsidiaries and joint venture from US Dollars ("USD") to the foreign subsidiaries' and joint ventures' local currencies effective from January 1, 2017. This was done considering the multinational structure of foreign operations and realization of most of their operations, by assessing the currency of the primary economic environment of foreign operations, the currency that influences sales prices for goods and services, the currency in which receipts from operating activities are usually retained and the currency that mainly influences costs and other expenses for providing goods and services. The group has applied the change in functional currency prospectively, 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.

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

Functional Currencies of the Subsidiaries and Joint Ventures

	June 30, 2017		December 31, 2016	
	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**	**Kazakh Tenge**	Kazakh Tenge	U.S. Dollars
Tonus	**Kazakh Tenge**	**Kazakh Tenge**	Kazakh Tenge	U.S. Dollars
Azerbaijan CC	**Manat**	**Manat**	Manat	U.S. Dollars
Turkmenistan CC	**Turkmen Manat**	**Turkmen Manat**	Turkmen Manat	U.S. Dollars
Bishkek CC	**Som**	**Som**	Som	U.S. Dollars
TCCBCJ	**Jordanian Dinar**	**Jordanian Dinar**	Jordanian Dinar	U.S. Dollars
CCBIL	**Iraq Dinar**	**Iraq Dinar**	Iraq Dinar	U.S. Dollars
SSDSD	**Syrian Pound**	**Syrian Pound**	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**	**Iraq Dinar**	Iraq Dinar	U.S. Dollars
Tajikistan CC	**Somoni**	**Somoni**	Somoni	U.S. Dollars

Foreign Currency Translations

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recorded in the consolidated income statement of the relevant period, as foreign currency loss or gain. Foreign currency translation rates announced by the Central Bank of the Republic of Turkey used by the Group's subsidiaries in Turkey. USD amounts presented in the balance sheet are translated into TL with the official TL exchange rate for purchases of USD on June 30, 2017, USD 1,00 (full) = TL 3,5071 (December 31, 2016; USD 1,00 (full) = TL 3,5192). Furthermore, USD amounts in the income statement have been translated into TL, at the average TL exchange rate for purchases of USD for the period ended June 30, 2017 is USD 1,00 (full) = TL 3,6356 (June 30, 2016; USD 1,00 (full) = TL 2,9181).

The assets and liabilities of subsidiaries and joint ventures operating in foreign countries are translated at the rate of exchange ruling at the balance sheet date and the income statements of foreign subsidiaries and joint ventures are translated at average exchange rates. Differences that occur by the usage of closing and average exchange rates are followed under currency translation differences classified under equity.

3. 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:

	June 30, 2017			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	1.886.301	2.229.634	(923)	4.115.012
Cost of sales (-)	(1.139.213)	(1.575.605)	892	(2.713.926)
Gross profit	**747.088**	**654.029**	**(31)**	**1.401.086**
Operating expenses (-)	(560.761)	(434.042)	20.623	(974.180)
Other operating income / (expense), net	121.540	12.474	(121.644)	12.370
Profit from operations	**307.867**	**232.461**	**(101.052)**	**439.276**
Gain from investing activities	1.262	1	(1.263)	-
Loss from investing activities (-)	(857)	(6.453)	1.263	(6.047)
Gain / (loss) from associates	-	(103)	-	(103)
Profit before financial income / (expense)	**308.272**	**225.906**	**(101.052)**	**433.126**
Financial income	101.643	36.476	(15.765)	122.354
Financial expense (-)	(153.470)	(146.152)	15.765	(283.857)
Profit before tax	**256.445**	**116.230**	**(101.052)**	**271.623**
Tax income / (expense)	(21.905)	(61.996)	(11.272)	(95.173)
Net income	**234.540**	**54.234**	**(112.324)**	**176.450**
Non-controlling interest	-	33.767	(2.631)	31.136
Equity holders of the parent	**234.540**	**20.467**	**(109.693)**	**145.314**
Purchase of property, plant, equipment and intangible assets	**111.358**	**146.331**	**-**	**257.689**
Depreciation and amortization expenses	74.981	172.392	(436)	246.937
Other non-cash items	9.292	(5.600)	567	4.259
Earnings before interest and tax (EBITDA)	**392.140**	**399.253**	**(100.921)**	**690.472**

	June 30, 2017			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	**5.766.450**	**5.755.039**	**(350.627)**	**11.170.862**
Total Liabilities	**3.999.016**	**2.496.233**	**(440.350)**	**6.054.899**

As of June 30, 2017, the portion of Almaty CC in the consolidated net revenue and total assets is 10% and 9% respectively.

As of June 30, 2017, the portion of CCBPL in the consolidated net revenue and total assets is 27% and 18% respectively.

3. SEGMENT REPORTING (continued)

	June 30, 2016			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	1.782.029	1.648.700	(392)	3.430.337
Cost of sales (-)	(1.071.901)	(1.138.669)	606	(2.209.964)
Gross profit	710.128	510.031	214	1.220.373
Operating expenses (-)	(541.153)	(342.529)	18.670	(865.012)
Other operating income / (expense), net	78.556	(3.303)	(80.760)	(5.507)
Profit from operations	247.531	164.199	(61.876)	349.854
Gain from investing activities	891	1147	(209)	1.829
Loss from investing activities (-)	(209)	(8.702)	209	(8.702)
Gain / (loss) from associates	-	(387)	-	(387)
Profit before financial income / (expense)	248.213	156.257	(61.876)	342.594
Financial income	95.576	13.499	(14.407)	94.668
Financial expense (-)	(130.879)	(55.126)	14.407	(171.598)
Profit before tax	212.910	114.630	(61.876)	265.664
Tax income / (expense)	(25.925)	(26.283)	(2.266)	(54.474)
Net income	186.985	88.347	(64.142)	211.190
Non-controlling interest	-	33.546	103	33.649
Equity holders of the parent	186.985	54.801	(64.245)	177.541
Purchase of property, plant, equipment and intangible assets	148.379	125.919	-	274.298
Depreciation and amortization expenses	67.014	138.557	(438)	205.133
Other non-cash items	8.141	15.002	(701)	22.442
Earnings before interest and tax (EBITDA)	322.686	317.758	(63.015)	577.429

As of June 30, 2016, the portion of Almaty CC in the consolidated net revenue and total assets is 8% and 9% respectively.

As of June 30, 2016, the portion of CCBPL in the consolidated net revenue and total assets is 23% and 17% respectively.

	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

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 June 30, 2017 and 2016, reconciliation of EBITDA to profit / (loss) from operations is explained in the following table:

	June 30, 2017	June 30, 2016
Profit / (loss) from operations	**439.276**	349.854
Depreciation and amortization	**246.937**	205.133
Provision for employee benefits	**11.323**	10.187
Foreign exchange gain / (loss) under other operating income / (expense)	**(7.064)**	11.864
Other	**-**	391
EBITDA	**690.472**	577.429

4. CASH AND CASH EQUIVALENTS

	June 30, 2017	December 31, 2016
Cash on hand	**9.919**	3.392
Cash in banks		
-Time	**1.035.302**	1.245.375
-Demand	**382.447**	214.136
Cheques	**21.074**	3.206
	1.448.742	1.466.109

As of June 30, 2017, time deposits with maturities less than 3 months in foreign currencies equivalent to TL 986.581, existed for periods varying between 1 day to 81 days (December 31, 2016 - TL 980.591, 1 day to 68 days) and earned interest between 0,20% - 10,00% (December 31, 2016 - 0,20% - 6,00%).

As of June 30, 2017, time deposits amounting to TL 48.721 existed for periods between 3 days and 7 days (December 31, 2016 - TL 264.784, 2 days to 41 days) and earned interest between 13,75% - 14,50% (December 31, 2016 - 6,50% - 11,50%).

As of June 30, 2017, there is TL 1.711 (December 31, 2016 - TL 3.699) of interest income accrual on time deposits with maturities less than 3 months. As of June 30, 2017, and December 31, 2016, the fair values of cash and cash equivalents are equal to book value.

As of June 30, 2017, TL 261.022 (USD 74 million) on time deposits are reserved for the future raw materials purchases (December 31, 2016, TL 477.987 equivalent of USD 136 million).

5. INVESTMENTS IN SECURITIES

	June 30, 2017	December 31, 2016
Time deposits with maturities more than 3 months	**-**	11.036
	-	11.036

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 2,00% - 10,00% interest rates respectively.

6. DERIVATIVE FINANCIAL INSTRUMENTS

As of June 30, 2017, the Company has 3 aluminum swap transactions with a total nominal amount of TL 6.524 for 1.184 tones. The total of these aluminum swap contracts is designated as hedging instruments as of 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.

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.

As of June 30, 2017, the Company has 4 aluminum swap call options at 1.650 USD/per ton for 3.192 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.

As of December 31, 2016, the Company has 4 aluminum swap call options at 1.650 USD/per ton 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 derivative financial instruments, that are accounted as hedge accounting, are effective and recognized in consolidated other comprehensive income.

6. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	June 30, 2017		December 31, 2016	
	Nominal Value	**Fair Value Assets / (Liabilities)**	Nominal Value	Fair Value Assets / (Liabilities)
Held for hedging:				
Commodity swap contracts fair value assets / (liabilities)	**6.524**	**2.050**	12.379	1.058
	6.524	**2.050**	12.379	1.058

7. BORROWINGS

	June 30, 2017	December 31, 2016
Short-term borrowings	**57.548**	109.184
Current portion of long-term borrowings	**770.386**	256.300
Total short-term borrowings	**827.934**	365.484
Long-term borrowings	**2.956.860**	3.404.663
Total borrowings	**3.784.794**	3.770.147

As of June 30, 2017, there is interest expense accrual amounting to TL 24.290 on total amount of borrowings (December 31, 2016 - TL 20.986). The Group has complied with the financial covenants of its borrowing facilities during the 2017 and 2016 reporting period. Short and long-term borrowings denominated in TL and foreign currencies as of June 30, 2017, and December 31, 2016 are as follows:

	June 30, 2017		December 31, 2016	
	Short-term	**Long-term**	Short-term	Long-term
USD	**384.440**	**2.452.246**	92.757	2.890.220
EUR	**395.755**	**483.927**	157.103	489.041
TL	**6.074**	**-**	62	-
Pakistan Rupee	**23.517**	**-**	104.534	-
Kazakh Tenge	**11.277**	**20.687**	6.440	25.402
Jordanian Dinar	**6.871**	**-**	4.588	-
	827.934	**2.956.860**	365.484	3.404.663

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

	June 30, 2017	December 31, 2016
Short-term		
USD denominated borrowings	**(3M Libor + 1,0%) - (4,75%)**	(1M Libor + 2.00%) - (4.75%)
EURO denominated borrowings	**(3M Euribor + 0,80%) - (6M Euribor + 1,75%)**	(3M Euribor + 0.90%) - (6M Euribor + 1.75%)
Jordanian Dinar denominated borrowings	**(8,8%)**	(8.8%)
Pakistan Rupee denominated borrowings	**(1M Kibor+0,05%) - (3M Kibor+0,50%)**	(1M Kibor + 0.25%) - (3M Kibor + 0.50%)
Long-term		
USD denominated borrowings	**(3,42%) - (4,75%)**	(1M Libor + 2.00%) - (4.75%)
EUR denominated borrowings	**(3M Euribor + 0,80%) - (6M Euribor + 1,75%)**	(3M Euribor + 0.80%) - (6M Euribor + 1.75%)
KZT denominated borrowings	**(6,00%)**	(6.00%)

Repayment plans of long-term borrowings as of June 30, 2017, and December 31, 2016 are scheduled as follows (including current portion of long-term borrowings):

	June 30, 2017	December 31, 2016
2017	**84.357**	256.300
2018	**2.519.741**	2.479.064
2019	**162.420**	122.722
2020	**418.492**	381.131
2021	**30.253**	-
2022	**30.253**	-
2023	**451.242**	421.746
2024	**30.488**	-
	3.727.246	3.660.963

8. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	June 30, 2017	December 31, 2016
Due from personnel	**8.206**	8.299
Deposits and guarantees given	**13.982**	2.393
Receivable from tax office and other official receivables	**19.995**	20.358
Other	**7.074**	10.325
	49.257	41.375

Other Payables

	June 30, 2017	December 31, 2016
Deposits and guarantees	**210.327**	169.790
Taxes and duties payable	**56.577**	39.358
Other	**2.587**	2.569
	269.491	211.717

9. PREPAID EXPENSES

a) Short term prepaid expenses

	June 30, 2017	December 31, 2016
Prepaid marketing expenses	**69.491**	58.210
Prepaid insurance expenses	**8.883**	12.400
Prepaid rent expenses	**5.801**	8.395
Prepaid other expenses	**16.674**	12.140
Advances given	**92.147**	56.507
	192.996	147.652

b) Long term prepaid expenses

	June 30, 2017	December 31, 2016
Prepaid marketing expenses	**96.744**	95.005
Prepaid rent expenses	**31.603**	33.637
Prepaid other expenses	**1.574**	175
Advances given	**46.720**	13.464
	176.641	142.281

10. 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 June 30, 2017, and 2016 total assets, total liabilities, net sales and current period loss of SSDSD is as follows:

SSDSD	June 30, 2017	December 31, 2016
Total Assets	**1.398**	1.425
Total Liabilities	**3.407**	3.241
Equity	**(2.009)**	(1.816)

SSDSD	June 30, 2017	June 30, 2016
Revenue	**-**	-
Net Loss	**(206)**	(773)
Group's share in loss	**(103)**	(387)

11. PROPERTY, PLANT AND EQUIPMENT

For the six months ended June 30, 2017 and 2016, the additions and disposals on property, plant and equipment and net book values are as follows:

	Additions	Transfers	Disposals	Net book value at June 30, 2017
Land and Buildings	**12.817**	**30.754**	**(101)**	**1.549.597**
Machinery and Equipment	**64.713**	**53.167**	**(3.899)**	**2.436.755**
Vehicles	**2.859**	**18**	**(899)**	**68.230**
Furniture and Fixtures	**3.107**	**1.492**	**(36)**	**49.917**
Other Tangible Assets	**84.206**	**22.359**	**(209)**	**848.754**
Leasehold Improvements	**280**	**-**	**-**	**1.006**
Construction in Progress	**80.593**	**(107.790)**	**-**	**148.107**
	248.575	**-**	**(5.144)**	**5.102.366**

	Additions	Transfers	Disposals	Net book value at June 30, 2016
Land and Buildings	19.634	6.998	(9)	1.176.547
Machinery and Equipment	49.268	27.063	(233)	2.031.009
Vehicles	4.468	429	(1.170)	68.330
Furniture and Fixtures	5.591	1.325	(25)	43.629
Other Tangible Assets	133.055	8.343	(2.678)	835.798
Leasehold Improvements	-	-	-	8.725
Construction in Progress	59.710	(44.158)	-	246.910
	271.726	-	(4.115)	4.410.948

Impairment Loss

As of June 30, 2017, the Group had provided impairment losses amounting to TL 5.940 (June 30, 2016 - TL 8.702) 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 June 30, 2017, there isn’t any reversal from impairment losses provided in prior years (June 30, 2016 - TL 438) (Note 20).

For the six months ended June 30, 2017, there is no capitalized borrowing costs on construction in progress (June 30, 2016 - none).

Finance Leases

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

As of June 30, 2017, net book value of assets under finance leases included in property, plant and equipment amounts to TL 1.190 (December 31, 2016 - TL 1.275).

12. INTANGIBLE ASSETS

For the six months ended June 30, 2017 and 2016, the additions on intangible assets and net book values are as follows:

June 30, 2017	**Additions**	**Disposals**	**Net book value**
Water sources usage right	**-**	**-**	**1.584**
Bottlers and distribution agreements	**-**	**-**	**1.344.899**
Other Rights	**9.114**	**(93)**	**57.514**
	9.114	**(93)**	**1.403.997**

June 30, 2016	Additions	Disposals	Net book value
Water sources usage right	-	-	5.166
Bottlers and distribution agreements	-	-	1.111.041
Other Rights	2.572	(138)	29.891
	2.572	(138)	1.146.098

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

13. GOODWILL

As of June 30, 2017, and December 31, 2016 movements of goodwill are as follows:

	January 1, 2017	Currency Translation Difference	June 30, 2017
Cost	**739.109**	**(2.307)**	**736.802**
Accumulated depreciation / Impairment reserve	**(67.914)**	**-**	**(67.914)**
Net book value	**671.195**	**(2.307)**	**668.888**

	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

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.

14. GOVERNMENT INCENTIVES

As of June 30, 2017, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TL 128.645 (December 31, 2016, TL 132.802) with a total tax advantage of TL 23.867 (December 31, 2016, TL 24.648). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TL 2.107 (December 31, 2016, TL 1.943).

15. 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 June 30, 2017, with an amount of TL 10.065 (December 31, 2016 - TL 8.557). As of June 30, 2017, no court decision has been granted yet. Group management does not expect any adverse consequences related with these litigations that would materially affect the Group’s operation results or financial status or liquidity.

Letters of Guarantee

As of June 30, 2017, the aggregate amount of letters of guarantee provided are TL 454.697, USD 13 thousand and EUR 204 thousand (December 31, 2016 - TL 418.807, USD 14 thousand and EUR 204 thousand).

Subsidiaries and joint ventures operating in foreign countries

Litigations against the Group

As of June 30, 2017, CCBPL has tax litigations. If the claims are settled against CCBPL, the tax liability would be USD 14,0 million (December 31, 2016 - USD 14,0 million).

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

15. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Mortgages

As of June, 2017, the mortgages on buildings and lands of TCCBCJ and CCBPL amounts to TL 12.349 (December 31, 2016 - TL 12.392) and TL 89.232 (December 31, 2016 - TL 89.730) respectively, for the credit lines obtained.

Letters of Credit

As of June 30, 2017, CCBPL obtained letters of credit amounting to USD 3,5 million and EUR 1,7 million (December 31, 2016 - CCBPL USD 0,1 million and EUR 7,6 million).

Letters of Guarantee

As of June 30, 2017, the amount of letters of guarantee obtained from banks and given to suppliers and government authorities is TL 8.731 (December 31, 2016 - TL 17.989).

As of June 30, 2017, and December 31, 2016 total guarantees and pledges given by the Group are as follows:

	June 30, 2017					
	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	**557.139**	**454.697**	**13**	**204**	**2.667.000**	**12.349**
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	**466.609**	**-**	**6.000**	**100.633**	**298.921**	**32.732**
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	**1.023.748**	**454.697**	**6.013**	**100.837**	**2.965.921**	**45.081**
Other guarantees and pledges given / Total equity (%)	**-**	**-**	**-**	**-**	**-**	**-**

	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 (%)	-	-	-	-	-	-

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

15. 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, 2016 - USD 33,5 million).

16. 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 June 30, 2017, CCBPL has USD 2,5 million sugar purchase commitment from the Banks until the end of December 2017 and has USD 56,3 million sugar purchase commitment from the Banks until the end of April 2018.

Operating Leases

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

TL 11.355 of rent expense was reflected for the six months ended June 30, 2017 (June 30, 2016, TL 10.318) in the consolidated income statement due to the non-cancellable operating lease agreement for vehicles.

As of June 30, 2017, and December 31, 2016, future minimum lease payments under non-cancellable operating lease agreements are as follows:

	June 30, 2017	December 31, 2016
Less than 1 year	**774**	3.446
Next 1-5 years	**17.660**	19.788

17. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	June 30, 2017	December 31, 2016
VAT receivables	**208.601**	229.825
Other	**5.466**	8.346
	214.067	238.171

17. OTHER ASSETS AND LIABILITIES (continued)

b) Other Current Liabilities

	June 30, 2017	December 31, 2016
Advance received	**31.004**	15.125
Buying option of share from non-controlling interest	**8.277**	8.305
Other	**5.363**	9.613
	44.644	33.043

The obligation of TL 8.277 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, under "other non-current liabilities" account in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TL 110.769 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2016-TL 111.150).

18. EQUITY

Share Capital

	June 30, 2017	December 31, 2016
Common shares 1 Kr par value		
Authorized and issued (units)	**25.437.078.200**	25.437.078.200

Reserves

As of June 30, 2017, and December 31, 2016 breakdown of the equity of the Company in its tax books is as follows.

	June 30, 2017			December 31, 2016		
	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	**123.157**	**13.396**	**136.553**	118.338	13.396	131.734
Extraordinary Reserves	**485.691**	**9.551**	**495.242**	540.621	9.551	550.172

Dividends

Cash dividends was distributed starting from May 22, 2017 with a total amount of TL 50.111 gross dividends (TL 0,197 (full) will be paid per 100 shares, representing TL 1 nominal value), from extraordinary reserves for the year 2012 as the fiscal year 2016 ended in a loss.

In year 2016 the Group paid dividends related with the fiscal year of 2015 to its shareholders with an amount of TL 30.016 (TL 0,1003 (full) was paid per 100 shares, representing TL 1 nominal value).

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

19. OTHER INCOME / EXPENSE

	January 1 - June 30, 2017	**April 1 - June 30, 2017**	January 1 - June 30, 2016	April 1 - June 30, 2016
Other operating income				
Gain on sale of scrap materials	**8.138**	**5.473**	5.220	2.749
Insurance compensation income	**539**	**23**	325	136
Foreign exchange gains	**75.923**	**67.278**	31.162	8.666
Other income	**8.979**	**(65)**	8.940	6.327
	93.579	**72.709**	45.647	17.878
Other operating expense				
Donations	**(117)**	**(72)**	(512)	(321)
Foreign exchange loss	**(68.859)**	**(66.968)**	(43.026)	(17.852)
Other expenses	**(12.233)**	**(5.970)**	(7.616)	(5.375)
	(81.209)	**(73.010)**	(51.154)	(23.548)

20. GAIN / LOSS FROM INVESTING ACTIVITIES

	January 1 - June 30, 2017	**April 1 - June 30, 2017**	January 1 - June 30, 2016	April 1 - June 30, 2016
Gain from Investing Activities				
Impairment reversal in property, plant and equipment (Note 11)	**-**	**-**	438	(739)
Gain on disposal of property, plant and equipment, net	**-**	**-**	1.391	1.391
	-	**-**	1.829	652
Loss from Investing Activities				
Impairment provision in property, plant and equipment (Note 11)	**(5.940)**	**(4.100)**	(8.702)	(7.046)
Loss on disposal of property, plant and equipment, net	**(107)**	**1.631**	-	517
	(6.047)	**(2.469)**	(8.702)	(6.529)

21. FINANCIAL INCOME / EXPENSE

	January 1 - June 30, 2017	**April 1 - June 30, 2017**	January 1 - June 30, 2016	April 1 - June 30, 2016
Interest expense, net	**(66.996)**	**(33.202)**	(56.922)	(28.130)
Foreign exchange gain / (loss), net	**(94.507)**	**(4.109)**	(5.985)	(23.838)
Foreign exchange gain / (loss) on derivative transactions, net	**-**	**(255)**	(14.023)	(4.770)
	(161.503)	**(37.566)**	(76.930)	(56.738)

As of June 30, 2017, and 2016 foreign exchange gain / (loss) from foreign currency denominated borrowings are as follows:

	January 1 - June 30, 2017	**April 1 - June 30, 2017**	January 1 - June 30, 2016	April 1 - June 30, 2016
Foreign exchange gain / (loss) from foreign currency denominated borrowings, net	**(79.883)**	**44.172**	2.606	(40.970)

22. 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, 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, 2016 - 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. 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.

Different corporate tax rates of foreign subsidiaries are as follows:

	June 30, 2017	December 31, 2016
Kazakhstan	**20%**	20%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Turkmenistan	**8%**	8%
Tajikistan	**14%**	14%
Jordan	**14%**	14%
Iraq	**15%**	15%
Pakistan	**32%**	32%

The list of temporary differences and the resulting deferred tax liabilities, as of June 30, 2017, and December 31, 2016 using the prevailing effective statutory tax rate is as follows:

	June 30, 2017		December 31, 2016	
	Cumulative Temporary Difference	**Deferred Tax Assets / (Liabilities)**	Cumulative Temporary Difference	Deferred Tax Assets / (Liabilities)
Tangible and intangible assets	**(2.188.890)**	**(554.963)**	(2.130.572)	(535.771)
Borrowings	**(14.476)**	**(2.895)**	(18.218)	(3.644)
Employee termination, other employee benefits and other payable accruals	**98.561**	**19.677**	78.400	15.645
Unused investment incentive	**128.645**	**23.867**	132.802	24.648
Carry forward tax loss	**350.657**	**112.819**	486.667	142.973
Trade receivables, payables and other	**144.909**	**30.451**	63.449	14.252
Derivative financial instruments	**(54.438)**	**(10.880)**	(91.318)	(18.264)
Inventory	**19.435**	**4.504**	62.391	13.173
	(1.515.597)	**(377.420)**	(1.416.399)	(346.988)
Deferred tax assets		**191.318**		210.691
Deferred tax liabilities		**(568.738)**		(557.679)
Deferred tax liability, net		**(377.420)**		(346.988)

22. TAX RELATED ASSETS AND LIABILITIES (continued)

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 June 30, 2017 and 2016, the movement of net deferred tax liability is as follows:

	June 30, 2017	June 30, 2016
Balance at January 1,	**346.988**	279.531
Deferred tax expense / (income)	**35.172**	1.461
Tax expense recognized in comprehensive income	**(7.384)**	2.412
Currency translation adjustment	**2.644**	(1.411)
	377.420	281.993

23. 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 June 30, 2017, and 2016 earnings / (losses) per share is as follows:

	January 1 - June 30, 2017	**April 1 - June 30, 2017**	January 1 - June 30, 2016	April 1 - June 30, 2016
Net income for the period	**145.314**	**231.347**	177.541	148.114
Weighted average number of ordinary shares	**25.437.078.200**	**25.437.078.200**	25.437.078.200	25.437.078.200
Net Earnings Per Share (Full TL)	**0,0057**	**0,0091**	0,0070	0,0058

24. 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:

	June 30, 2017				
	Sales to related parties and other revenues	Purchases from related parties and other expenses	Amounts owed by related parties	Amounts owed to related parties	
Related Parties and Shareholders				Short Term	Long Term
Anadolu Group Companies (1)	**110.431**	**19.364**	**86.755**	**7.554**	**-**
Beverage Partners Worldwide (2)	**-**	**-**	**-**	**-**	**-**
The Coca-Cola Company (1)	**15.541**	**698.678**	**32.863**	**182.191**	**26.317**
Özgörkey Holding Group Companies (1)	**269**	**10.575**	**-**	**3.230**	**-**
Efes Karaganda Brewery J.S.C.(1)	**-**	**438**	**-**	**52**	**-**
Syrian Soft Drink Sales and Distribution L.L.C.(4)	**-**	**-**	**2.317**	**-**	**-**
Doğadan (2)	**27.314**	**109.998**	**-**	**38.540**	**-**
Day Trade (2)	**-**	**-**	**1.170**	**3.655**	**-**
National Beverage Co. (3)	**6.810**	**1.639**	**1.022**	**-**	**-**
Total	**160.365**	**840.692**	**124.127**	**235.222**	**26.317**

	June 30, 2016		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	
Related Parties and Shareholders				Short Term	Long Term
Anadolu Group Companies (1)	84.570	16.658	44.023	2.394	-
Beverage Partners Worldwide (2)	-	-	-	-	-
The Coca-Cola Company (1)	26.599	695.899	29.258	145.046	25.697
Özgörkey Holding Group Companies (1)	341	9.452	-	893	-
Efes Karaganda Brewery J.S.C.(1)	-	82	-	194	-
Syrian Soft Drink Sales and Distribution L.L.C.(4)	-	-	2.178	-	-
Doğadan (2)	10.790	71.894	-	32.283	-
Day Trade (2)	-	-	1.174	-	-
National Beverage Co. (3)	5.466	1.312	-	-	-
Total	127.766	795.297	76.633	180.810	25.697

(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 June 30, 2017, and 2016, 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 June 30, 2017, and 2016, 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 June 30, 2017, and 2016, 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:

	June 30, 2017		June 30, 2016	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**234**	**7.134**	196	6.362
Other long-term benefits	**-**	**878**	-	600
	234	**8.012**	196	6.962
Number of top executives	**4**	**14**	4	13

25. 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 June 30, 2017, and December 31, 2016 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.

	June 30, 2017	December 31, 2016
Borrowings	**3.784.794**	3.770.147
Less: Cash and cash equivalents and short-term financial assets	**(1.448.742)**	(1.477.145)
Net debt	**2.336.052**	2.293.002
Total share capital	**254.371**	254.371
Net debt / Total equity ratio (%)	**9,18**	9,01

(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 June 30, 2017, 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 September 30, 2017, which is the following reporting period would be:

	Effect on Profit / (Loss) Before Tax and Non-Controlling Interest	
	June 30, 2017	June 30, 2016
Increase / decrease of 1% interest in USD denominated borrowing interest rate	**52**	414
Increase / decrease of 1% interest in Euro denominated borrowing interest rate	**2.195**	1.238
Increase / decrease of 1% interest in PKR denominated borrowing interest rate	**50**	64
Total	**2.297**	1.716

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

As of June 30, 2017 and 2016, the analysis of financial assets of the Group exposed to interest risk as follows:

Interest Rate Risk	June 30, 2017	June 30, 2016
Financial Instruments with Fixed Interest Rate		
Financial assets at fair value through profit or loss	**1.035.302**	695.770
Financial Liabilities	**2.860.510**	2.433.896
Financial Instruments with Floating Interest Rate		
Financial Liabilities	**924.284**	740.406

(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.

	January 1 - June 30, 2017	April 1 - June 30, 2017	January 1 - June 30, 2016	April 1 - June 30, 2016
Total export	**10.836**	**8.831**	5.613	2.404
Total import	**708.859**	**419.884**	569.101	260.313

Foreign Currency Position

As of June 30, 2017, and December 31, 2016, the foreign currency position (except functional currency) of the Group and its subsidiaries is as follows:

	Foreign Currency Position Table					
	June 30, 2017					
	Total TL Equivalent	USD	TL Equivalent	Euro	TL Equivalent	Other Foreign Currency TL Equivalent
1. Trade Receivables and Due from Related Parties	32.972	9.401	32.972	-	-	-
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.048.203	296.912	1.041.300	1.721	6.889	14
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	2.794	797	2.794	-	-	-
4. Current Assets (1+2+3)	1.083.969	307.110	1.077.066	1.721	6.889	14
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	25.927	-	-	6.477	25.927	-
8. Non-Current Assets (5+6+7)	25.927	-	-	6.477	25.927	-
9. Total Assets (4+8)	1.109.896	307.110	1.077.066	8.198	32.816	14
10. Trade Payables and Due to Related Parties	246.546	59.039	207.057	9.865	39.489	-
11. Short-term Borrowings and Current Portion of Long - term Borrowings	780.195	109.618	384.440	98.865	395.755	-
12a. Monetary Other Liabilities	9.498	2.679	9.396	25	102	-
12b. Non-monetary Other Liabilities	-	-	-	-	-	-
13. Current Liabilities (10+11+12)	1.036.239	171.336	600.893	108.755	435.346	-
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long-Term Borrowings	2.936.173	699.223	2.452.246	120.891	483.927	-
16 a. Monetary Other Liabilities	110.769	31.584	110.769	-	-	-
16 b. Non-monetary Other Liabilities	-	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	3.046.942	730.807	2.563.015	120.891	483.927	-
18. Total Liabilities (13+17)	4.083.181	902.143	3.163.908	229.646	919.273	-
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)	(2.973.285)	(595.033)	(2.086.842)	(221.448)	(886.457)	14
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(3.002.006)	(595.830)	(2.089.636)	(227.925)	(912.384)	14
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-

As of December 31, 2016, USD 164,0 million and as of June 30, 2016, USD 175,3 subsidiary loans were netted from foreign currency position and foreign currency position sensitivity analysis respectively. As of June 30, 2017, due to change in functional currency there aren't any subsidiary loan net offs with the foreign currency position and foreign currency position sensitivity analysis.

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

	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	**-**	**-**	**-**	-	-	-

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			
	June 30, 2017		June 30, 2016	
	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)	**(208.684)**	**208.684**	(143.424)	143.424
2- USD denominated hedging instruments (-)	**-**	**-**	-	-
3- Net effect in USD (1+2)	**(208.684)**	**208.684**	(143.424)	143.424
Changes in the Euro against TL by 10%:				
4- Euro denominated net asset / (liability)	**(88.646)**	**88.646**	(61.763)	61.763
5- Euro denominated hedging instruments (-)	**-**	**-**	-	-
6- Net effect in Euro (4+5)	**(88.646)**	**88.646**	(61.763)	61.763
Average changes in the other foreign currencies against TL by 10%:				
7- Other foreign currency denominated net asset / (liability)	**1**	**(1)**	7.597	(7.597)
8- Other foreign currency hedging instruments (-)	**-**	**-**	-	-
9- Net effect in other foreign currency (7+8)	**1**	**(1)**	7.597	(7.597)
TOTAL (3+6+9)	**(297.329)**	**297.329**	(197.590)	197.590

25. 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.

(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.

(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.

26. 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.

26. FINANCIAL INSTRUMENTS (continued)

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

June 30, 2017	Level 1	Level 2
a) Assets presented at fair value		
Derivative financial instruments	**-**	**2.050**
Total assets	**-**	**2.050**
b) Liabilities presented at fair value		
Derivative financial instruments	**-**	**-**
Buying option of share from non-controlling interest	**8.277**	**110.769**
Total liabilities	**8.277**	**110.769**

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

27. SUBSEQUENT EVENTS

The Company has been evaluating various long-term debt instruments to refinance its existing bonds maturing in 2018, as well as to finance new borrowing needs. In this context, an application has been filed as of July 26, 2017, with the Capital Markets Board pursuant to Capital Markets Law numbered 6362 and the Communique with Series: VII, Number: 128.8, for the approval of the issuance and the sales of the bonds abroad.

(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.
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız 0-1460-0224-0500015

pwc

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

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Coca-Cola İçecek Anonim Şirketi
Consolidated Balance Sheet as at December 31, 2016
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	**Audited** **December 31, 2016**	Audited 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))

	Notes	Audited December 31, 2016	Audited 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.

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

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

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

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.

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

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))

	Notes	Audited 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.

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.

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%

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.

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.

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).

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.

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

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)

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).

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:

		Past due receivables without provision					
December 31, 2016	Neither past due nor impaired	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

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

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).

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**

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.

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.

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

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.

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).

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.

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.

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

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)

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%

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

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

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

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.

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

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:

December 31, 2016	Receivables			
	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	-	-	-	-

December 31, 2015	Receivables			
	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.

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).

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.

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

Coca-Cola İçecek Anonim Şirketi

Consolidated Financial Statements As of December 31, 2015 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 2015 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.

Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. a member of PricewaterhouseCoopers
BJK Plaza, Süleyman Seba Cad. No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul - Turkey
www.pwc.com/tr *Telephone: +90 (212) 326 6060, Facsimile: +90 (212) 326 6050*

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 2015 and their financial performance and cash flows for the period then ended in accordance with Turkish Accounting Standards.

Other Responsibilities Arising From Regulatory Requirements

5. In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC") No: 6102; auditor's report on the early risk identification system and committee has been submitted to the Company's Board of Directors on 2 March 2016.

6. In accordance with subparagraph 4 of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2015 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

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

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

Burak Özpoyraz, SMMM
Partner

Istanbul, 2 March 2016

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

Coca-Cola İçecek Anonim Şirketi

Consolidated Financial Statements as of December 31, 2015

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

Coca-Cola İçecek Anonim Şirketi
Consolidated Balance Sheet as at December 31, 2015
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Notes	Audited December 31, 2015	Audited December 31, 2014
ASSETS			
Current Assets		**2.658.277**	2.249.180
Cash and Cash Equivalents	6	**1.002.214**	756.968
Investments in Securities	7	**148**	2.971
Derivative Financial Instruments	8	**260**	2.440
Trade Receivables			
- Due from Related Parties	39	**109.681**	35.508
- Other trade receivables	11	**448.217**	386.541
Other Receivables	12	**34.022**	35.053
Inventories	15	**620.807**	575.687
Prepaid Expenses	13	**140.577**	202.005
Tax Related Current Assets		**70.103**	77.324
Other Current Assets	28	**232.248**	174.683
Non-Current Assets		**6.287.541**	4.952.680
Other Receivables		**16.992**	6.148
Property, Plant and Equipment	20	**4.366.714**	3.362.053
Intangible Assets			
- Goodwill	22	**606.621**	483.799
- Other Intangible Assets	21	**1.154.210**	925.343
Prepaid Expenses	13	**140.781**	175.337
Deferred Tax Assets	37	**2.223**	-
Total Assets		**8.945.818**	7.201.860
LIABILITIES			
Current Liabilities		**1.521.963**	1.443.236
Short-term Borrowings	9	**252.757**	515.335
Current Portion of Long-term Borrowings	9	**310.240**	113.251
Derivative Financial Instruments	8	**11.279**	388
Trade Payables			
- Due to Related Parties	39	**156.218**	111.207
- Other trade payables	11	**517.299**	446.375
Payables Related to Employee Benefits	26	**21.883**	19.525
Other Payables	12	**173.861**	148.594
Provision for Corporate Tax		**526**	1.983
Provision for Employee Benefits	26	**47.819**	63.632
Other Current Liabilities	28	**30.081**	22.946
Non-Current Liabilities		**3.282.284**	2.385.592
Long-term Borrowings	9	**2.810.946**	2.015.097
Trade Payables			
- Due to Related Parties	39	**20.092**	20.049
- Other Trade payables		**1.213**	1.749
Derivative Financial Instruments	8	**98**	-
Provision for Employee Benefits	26	**52.433**	50.619
Deferred Tax Liability	37	**281.754**	212.317
Other Non-Current Liabilities	28	**115.748**	85.761
EQUITY		**4.141.571**	3.373.032
Equity of the Parent		**3.608.996**	3.024.819
Share Capital	29	**254.371**	254.371
Share Capital Inflation Adjustment Differences		**(8.559)**	(8.559)
Share Premium		**214.241**	214.241
Value Increase Funds		**9.782**	9.782
Cash Flow Hedge Reserve	8	**(8.894)**	1.641
Non-Controlling Interest Put Option Liability Reserve		**(6.453)**	(442)
Actuarial Losses		**(16.506)**	(13.354)
Currency Translation Adjustment		**1.269.372**	682.434
Restricted Reserves Allocated from Net Profit	29	**154.982**	146.232
Accumulated Profit		**1.629.501**	1.423.042
Net Income		**117.159**	315.431
Non-Controlling Interest		**532.575**	348.213
Total Liabilities		**8.945.818**	7.201.860

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, 2015
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	
	Notes	**December 31, 2015**	December 31, 2014
Net Revenue	30	**6.723.866**	5.985.370
Cost of Sales (-)	30	**(4.389.456)**	(3.803.928)
Gross Profit from Operations		**2.334.410**	2.181.442
Distribution, Selling and Marketing Expenses (-)	31	**(1.328.656)**	(1.256.697)
General and Administration Expenses (-)	31	**(337.294)**	(288.754)
Other Operating Income	33	**116.404**	52.337
Other Operating Expense (-)	33	**(153.004)**	(59.792)
Profit From Operations		**631.860**	628.536
Loss from Investing Activities (-)	33	**(74)**	(387)
Gain / (Loss) from Associates	18	**(916)**	(949)
Profit Before Financial Income / (Expense)		**630.870**	627.200
Financial Income	34	**355.107**	450.073
Financial Expenses (-)	35	**(782.031)**	(644.327)
Profit Before Tax from Continuing Operations		**203.946**	432.946
Tax Expense of Continuing Operations			
Deferred Tax Expense	37	**(23.172)**	(12.742)
Current Period Tax Expense (-)	37	**(54.121)**	(73.000)
Net Income		**126.653**	347.204
Attributable to:			
Non-controlling interest		**9.494**	31.773
Equity holders of the parent	38	**117.159**	315.431
		126.653	347.204
Equity Holders Earnings Per Share from Continuing Operations (full TL)	**38**	**0,0046**	0,0124
Equity Holders Earnings Per Diluted Share from Continuing Operations (full TL)	**38**	**0,0046**	0,0124

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 Comprehensive Income
For the year ended December 31, 2015
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

	Audited	
	December 31, 2015	December 31, 2014
Net Income	**126.653**	347.204
Actuarial Losses (Note 26)	**(3.152)**	(4.452)
Other comprehensive income items, not to be reclassified to profit or loss subsequently	**(3.152)**	(4.452)
Cash flow hedge reserve (Note 8)	**(13.169)**	2.529
Deferred tax effect	**2.634**	(506)
Currency translation adjustment	**658.174**	209.079
Other comprehensive income items to be reclassified to profit or loss subsequently	**647.639**	211.102
Total of Other Comprehensive Income After Tax	**771.140**	553.854
Attributable to:		
Non-controlling interest	**80.730**	56.025
Equity holders of the parent	**690.410**	497.829

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 Change in Shareholders' Equity for the year ended December 31, 2015
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

					Other comprehensive income 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 Inflation Adjustment Differences	Share Premium	Value Increase Funds	Actuarial Gains / (Losses)	Cash Flow Hedge Reserve	Option Liability Reserve for Non-Controlling Interest	Currency Translation Adjustment	Restricted Reserves	Accumulated Profit and Current Period Net Income / (Loss)	Total Equity of the Parent	Non-Controlling Interest	Total Equity
Balance at January 1, 2014	254.371	(8.559)	214.241	9.782	(8.902)	(382)	(37.897)	497.607	126.320	1.527.954	2.574.535	296.804	2.871.339
Other comprehensive gain / (loss)	-	-	-	-	(4.452)	2.023	-	184.827	-	-	182.398	24.252	206.650
Net income for the period	-	-	-	-	-	-	-	-	-	315.431	315.431	31.773	347.204
Total Comprehensive Income / (loss)	-	-	-	-	(4.452)	2.023	-	184.827	-	315.431	497.829	56.025	553.854
Dividend paid (Note 29)	-	-	-	-	-	-	-	-	-	(85.000)	(85.000)	-	(85.000)
Transfer to reserves	-	-	-	-	-	-	-	-	19.912	(19.912)	-	-	-
Non-controlling interest share put option liability (Note 1)	-	-	-	-	-	-	37.455	-	-	-	37.455	(4.616)	32.839
Balance at December 31, 2014	254.371	(8.559)	214.241	9.782	(13.354)	1.641	(442)	682.434	146.232	1.738.473	3.024.819	348.213	3.373.032
Balance at January 1, 2015	**254.371**	**(8.559)**	**214.241**	**9.782**	**(13.354)**	**1.641**	**(442)**	**682.434**	**146.232**	**1.738.473**	**3.024.819**	**348.213**	**3.373.032**
Other comprehensive gain / (loss)	**-**	**-**	**-**	**-**	**(3.152)**	**(10.535)**	**-**	**586.938**	**-**	**-**	**573.251**	**71.236**	**644.487**
Net income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**117.159**	**117.159**	**9.494**	**126.653**
Total Comprehensive Income / (loss)	**-**	**-**	**-**	**-**	**(3.152)**	**(10.535)**	**-**	**586.938**	**-**	**117.159**	**690.410**	**80.730**	**771.140**
Dividend paid (Note 29)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(100.222)**	**(100.222)**	**-**	**(100.222)**
Transfer to reserves	**-**	**-**	**-**		**-**	**-**	**-**	**-**	**8.750**	**(8.750)**	**-**	**-**	**-**
Increase in capital of subsidiaries by non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**105.838**	**105.838**
Non-controlling interest share put option liability	**-**	**-**	**-**	**-**	**-**	**-**	**(6.011)**	**-**	**-**	**-**	**(6.011)**	**(2.206)**	**(8.217)**
Balance at December 31, 2015	**254.371**	**(8.559)**	**214.241**	**9.782**	**(16.506)**	**(8.894)**	**(6.453)**	**1.269.372**	**154.982**	**1.746.660**	**3.608.996**	**532.575**	**4.141.571**

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, 2015
(Currency - Thousands of Turkish Lira unless otherwise indicated (TL))

		Audited	
	Notes	**December 31, 2015**	December 31, 2014
Cash flows from operating activities:			
Profit before tax		**203.946**	432.946
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization	32	**361.643**	306.814
Loss / (gain) on sale of property, plant and equipment	33	**74**	387
Impairment loss / (reversal) in property, plant and equipment, net	20, 33	**7.652**	5.561
Net loss from sale of a subsidiary		**-**	82
Provision for employee termination benefits, management bonus and other accruals	26	**54.502**	58.984
Provision / (reversal) for inventories, net	15	**5.225**	(2.383)
Provision for doubtful receivable, net	11	**1.688**	939
(Gain) / loss from associates	18	**916**	949
Interest expense	35	**172.786**	145.571
Interest income	34	**(39.027)**	(41.846)
Foreign exchange loss / (gain), net		**291.960**	89.824
Net income adjusted for non-cash items		**1.061.365**	997.828
Trade, other receivables and due from related parties		**(137.536)**	(39.600)
Inventories		**(50.345)**	(111.818)
Other current assets		**(3.770)**	4.116
Other non-current assets		**34.559**	(61.648)
Trade, other payables and due to related parties		**115.442**	143.279
Interest paid		**(167.461)**	(145.626)
Interest received	34	**39.027**	41.846
Employee termination benefits, vacation pay, management bonus payments	26	**(61.019)**	(53.515)
Change in tax assets and liabilities		**(1.682)**	(81.768)
Provision for employee benefits		**(8.275)**	23.299
Other liabilities		**54.183**	31.642
Net cash generated from operating activities		**874.488**	748.035
Cash flows from investing activities:			
Purchase of property, plant and equipment and intangibles	20, 21	**(828.681)**	(737.547)
Proceeds from sale of property, plant and equipment		**16.327**	13.621
Investments in securities		**2.823**	560.014
Increase in capital of subsidiaries by non-controlling interest		**105.838**	-
Acquisition of minority share, net of cash acquired		**-**	(55.812)
Net cash generated / (used) in investing activities		**(703.693)**	(219.724)
Cash flows from financing activities:			
Proceeds from borrowings		**942.514**	350.711
Repayments of borrowings		**(849.787)**	(1.004.793)
Dividends paid	29	**(100.222)**	(85.000)
Net cash (used) / generated from financing activities		**(7.495)**	(739.082)
Effects of currency translation on cash and cash equivalents		**62.661**	24.710
Effects of currency translation intercompany borrowings		**149.798**	34.185
Currency translation adjustment		**(130.513)**	(7.926)
Net increase / (decrease) in cash and cash equivalents		**245.246**	(159.802)
Cash and cash equivalents at beginning of year	6	**756.968**	916.770
Cash and cash equivalents, period end		**1.002.214**	756.968

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

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 (2014 - 9) production facilities in different regions of Turkey and operates 16 (2014 - 14) production facilities in countries other than Turkey. The registered office address of CCI is Esenkent Mah. Deniz Feneri Sok. No:4 Ümraniye İstanbul, Turkey. CCI is a listed company on the Borsa Istanbul A.Ş. ("BIST"), which is the new registered official title of Istanbul Stock Exchange ("ISE"), starting from April 2013. 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 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 2, 2016, which were signed by the Audit Committee and Chief Financial Officer Nusret Orhun Köstem. 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, 2015 and 2014 the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	December 31, 2015		December 31, 2014	
	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%
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.

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 the exclusive right to produce, sell and distribute Burn and Gladiator branded energy drinks in authorized packages throughout Turkey according to the Bottlers Agreement signed between the Company and Monster Energy Company ("MEC") which has taken over TCCC's global energy drink portfolio and is 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 by CCSD throughout Turkey starting from September 2008.

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, 2015 and 2014 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, 2015**	December 31, 2014
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") (Note 1)	Pakistan	Production, distribution and sales of Coca-Cola products	**49,67%**	49,56%

1. CORPORATE INFORMATION and NATURE OF ACTIVITIES (continued)

Joint Venture

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights %	
			December 31, 2015	December 31, 2014
Syrian Soft Drink Sales and Distribution L.L.C. ("SSDSD")	Syria	Distribution and sales of Coca-Cola products	**50,00%**	50,00%

Changes in Group Structure Realized in 2015

Ownership ratio of CCI in CCBPL increased to 49,67% from 49,56% in 2015, consequent to subscription of newly issued shares of CCBPL as a result of the capital increase.

Changes in Group Structure Realized in 2014

As announced on November 14, 2013, the purchase of remaining 15,00% shares in Al Waha by Waha B.V., a 76.40% subsidiary of Coca-Cola İçecek A.Ş. (CCI), has been completed as of January 14, 2014.

Total purchase price of USD 26 million was paid following finalization of the ongoing capital increase process in Waha B.V. in the Netherlands. Upon such capital increase, CCI's direct share in Waha B.V. increased to 80,03% from 76,40%, and accordingly CCI's indirect share in Al Waha increased to 80,03% from 64,94%.

After the increase of CCI's direct share in Waha B.V., gain on option liability reserve with a total amount of TL 37.455 was reflected to non-controlling interest share put option liability under consolidated statement of changes in shareholders' equity as of December 31, 2014.

Economic Conditions and Risk Factors of Subsidiaries and Joint Ventures in Foreign Countries

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 Capital Markets Board's "Corporate Governance Principles" assess, manage and report Group risks. Some of the Group priority risks are defined as consumer shift to alternative beverages, security and safety of employees, 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, 2015 and 2014).

	December 31, 2015	December 31, 2014
Blue-collar	**4.945**	5.002
White-collar	**5.408**	5.764
Average number of employees	**10.353**	10.766

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 Capital Markets Board of Turkey ("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, 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.

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.

Summary of Significant Accounting Policies

The consolidated financial statements of the Group for the year ended December 31, 2015 have been prepared in accordance with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2014, except for the adoption of new and amended standards.

Standards, amendments and interpretations applicable as at 31 December 2015:

Amendment to IAS 19 regarding defined benefit plans, effective from annual periods beginning on or after 1 July 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

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

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

2. BASIS OF PRESENTATION (continued)

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

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

b) Standards, amendments and interpretations effective after 1 January 2016:

Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation, effective from annual periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

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 the 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.

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

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.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures', effective from annual periods beginning on or after 1 January 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group does not expect that this amendment will have an impact on the financial position or performance of the Group.

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.

2. BASIS OF PRESENTATION (continued)

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.

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.

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.

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.

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, 2015		December 31, 2014	
	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, 2015, USD 1,00 (full) = TL 2,9076 (December 31, 2014; USD 1,00 (full) = TL 2,3189). 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, 2015 is USD 1,00 (full) = TL 2,7191 (January 1, - December 31, 2014; USD 1,00 (full) = TL 2,1865).

2. BASIS OF PRESENTATION (continued)

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.

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) The cost of defined benefit plans is determined using actuarial valuations which involve making assumptions about discount rates, future salary increases and employee turnover rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The details related with the defined benefit plans are stated in Note 26.

b) 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 financial statements; and also the renegotiation conditions with these debtors are considered. The provisions for doubtful receivables are followed in the Note 11.

c) 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).

d) 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).

e) 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).

f) 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, 2015, impairment test for the intangible assets with indefinite useful life and goodwill is generated by comparing its carrying amount with the recoverable amount. The recoverable amount is determined taking the value in use calculation as basis.

2. BASIS OF PRESENTATION (continued)

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. Main estimates such as raw material and finished good prices, working capital requirements and capital expenditures were based on Group's key assumptions and historical operating data. For the impairment test, between 0,86% - 3,0% varying rates for perpetuity growth rate and between 10,56% - 17,46% varying rates for weighted average cost of capital assumptions were used (Note 21 and Note 22).

g) 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.

h) In accordance with International Accounting Standards Interpretations Committee and Turkey Accounting Standards, Interpretation 12 "Consolidation - Special Purpose Entities", Group management defines Trust Co., which owns all immovable assets of Al Waha and leases all the ownership rights of this immovable assets to Al Waha with a special contract, as special purpose entity.

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, 2015. 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.

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, JUDGMENTS, ESTIMATIONS AND ASSUMPTIONS

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.

2. BASIS OF PRESENTATION (continued)

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

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.

2. BASIS OF PRESENTATION (continued)

The Company has made aluminum swap 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. It has also made forward currency purchase agreements for resin purchases in order to offset the possible losses due to the fact that resin prices are denominated in foreign currency, designates these forward currency purchases as hedging instruments for cash flow hedge relation against highly probable future outflows arising from foreign currency denominated resin purchases 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.

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.

2. BASIS OF PRESENTATION (continued)

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).

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.

2. BASIS OF PRESENTATION (continued)

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 two 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.

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.

2. BASIS OF PRESENTATION (continued)

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.

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, 2015	December 31, 2014
Discount rate	**%10,7**	8,1%
Inflation	**%7,8**	6,3%
Rate of compensation increase	**%7,8**	6,3%

(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, 2015, contributions paid by the Group to the Social Security Institution of Turkey is amounting to TL 26.207 (December 31, 2014 - TL 26.095).

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%	17,25%
Turkmenistan CC	-	20%
Tajikistan CC	1%	25%
TCCBCJ	7%	13,25%
CCBIL	5%	12%
CCBPL	1% (on minimum wage)	5% (on minimum wage)

2. BASIS OF PRESENTATION (continued)

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.

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.

2. BASIS OF PRESENTATION (continued)

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, 2014 - None).

4. INTERESTS IN JOINT VENTURES

None (December 31, 2014 - None).

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 for observing management's 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, 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	**93.306**	**(37.034)**	**(92.872)**	**(36.600)**
Profit / (loss) from operations	**392.898**	**296.387**	**(57.425)**	**631.860**
Gain from investing activities	**4.036**	**1.120**	**(5.156)**	**-**
Loss from investing activities (-)	**(5.230)**	**-**	**5.156**	**(74)**
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 / (loss) before tax	**48.944**	**212.427**	**(57.425)**	**203.946**
Tax income / (expense)	**474**	**(73.853)**	**(3.914)**	**(77.293)**
Net income / (loss)	**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	**6.465**	**52.509**	**(105)**	**58.869**
Earnings before interest and tax (EBITDA)	**523.563**	**586.136**	**(58.317)**	**1.051.382**

	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**

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.

As of December 31, 2014, the portion of Almaty CC in the consolidated net revenue and total assets is 11% and 9% respectively.

As of December 31, 2014, the portion of CCBPL in the consolidated net revenue and total assets is 18% and 17% respectively.

5. SEGMENT REPORTING (continued)

	December 31, 2014			
	Domestic	**International**	**Elimination**	**Consolidated**
Net Revenue	3.061.377	2.928.773	(4.780)	5.985.370
Cost of sales (-)	(1.841.451)	(1.966.827)	4.350	(3.803.928)
Gross profit	1.219.926	961.946	(430)	2.181.442
Operating expenses (-)	(977.634)	(589.131)	21.314	(1.545.451)
Other operating income / (expense), net	45.212	(2.217)	(50.450)	(7.455)
Profit / (loss) from operations	287.504	370.598	(29.566)	628.536
Gain from investing activities	1.443	-	(1.443)	-
Loss from investing activities (-)	(1.049)	(781)	1.443	(387)
Gain / (loss) from associates	-	(949)	-	(949)
Profit before financial income/(expense)	287.898	368.868	(29.566)	627.200
Financial income	463.153	9.914	(22.994)	450.073
Financial expense (-)	(587.927)	(79.394)	22.994	(644.327)
Profit / (loss) before tax	163.124	299.388	(29.566)	432.946
Tax income / (expense)	(18.997)	(63.857)	(2.888)	(85.742)
Net income / (loss)	144.127	235.531	(32.454)	347.204
Non-controlling interest	-	27.421	4.352	31.773
Equity holders of the parent	144.127	208.110	(36.806)	315.431
Purchase of property, plant, equipment and intangible asset	112.633	624.914	-	737.547
Depreciation and amortization expenses	116.278	191.313	(777)	306.814
Other non-cash items	9.022	19.349	(854)	27.517
Earnings before interest and tax (EBITDA)	413.198	579.530	(31.197)	961.531

	December 31, 2014			
	Domestic	**International**	**Elimination**	**Consolidated**
Total Assets	4.196.288	3.570.124	(564.552)	7.201.860
Total Liabilities	2.503.935	1.724.849	(399.956)	3.828.828

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

Effect of the CMB classification differences according to new illustrative financial statements and reporting guide as which; the effect of "foreign exchange gain / (loss) classified to "other operating income and expense" and "Gain / (loss) from associates" were excluded from the EBITDA calculation, for the consistency of the comparison. As of December 31, 2015 and 2014, reconciliation of EBITDA to Profit before financial income/(expense) is explained in the following table:

	December 31, 2015	December 31, 2014
Profit before financial income/(expense)	**630.870**	627.200
Depreciation and amortization	**361.643**	306.814
Provision for employee benefits	**10.449**	10.521
Provision / (Reversal) for the impairment of fixed assets (Note 20, Note 33)	**7.652**	5.561
Foreign exchange gain / (loss) under other operating income / (expense) (Note 33)	**39.798**	10.406
Gain / (loss) from associates (Note 18)	**916**	949
Other	**54**	80
EBITDA	**1.051.382**	961.531

6. CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
Cash on hand	**2.724**	4.143
Cash in banks		
-Time	**905.612**	691.749
-Demand	**90.549**	55.309
Cheques	**3.329**	5.767
	1.002.214	756.968

As of December 31, 2015 time deposits with maturities less than three months in foreign currencies equivalent to TL 524.309, existed for periods varying between 1 day to 78 days (December 31, 2014 – TL 348.453, 1 day to 76 days) and earned interest between 0,20% - 4,25% (December 31, 2014 - 0,20% - 5,00%).

As of December 31, 2015 time deposits in local currency amounting to TL 381.303 existed for periods varying between 4 days to 78 days (December 31, 2014 - TL 343.296 , 2 days to 57 days) and earned interest between 11,60% - 13,85% (December 31, 2014 - 10,15% - 12,00%).

As of December 31, 2015, there is TL 2.811 (December 31, 2014 - TL 2.115) of interest income accrual on time deposits with maturities less than 3 months. As of December 31, 2015 and 2014, the fair values of cash and cash equivalents are equal to book value.

7. INVESTMENTS IN SECURITIES

	December 31, 2015	December 31, 2014
Time deposits with maturities more than 3 months	**148**	2.971
	148	2.971

As of December 31, 2015 time deposits with maturities over 3 months are composed of KZT (December 31, 2014 AZM,181 days, 7,50%). As of December 31, 2015 this time deposit is made for period 206 days and earned interest is 2,00%.

As of December 31, 2015, there is TL 3 (December 31, 2014 – TL 14) of interest income accrual on time deposits with maturities over 3 months.

8. DERIVATIVE FINANCIAL INSTRUMENTS

As of December 31, 2015 the Company has 8 aluminum swap transactions with a total nominal amount of TL 54.283 for 10.580 tones. The total of these aluminum swap contracts are designated as hedging instruments as of January 13, 2015, May 29, 2015, June 25, 2015 and July 27, 2015 in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk (Note 41).

As of December 31, 2015 the Company has FX forward transactions with a total nominal amount of TL 101.766, for 3 forward purchase contracts amounting to USD 35 million. The total of these FX forward contracts are designated as hedging instruments as of October 6, 2015, October 9, 2015 and November 12, 2015 in cash flow hedges related to forecasted cash flow, for the high probability purchases of can, exposed to foreign currency risk (Note 41).

The change in the fair value of hedges related to aluminum swap and forward are effective and recognized in consolidated other comprehensive income.

	December 31, 2015		December 31, 2014	
	Nominal Value	**Fair Value Assets / (Liabilities)**	Nominal Value	Fair Value Assets / (Liabilities)
Held for hedging:				
Commodity swap contracts fair value assets/(liabilities)	**54.283**	**(7.812)**	17.811	(388)
Forward contracts assets /(liabilities)	**101.766**	**(3.305)**	62.239	2.440
	156.049	**(11.117)**	80.050	2.052

9. BORROWINGS

	December 31, 2015	December 31, 2014
Short-term borrowings	**252.757**	515.335
Current portion of long-term borrowings	**310.240**	113.251
Total short-term borrowings	**562.997**	628.586
Long-term borrowings	**2.810.946**	2.015.097
Total borrowings	**3.373.943**	2.643.683

As of December 31, 2015, there is interest expense accrual amounting to TL 20.092 on total amount of borrowings (December 31, 2014 - TL 17.463).

Short and long-term borrowings denominated in TL and foreign currencies as of December 31, 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014	
	Short-term	Long-term	Short-term	Long-term
USD	**150.183**	**2.449.214**	260.665	2.015.097
EUR	**218.077**	**336.036**	-	-
TL	**3.966**	**-**	19.105	-
Pakistan Rupee	**184.772**	**-**	343.378	-
Kazakh Tenge	**129**	**25.696**	-	
Jordanian Dinar	**5.870**	**-**	5.438	-
	562.997	**2.810.946**	628.586	2.015.097

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

	December 31, 2015	December 31, 2014
Short-term		
USD denominated borrowings	**(3M Libor+2,00%)**	(3M Libor+%1,35) - (1M Libor +%2,00)
Jordanian dinar denominated borrowings	**(%8,8)**	(%9,13)
Pakistan Rupee denominated borrowings	**(1M Kibor+0,40%) - (3M Kibor+0,50%)**	(1M Kibor+%0,40) - (3M Kibor+%0,50)
Long-term		
TL denominated borrowings	**-**	(%10,00)
USD denominated borrowings	**(3M Libor+2,10%) - (4,75%)**	(1M Libor+%1,40) - (%4,75)
EUR denominated borrowings	**(3M Euribor+1,25%) - (6M Euribor+1,75%)**	-
KZT denominated borrowings	**(6,00%)**	-

Repayment plans of long-term borrowings as of December 31, 2015 and 2014 are scheduled as follows (including current portion of long-term borrowings):

	December 31, 2015	December 31, 2014
2015	**-**	113.237
2016	**310.240**	62.101
2017	**152.851**	48.850
2018	**1.887.374**	1.440.369
2019	**104.521**	-
2020	**318.051**	185.512
2023	**348.149**	278.279
	3.121.186	2.128.348

10. OTHER FINANCIAL LIABILITIES

None (December 31, 2014 - None).

11. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	December 31, 2015	December 31, 2014
Trade receivables	**458.372**	398.792
Cheques receivables	**12.502**	7.842
Less: Allowance for doubtful receivables	**(22.657)**	(20.093)
	448.217	386.541

As of December 31, 2015 and 2014 allowance for doubtful receivables movement is as following:

	December 31, 2015	December 31, 2014
Balance at January 1,	**20.093**	18.792
Current year provision	**2.439**	2.459
Reversals from provision	**(751)**	(1.520)
Write-offs from doubtful receivables	**(759)**	(184)
Currency translation difference	**1.635**	546
	22.657	20.093

As of December 31, 2015 and 2014 aging of receivables table is as following:

		Past due receivables without provision					
December 31, 2015	Neither past due nor impaired	Up to 1 month	1-2 months	2-3 months	3-6 months	More than 6 months	Total
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**
December 31, 2014							
Accounts receivable	336.856	28.422	5.588	3.910	12	3.911	378.699
Cheques receivables	7.842	-	-	-	-	-	7.842
Other	-	-	-	-	-	-	-
	344.698	28.422	5.588	3.910	12	3.911	386.541

Trade Payables

	December 31, 2015	December 31, 2014
Suppliers	**517.299**	446.375
	517.299	446.375

12. OTHER RECEIVABLES AND PAYABLES

Other Receivables

	December 31, 2015	December 31, 2014
Due from personnel	**6.393**	6.556
Deposits and guarantees given	**3.850**	6.120
Receivable from tax office and other official receivables	**16.606**	15.041
Other	**7.173**	7.336
	34.022	35.053

Other Payables

	December 31, 2015	December 31, 2014
Deposits and guarantees	**136.957**	112.485
Taxes and duties payable	**32.562**	23.655
Other	**4.342**	12.454
	173.861	148.594

13. PREPAID EXPENSES

a) Short term prepaid expenses

	December 31, 2015	December 31, 2014
Prepaid marketing expenses	**54.506**	42.657
Prepaid insurance	**11.620**	11.842
Prepaid rent	**7.083**	4.606
Prepaid other expenses	**7.214**	6.351
Advances given	**60.154**	136.549
	140.577	202.005

b) Long term prepaid expenses

	December 31, 2015	December 31, 2014
Prepaid marketing expenses	**97.158**	86.821
Prepaid rent	**30.572**	15.061
Prepaid other expenses	**666**	797
Advances given	**12.385**	72.658
	140.781	175.337

14. RECEIVABLES AND PAYABLES RELATED TO FINANCE SECTOR

None (December 31, 2014 - None).

15. INVENTORIES

	December 31, 2015	December 31, 2014
Finished goods	**139.648**	114.504
Raw materials	**324.103**	306.282
Packaging materials	**88.582**	82.279
Goods in transit	**61.546**	60.680
Other materials	**17.108**	16.043
Less: reserve for obsolescence (-)	**(10.180)**	(4.101)
	620.807	575.687

15. INVENTORIES (continued)

As of December 31, 2015 and 2014 reserve for obsolescence movement is as following, net loss recorded during year is TL 5.225 (December 31, 2014 net income is amounting to TL 2.383).

	December 31, 2015	December 31, 2014
Balance at January 1,	**4.101**	6.051
Current year provision - reversal, net	**9.075**	2.292
Inventories written off	**(3.850)**	(4.675)
Currency translation difference	**854**	433
	10.180	4.101

16. BIOLOGICAL ASSETS

None (December 31, 2014 - None).

17. RECEIVABLE AND PAYABLE FROM CONSTRUCTION CONTRACTS

None (December 31, 2014 - 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, 2015, the carrying value of SSDSD at the consolidated balance sheet with an amount of TL 983 loss was netted off with trade receivables from SSDSD at the consolidated financial statements (December 31, 2014 TL 1.004 loss).

As of December 31, 2015 and 2014 total assets, total liabilities, net sales and current period loss of SSDSD is as follows:

SSDSD	**December 31, 2015**	December 31, 2014
Total Assets	**2.358**	3.031
Total Liabilities	**13.756**	10.556
Equity	**(11.398)**	(7.525)

SSDSD	**December 31, 2015**	December 31, 2014
Revenue	**3.035**	7.145
Net Loss	**(1.833)**	(1.898)
Group's share in loss	**(916)**	(949)

19. INVESTMENT PROPERTY

None (December 31, 2014 - None).

Coca-Cola İçecek Anonim Şirketi
Notes to Consolidated Financial Statements as at December 31, 2015
(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, 2013	701.082	1.093.677	53.543	25.780	639.998	2.610	267.239	2.783.929
Additions	15.023	155.398	11.873	9.512	139.906	9.014	390.905	731.631
Disposals, net	(226)	(589)	(996)	(55)	(12.142)	-	-	(14.008)
Transfers	39.852	177.117	305	1.875	44.962	641	(264.752)	-
Provision and reverse for impairment	-	42	103	-	(5.706)	-	-	(5.561)
Currency translation adjustment	35.763	73.637	4.270	810	32.634	-	17.489	164.603
Depreciation charge for the current year	(19.315)	(106.387)	(10.258)	(4.495)	(156.898)	(1.188)	-	(298.541)
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
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**
At December 31,2014								
Cost	803.591	2.285.001	108.031	69.327	1.387.737	19.757	390.731	5.064.175
Accumulated depreciation	(161.557)	(1.055.610)	(63.164)	(39.395)	(771.440)	(8.762)	-	(2.099.928)
Accumulated provision for impairment	(9.306)	(48.061)	(551)	-	(19.121)	-	-	(77.039)
Currency translation adjustment	139.451	211.565	14.524	3.495	85.578	82	20.150	474.845
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
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**

20. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment Loss

As of December 31, 2015 the Group had provided impairment losses amounting to TL 7.818 (December 31, 2014 - TL 6.253) 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, 2015, TL 166 impairment losses provided at prior years were reversed (December 31, 2014 - TL 692) (Note 33).

For the year ended December 31, 2015, there is TL 5.846 capitalized borrowing costs on construction in progress (December 31, 2014 - 4.564).

Finance Leases

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

As of December 31, 2015 net book value of assets under finance leases included in property, plant and equipment is amounting to TL 1.488 (December 31, 2014 - TL 1.803).

21. INTANGIBLE ASSETS

	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**				**1.154.210**

	January 1, 2014	Additions/ (Amortization)	Disposals	Currency translation adjustment	December 31, 2014
Cost					
Water sources usage right	31.980	-	-	-	31.980
Bottlers and distribution agreements	817.820	-	-	70.792	888.612
Other Rights	40.877	5.916	(851)	1.042	46.984
Less: Accumulated amortization					
Water sources usage right	(17.859)	(3.582)	-	-	(21.441)
Other Rights	(16.627)	(4.691)	851	(325)	(20.792)
Net book value	856.191				925.343

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

22. GOODWILL

As of December 31, 2015 and 2014 movements of goodwill are as follows:

	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**

	January 1, 2014	Currency Translation Difference	December 31, 2014
Cost	459.148	38.514	497.662
Accumulated depreciation / Impairment reserve	(13.863)	-	(13.863)
Net book value	445.285	38.514	483.799

23. GOVERNMENT INCENTIVES

As of December 31, 2015, Group used incentives for Bursa mineral water, Elazığ, Köyceğiz, Çorlu, Ankara and Mersin production line investments with an amount of TL 107.922 (December 31, 2014 - TL 104.015) by generating tax advantage of TL 21.004 (December 31, 2014 - TL 20.032). As of December 31, 2015, the Company is in statutory loss for 2015, tax advantage is not calculated for this period and as of December 31, 2014, TL 656 of tax advantage for the related period were recognized in the financial statements.

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, 2015 with an amount of TL 7.545 (December 31, 2014 - TL 7.691). As of December 31, 2015, no court decision has been granted yet. The outcome of such litigation currently pending will not materially affect the Group’s results of operation, financial condition or liquidity.

Guarantee Letters

As of December 31, 2015, the aggregate amount of letter of guarantees given are TL 325.660 (December 31, 2014 - TL 266.341).

Subsidiaries and joint ventures operating in foreign countries

Litigations against the Group

As of December 31, 2015 CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be USD 14,0 million (December 31, 2014 - USD 10,0 million).

In the opinion of management, the outcome of such litigation is currently pending and will not affect the Group’s results of operation or financial condition.

24. PROVISIONS, CONTINGENT ASSETS and LIABILITIES (continued)

Mortgages

As of December 31, 2015, the mortgages on buildings and lands of TCCBCJ and CCBPL amounts to TL 10.238 (December 31, 2014 - TL 8.165) and TL 74.135 (December 31, 2014 – TL 61.599) respectively, for the credit lines obtained.

Letter of Credit

As of December 31, 2015, CCBPL obtained letter of credits amounting to USD 1.0 million and EUR 2.2 million respectively (December 31, 2014 - CCBPL USD 3,2 million and Azerbaijan CC EUR 10,8 million).

Guarantee Letters

As of December 31, 2015, amount of letters of guarantee obtained from banks and given to suppliers and government authorities is TL 14.811 (December 31, 2014 - TL 6.309).

As of December 31, 2015, and 2014 total guarantees and pledges given by the Group are as follows:

	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 (%)	**-**	**-**	**-**	**-**	**-**	**-**

	December 31, 2014					
	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	336.087	265.346	181	204	2.667.000	8.165
B. Total guarantees and pledges given by the Company for its subsidiaries consolidated for using the full consolidation method	291.721	-	60.737	-	6.486.963	1.092
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	627.808	265.346	60.918	204	9.153.963	9.257
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.

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.

25. COMMITMENTS

Murabaha

During 2012 CCBPL and Standard Chartered Bank (“Bank”) has made murabaha facility agreement. Based on this agreement, the Bank and CCBPL agree that they shall enter into a series of sugar and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of December 31, 2015 CCBPL has USD 18,0 million sugar and resin purchase commitment from the Bank until the end of September 2016 and expense accrual of USD 0,7 million (TL 1,9 million) payable for the profit share of the Bank was reflected in the financial statements.

Operating Leases

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

TL 19.298 of rent expense was reflected for the year ended December 31, 2015 (December 31, 2014 - TL 17.046) in the consolidated income statement due to the non-cancellable operating lease agreement for vehicles.

As of December 31, 2015 and 2014, future minimum lease payments under non-cancellable operating lease agreements are as follows:

	December 31, 2015	December 31, 2014
Less than 1 year	**1.849**	1.536
Next 1-5 years	**21.477**	20.790

26. EMPLOYEE BENEFITS

As of December 31, 2015 and 2014, payables related to employee benefits amounts to TL 21.883 and TL 19.525 respectively and are comprised of payables for wages and salaries, social security premiums and withholding taxes.

a) Short term employee benefits

	December 31, 2015	December 31, 2014
Management premium accrual	**15.797**	18.300
Vacation pay accrual	**10.662**	12.476
Wages and salaries	**21.360**	32.856
	47.819	63.632

26. EMPLOYEE BENEFITS (continued)

As of December 31, 2015 and 2014, movements of the management premium accrual are as follows:

	December 31, 2015	December 31, 2014
Balance at January 1,	**18.300**	10.732
Payments made	**(36.117)**	(30.029)
Current year charge	**30.776**	36.132
Currency translation difference	**2.838**	1.465
	15.797	18.300

As of December 31, 2015 and 2014, movements of the vacation pay accrual are as follows:

	December 31, 2015	December 31, 2014
Balance at January 1,	**12.476**	13.871
Payments made	**(2.605)**	(2.049)
Reversals made	**(2.444)**	(1.436)
Current year charge	**2.348**	1.773
Currency translation difference	**887**	317
	10.662	12.476

b) Long term employee benefits

As of December 31, 2015 and 2014, details of long-term employee benefits are as follows:

	December 31, 2015	December 31, 2014
Employee termination benefits	**51.230**	49.152
Long term incentive plan accrual	**1.203**	1.467
	52.433	50.619

As of December 31, 2015 and 2014, the movements of long-term incentive plan provisions are as follows:

	December 31, 2015	December 31, 2014
Balance at January 1,	**1.467**	2.274
Payments made	**(13.541)**	(13.138)
Current year charge	**13.277**	12.331
	1.203	1.467

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 3,71 as of December 31, 2015 (December 31, 2014 - TL 3,44) per year of employment at the rate of pay applicable on the date of retirement or termination.

Starting from January 1, 2016, retirement pay liability ceiling increased to TL 4,09.

26. EMPLOYEE BENEFITS (continued)

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

	December 31, 2015	December 31, 2014
At January 1,	**49.152**	42.312
Interest expense	**5.235**	3.427
Benefit payments	**(8.756)**	(8.299)
Current year service charge	**5.310**	6.757
Actuarial gain/(loss)	**289**	4.955
	51.230	49.152

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, 2015 and 2014 with an amount of TL 3.152 and TL 4.452 respectively.

27. POST-RETIREMENT BENEFIT PLANS

None (December 31, 2014 - None).

28. OTHER CURRENT / NON-CURRENT ASSETS AND LIABILITIES

a) Other current assets

	December 31, 2015	December 31, 2014
VAT receivables	**228.197**	173.438
Other	**4.051**	1.245
	232.248	174.683

b) Other current liabilities

	December 31, 2015	December 31, 2014
Advance received	**12.660**	12.425
Buying option of share from non-controlling interest	**6.862**	5.473
Other	**10.559**	5.048
	30.081	22.946

USD 2.360 thousand is the obligation resulted from the buying option of 12,5% Turkmenistan CC share from Day Investment Ltd.is translated to TL at the official exchange rate for purchases of USD announced by the Central Bank of Republic of Turkey and reflected under other current liabilities with TL equivalent of TL 6.862 as of December 31, 2015. The Share Purchase Agreement was signed with Day 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 was 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. in accordance with TAS 27 "Consolidated and Separate Financial Statements", which was recorded as put option liability in the Group's consolidated financial statements. Based on the contract, fair value of the put option liability with an amount of TL 115.748 was calculated using discounted cash flow method based on the assumption that ER will exercise the option at the end of 2016 and recorded under "other non-current liabilities" account (December 31, 2014 - TL 85.761).

29. EQUITY

Share Capital

	December 31, 2015	December 31, 2014
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.

29. EQUITY (continued)

As of December 31, 2015 and 2014 breakdown of the equity of the Company in its tax books is as follows.

	December 31, 2015			December 31, 2014		
	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	**141.586**	**13.396**	**154.982**	132.836	13.396	146.232
Extraordinary Reserves	**527.518**	**9.551**	**537.069**	513.734	9.551	523.285

Dividends

In accordance with the Ordinary General Assembly held on March 11, 2015, the Group paid TL 100.222 (TL 0,394 was paid per 100 shares, representing TL 1 nominal value) from net distributable profit cash dividends in May 2015 and the remainder of the net distributable profit was added to the extraordinary reserves. In year 2014 the Group paid dividend related with the fiscal year of 2013 to its shareholders with an amount of TL 85.000 (TL 0,334 (full) was paid per 100 shares, representing TL 1 nominal value).

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

30. CONTINUING OPERATIONS

a) Net Revenue

	December 31, 2015	December 31, 2014
Gross sales	**10.238.819**	8.986.441
Sales discounts	**(3.098.677)**	(2.610.947)
Other discounts	**(416.276)**	(390.124)
	6.723.866	5.985.370

b) Cost of Sales

	December 31, 2015	December 31, 2014
Raw material cost	**3.737.084**	3.228.975
Depreciation and amortization	**189.319**	162.725
Personnel expenses	**172.028**	156.699
Other expenses	**291.025**	255.529
	4.389.456	3.803.928

31. OPERATING EXPENSES

a) Selling, distribution and marketing expenses	**December 31, 2015**	December 31, 2014
Marketing and advertising expenses	**468.591**	456.954
Personnel expenses	**304.667**	308.798
Transportation expenses	**247.830**	230.486
Depreciation on property, plant and equipment	**148.375**	126.540
Maintenance expenses	**31.037**	23.291
Utilities and communication expenses	**28.075**	32.832
Rent expenses	**33.047**	26.304
Other	**67.034**	51.492
	1.328.656	1.256.697

b) General administrative expenses	**December 31, 2015**	December 31, 2014
Personnel expenses	**182.181**	159.228
Depreciation on property, plant and equipment	**21.083**	15.112
Consulting and legal fees	**22.602**	23.744
Utilities and communication expenses	**12.376**	12.097
Provision for doubtful receivables (Note 11)	**2.439**	2.459
Repair and maintenance expenses	**4.497**	3.732
Rent expense	**24.361**	19.947
Other	**67.755**	52.435
	337.294	288.754

32. EXPENSES BY NATURE

a) Depreciation and amortization expenses	December 31, 2015	December 31, 2014
Property, plant and equipment		
Cost of sales	**185.540**	158.950
Selling, distribution, marketing and general administrative expenses	**163.842**	137.154
Inventory	**2.274**	1.960
Other operating expense	**592**	477
Intangible assets		
Cost of sales	**3.779**	3.775
Selling, distribution, marketing and general administrative expenses	**5.616**	4.498
	361.643	306.814

b) Employee Benefits	December 31, 2015	December 31, 2014
Personnel expenses		
Wages and salaries	**558.161**	517.387
Social security premium expenses	**41.400**	42.745
Employee termination benefits	**10.545**	10.184
Other	**48.770**	54.409
	658.876	624.725

33. OTHER INCOME / EXPENSE

a) Other operating income/expense

	December 31, 2015	December 31, 2014
Other income		
Gain on sale of scrap materials	**12.957**	12.424
Impairment reversal in property, plant and equipment (Note 20)	**166**	692
Insurance compensation income	**1.118**	570
Foreign exchange gains	**81.875**	22.933
Other income	**20.288**	15.718
	116.404	52.337
Other expense		
Provision for the impairment of fixed assets (Note 20)	**(7.818)**	(6.253)
Donations	**(538)**	(4.090)
Foreign exchange loss	**(121.673)**	(33.339)
Other expenses	**(22.975)**	(16.110)
	(153.004)	(59.792)

b) As of December 31, 2015 and 2014, loss from investing activities comprised of loss on disposal of property, plant and equipment with an amount of TL 74 and TL 387 respectively.

34. FINANCIAL INCOME

	December 31, 2015	December 31, 2014
Interest income	**39.027**	41.846
Foreign exchange gain	**315.897**	405.663
Gain on derivative transactions	**183**	2.564
	355.107	450.073

35. FINANCIAL EXPENSES

	December 31, 2015	December 31, 2014
Interest expense	**(172.786)**	(145.571)
Foreign exchange loss	**(607.890)**	(498.756)
Loss on derivative transactions	**(1.355)**	-
	(782.031)	(644.327)

As of December 31, 2015 and 2014 foreign exchange gain / (loss) from foreign currency denominated borrowings are as follows:

	December 31, 2015	December 31, 2014
Foreign exchange gain / (loss) from foreign currency denominated borrowings, net	**(504.451)**	(167.635)

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

None (December 31, 2014 - None).

37. INCOME TAXES, DEFERRED TAX 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, 2014 - 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% (2014 - 20%) to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The reconciliation of current period tax charge for the years ended December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
Income before tax and non-controlling interest	**203.946**	432.946
Provision for corporate tax	**(40.789)**	(86.589)
Effect of difference in the tax rate from subsidiaries	**8.770**	3.486
Deductions after non-deductible expenses	**(1.126)**	(891)
Unused investment incentive	**972**	6.038
Deferred tax effect of translation on non-monetary items	**(27.110)**	(4.540)
Other	**(18.010)**	(3.246)
Total tax charge	**(77.293)**	(85.742)

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

The breakdown of current period tax charge for the years ended December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
Deferred tax expense	**(23.172)**	(12.742)
Current period tax expense	**(54.121)**	(73.000)
Total tax charge	**(77.293)**	(85.742)

Different corporate tax rates of foreign subsidiaries are as follows:

	December 31, 2015	December 31, 2014
Kazakhstan	**20%**	20%
Azerbaijan	**20%**	20%
Kyrgyzstan	**10%**	10%
Turkmenistan	**8%**	8%
Tajikistan	**15%**	15%
Jordan	**14%**	14%
Iraq	**15%**	15%
Pakistan	**33%**	34%

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, 2015 and 2014 using the prevailing effective statutory tax rate is as follows:

	December 31, 2015		December 31, 2014	
	Cumulative Temporary Difference	**Deferred Tax Assets/ (Liabilities)**	Cumulative Temporary Difference	Deferred Tax Assets/ (Liabilities)
Tangible and intangible assets	**(1.809.344)**	**(458.427)**	(1.285.873)	(335.682)
Borrowings	**(22.081)**	**(4.416)**	(22.399)	(4.480)
Employee termination, other employee benefits and other payable accruals	**65.719**	**13.029**	69.280	13.761
Unused investment incentive (Not 23)	**107.922**	**21.004**	104.015	20.032
Tax loss carried forward	**382.892**	**118.603**	216.906	74.559
Trade receivables, payables and other	**86.542**	**17.068**	45.755	9.796
Derivative financial instruments	**10.683**	**2.137**	(2.052)	(410)
Inventory	**55.507**	**11.471**	49.816	10.107
	(1.122.160)	**(279.531)**	(824.552)	(212.317)
Deferred tax asset		**183.312**		128.255
Deferred tax liability		**(462.843)**		(340.572)
Deferred tax liability, net		**(279.531)**		(212.317)

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.

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

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

	December 31, 2015	December 31, 2014
Balance at January 1,	**212.317**	185.596
Deferred tax expense / (income)	**23.172**	12.742
Tax expense recognized in comprehensive income	**(3.422)**	(607)
Currency translation adjustment	**47.464**	14.586
	279.531	212.317

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, 2015 and 2014 earnings / (losses) per share is as follows:

	December 31, 2015	December 31, 2014
Net Income for the period	**117.159**	315.431
Weighted average number of ordinary shares	**25.437.078.200**	25.437.078.200
Earnings Per Share (Full TL)	**0,0046**	0,0124

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, 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**

	December 31, 2014				
	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)	9.241	37.074	123	7.188	-
Beverage Partners Worldwide (2)	-	-	34	-	-
The Coca-Cola Company (1)	90.532	1.170.785	32.320	85.282	20.049
Özgörkey Holding Group Companies (1)	243	12.487	-	918	-
Efes Karaganda Brewery J.S.C. (1)	-	726	-	88	-
Syrian Soft Drink Sales and Distribution L.L.C.(4)	5.665	-	1.037	-	-
Doğadan (2)	10.086	97.325	-	17.487	-
Day Trade (2)	-	-	1.994	244	-
National Beverage Co. (3)	2.895	2.086	-	-	-
Total	118.662	1.320.483	35.508	111.207	20.049

(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, 2015, Group has deposits in Alternatifbank A.Ş. (subsidiary of the shareholder) amounting to TL 620 (December 31, 2014 - TL 191.348).

As of December 31, 2015 and 2014 purchases from related parties and significant portion of other expenses consist of services obtained, fixed asset, raw material purchases and toll production.

As of December 31, 2015 and 2014 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, 2015 and 2014, 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, 2015		December 31, 2014	
	Board of Directors	**Executive Directors**	Board of Directors	Executive Directors
Short-term employee benefits	**371**	**12.317**	403	10.053
Other long-term benefits	**-**	**3.436**	-	3.490
	371	**15.753**	403	13.543
Number of top executives	**4**	**12**	4	9

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, credit risk and commodity price 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, 2015 and December 31, 2014 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, 2015	December 31, 2014
Financial borrowings	**3.373.943**	2.643.683
Less: Cash and cash equivalents and short-term financial assets	**(1.002.362)**	(759.939)
Net debt	**2.371.581**	1.883.744
Total share capital	**254.371**	254.371
Net debt / Total equity ratio	**9,32**	7,41

(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, 2015, 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, 2016, which is the following reporting period would be:

	Effect on Profit Before Tax and Non-Controlling Interest	
	December 31, 2015	December 31, 2014
Increase / decrease of 1% interest in USD denominated borrowing interest rate	**588**	1.061
Increase / decrease of 1% interest in Euro denominated borrowing interest rate	**943**	-
Increase / decrease of 1% interest in PKR denominated borrowing interest rate	**359**	619
Increase / decrease of 1% interest in JOD denominated borrowing interest rate	**15**	-
Total	**1.905**	1.680

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

As of December 31, 2015 and 2014, the analysis of financial assets of the Group exposed to interest risk as follows:

Interest Rate Risk	December 31,2015	December 31,2014
Fixed Interest Rate Financial Instruments		
Financial assets at fair value through profit or loss	**905.760**	694.720
Financial Liabilities	**2.374.665**	1.873.394
Floating Interest Rate Financial Instruments		
Financial Liabilities	**999.278**	770.289

(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 31,2015	December 31,2014
Total export	**40.640**	30.069
Total import	**1.273.061**	1.319.979

Foreign Currency Position

As of December 31, 2015 and 2014, the foreign currency position (except functional currency) of the Group and its subsidiaries is as follows:

	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)**	-	-	-

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

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

	Foreign Currency Position Table					
	December 31, 2014					
	Total TL Equivalent	**USD**	**TL Equivalent**	**Euro**	**TL Equivalent**	**Other Foreign Currency TL Equivalent**
1. Trade Receivables and Due from Related Parties	54.202	891	2.068	-	-	52.134
2a. Monetary Financial Assets (Cash and cash equivalents included)	355.920	145.799	338.094	196	553	17.273
2b. Non - monetary Financial Assets	-	-	-	-	-	-
3. Other Current Assets and Receivables	56.475	-	-	64	185	56.290
4. Current Assets (1+2+3)	**466.597**	**146.690**	**340.162**	**260**	**738**	**125.697**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non - monetary Financial Assets	-	-	-	-	-	-
7. Other	38.226	-	-	11.056	31.170	7.056
8. Non - Current Assets (5+6+7)	**38.226**	**-**	**-**	**11.056**	**31.170**	**7.056**
9. Total Assets (4+8)	**504.823**	**146.690**	**340.162**	**11.316**	**31.908**	**132.753**
10. Trade Payables and Due to Related Parties	116.463	2.811	6.520	12.160	34.324	75.619
11. Short - term Borrowings and Current Portion of Long - term Borrowings	254.041	109.552	254.041	-	-	-
12a. Monetary Other Liabilities	22.299	2.360	5.473	-	-	16.826
12b. Non - monetary Other Liabilities	3.193	-	-	-	-	3.193
13. Current Liabilities (10+11+12)	**395.996**	**114.723**	**266.034**	**12.160**	**34.324**	**95.638**
14. Trade Payables and Due to Related Parties	-	-	-	-	-	-
15. Long - Term Borrowings	1.482.753	639.421	1.482.753	-	-	-
16 a. Monetary Other Liabilities	85.760	36.983	85.760	-	-	-
16 b. Non - monetary Other Liabilities	-	-	-	-	-	-
17. Non - Current Liabilities (14+15+16)	**1.568.513**	**676.404**	**1.568.513**	**-**	**-**	**-**
18. Total Liabilities (13+17)	**1.964.509**	**791.127**	**1.834.547**	**12.160**	**34.324**	**95.638**
19. Off Balance Sheet Derivative Items' Net Asset / (Liability) Position (19a-19b)	**62.239**	**26.840**	**62.239**	-	-	-
19a. Total Hedged Assets	62.239	26.840	62.239	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(1.397.447)**	**(617.597)**	**(1.432.146)**	**(844)**	**(2.416)**	**37.115**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(1.551.194)**	**(644.437)**	**(1.494.385)**	**(11.964)**	**(33.771)**	**(23.038)**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**2.440**	**1.052**	**2.440**	-	-	-

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, 2015		December 31,2014	
	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
Increase / decrease in the USD against TL by 10%:				
1- USD denominated net asset / (liability)	**(165.536)**	**165.536**	(149.439)	149.439
2- USD denominated hedging instruments(-)	**10.177**	**(10.177)**	6.224	(6.224)
3- Net effect in USD (1+2)	**(155.359)**	**155.359**	(143.215)	143.215
Increase / decrease in the Euro against TL by 10%:				
4- Euro denominated net asset / (liability)	**(57.247)**	**57.247**	(242)	242
5- Euro denominated hedging instruments(-)	**-**	**-**	-	-
6- Net effect in Euro (4+5)	**(57.247)**	**57.247**	(242)	242
Increase / decrease in the other foreign currencies against TL by 10%:				
7- Other foreign currency denominated net asset / (liability)	**1.478**	**(1.478)**	3.712	(3.712)
8- Other foreign currency hedging instruments(-)	**-**	**-**	-	-
9- Net effect in other foreign currency (7+8)	**1.478**	**(1.478)**	3.712	(3.712)
TOTAL (3+6+9)	**(211.128)**	**211.128**	(139.745)	139.745

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, 2015 and 2014 are as follows:

	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	-	-	-	-

	Receivables			
December 31, 2014	**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)	**422.049**	**41.201**	**209.207**	**755.796**
- Maximum risk secured by guarantee	351.377	-	-	-
A. Net book value of financial assets neither overdue nor impaired	380.207	41.201	209.207	755.796
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	41.842	-	-	-
-Under guarantee	10.355	-	-	-
D. Net book value of impaired assets	-	-	-	-
- Overdue (gross book value)	20.093	-	-	-
- Impairment (-)	(20.093)	-	-	-
- Net value under guarantee	-	-	-	-
- Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Net value under guarantee	-	-	-	-
E. Off- balance sheet items having credit risk	-	-	-	-

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

(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.

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, 2015 and 2014.

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**	**-**	**-**	**-**

December 31, 2014 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	2.643.683	3.031.665	6.588	661.157	1.833.829	530.091
Trade payables	448.124	448.124	410.984	35.391	1.749	-
Due to related parties	131.256	131.256	111.207	-	20.049	-
Other non-current liabilities	85.761	85.761	-	-	85.761	-
Non-derivative financial liabilities	3.308.824	3.696.806	528.779	696.548	1.941.388	530.091

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	148.594	148.594	148.594	-	-	-
Non-derivative financial liabilities	148.594	148.594	148.594	-	-	-

(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. For the purchases of can exposed to foreign currency risk, the Company has forward transactions (Note 8).

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 uncollectibility are estimated to be their fair values.

***Financial Liabilities* –** The fair values of trade payables and other monetary liabilities are estimated to approximate carrying value 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 contains observable market inputs

December 31, 2015	Level 1	Level 2	Level 3
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	-	-	115.748
Total liabilities	**-**	**11.377**	**115.748**

December 31, 2014	Level 1	Level 2	Level 3
a) Assets presented at fair value			
Derivative financial instruments	-	2.440	-
Total assets	-	**2.440**	-
b) Liabilities presented at fair value			
Derivative financial instruments	-	**388**	-
Buying option of share from non-controlling interest	-	**-**	**85.761**
Total liabilities	-	**388**	**85.761**

41. FINANCIAL INSTRUMENTS (continued)

Derivative Financial Instruments

As of December 31, 2015 the Company has 8 aluminum swap transactions with a total nominal amount of TL 54.283 for 10.580 tones. The total of these aluminum swap contracts are designated as hedging instruments as of January 13, 2015, May 29, 2015, June 25, 2015 and July 27, 2015 in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk (Note 8, Note 40) (December 31, 2014 - 4 aluminum swap transactions with a total nominal amount of TL 17.811 for 4.000 tones).

As of December 31, 2015 the Company has FX forward transactions with a total nominal amount of TL 101.766, for 3 forward purchase contracts amounting to USD 35 million. The total of these FX forward contracts are designated as hedging instruments as of October 6, 2015, October 9, 2015 and November 12, 2015 in cash flow hedges related to forecasted cash flow, for the high probability purchases of can, exposed to foreign currency risk (Note 8, Note 40) (December 31, 2014 - Total nominal amount of TL 62.239, for 6 forward purchase contracts amounting to USD 26,8 million).

42. SUBSEQUENT EVENTS

None.

APPENDIX A

SUMMARY OF CERTAIN DIFFERENCES BETWEEN IFRS AND TURKISH ACCOUNTING STANDARDS

The Consolidated Financial Statements in this Offering Circular have been prepared in accordance with Turkish Accounting Standards which differ from the IFRS as described below.

The financial information included herein is prepared and presented in accordance with Turkish Accounting Standards. Certain differences exist between Turkish Accounting Standards and IFRS which might be material to the financial information herein. The matters described below summarize certain differences between Turkish Accounting Standards and IFRS that may be material. The Company is responsible for preparing the Summary below. The Company has not prepared a complete reconciliation of its consolidated financial statements and related footnote disclosures between Turkish Accounting Standards and IFRS and has not quantified such differences. Accordingly, no assurance is provided that the following Summary of differences between Turkish Accounting Standards and IFRS is complete. In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Turkish Accounting Standards and IFRS, and how those differences might affect the financial information herein.

Both the IAS Board and the CMB required the companies operating in relevant jurisdictions to apply International Accounting Standards (IAS) 29 Financial Reporting in Hyperinflationary Economies ("*IAS 29*") for the year ended 31 December 2004. However, the IAS Board further extended the application of IAS 29 for the year ended 31 December 2005. The CMB did not require the same for companies listed on the Istanbul Stock Exchange.

Application of IAS 29 requires the restatement of non-monetary items and equity items in the balance sheet. As a result of the non-application by the Group of IAS 29 for the year ended 31 December 2005 a permanent difference has emerged between IFRS and Turkish Accounting Standards.

Because of the changes in the general purchasing power of the currency of a hyperinflationary economy as of 31 December 2004 (including Turkey), IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and the corresponding figures for previous periods be restated in the same terms. Index and conversion factors applied to the Lira as of 31 December 2004 for the previous three year are as follows:

Date	Index	Conversion Factor
31 December 2002	6,478.8	1.29712
31 December 2003	7,382.1	1.13840
31 December 2004	8,403.8	1.00000

The main guidelines for the restatement of prior consolidated financial statements in accordance with IAS 29 are as follows:

- The consolidated financial statements as of 31 December 2004 which are presented for comparative purposes, are restated with the purchasing power of the relevant currency at 31 December 2004, but the restatement is terminated with effect from 1 January 2005.
- Non-monetary assets and liabilities and the components of shareholders' equity including the share capital in the consolidated balance sheet as of 31 December 2005, are presented with the additions until 31 December 2004 expressed in terms of the purchasing power of the relevant currency at 31 December 2004 and the additions after 31 December 2004 are carrying nominal value.
- Non-monetary assets and liabilities which are not carried at amounts current at the balance sheet date and the components of shareholders' equity including the share capital in the consolidated balance sheet as at 31 December 2004 are restated by applying the relevant conversion factors at current amounts prevailing as of 31 December 2004.
- The effect of inflation on the net monetary position of a company is included in the income statement for the year ended 31 December 2004 and presented as a monetary gain or loss.

- The consolidated income statement for the year ended 31 December 2005 is presented with historical values, except for depreciation and amortization charges, which are calculated over the total of restated gross book value of property, plant and equipment and intangible assets expressed in terms of the purchasing power of 31 December 2004 and nominal value of additions after 1 January 2005, and gain and losses on disposal of these assets.

Conversion of prior years' balance sheet and income statement accounts to current values by multiplying with price index and related coefficients does not mean that a company could convert these assets and liabilities to cash. Similarly, this situation does not mean that the increase in the capital can be distributed to shareholders.

In addition, the CMB announced communiqué No. II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" on 13 June 2013 published in Official Gazette No. 28676. The Communiqué on the Principles of Financial Reporting In Capital Markets imposed certain classifications and disclosure requirements. In accordance with article 5 of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (the "*POA*"). The POA may from time to time issue guidance on certain accounting and reporting principles for which IFRS does not give direct guidance, or the POA may adopt the amendments or changes in IFRS at a later or earlier date.

PRINCIPAL OFFICE OF THE ISSUER

Coca-Cola İçecek Anonim Şirketi
Dudullu OSB Mah. Deniz Feneri Sk. No.4 34776
Ümraniye, İstanbul
Turkey

JOINT BOOKRUNNERS

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

MUFG Securities EMEA plc
Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
United Kingdom

FISCAL AGENT, PAYING AGENT AND TRANSFER AGENT

Citibank, N.A., London Branch
Citigroup Centre
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

Citigroup Global Markets Deutschland AG
Reuterweg 16
60323 Frankfurt am Main
Germany

LEGAL COUNSEL TO THE JOINT BOOKRUNNERS AS TO ENGLISH AND UNITED STATES LAW

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

LEGAL COUNSEL TO THE JOINT BOOKRUNNERS AS TO TURKISH LAW AND TURKISH TAX COUNSEL

Gedik & Eraksoy Avukatlık Ortaklığı
River Plaza, Floor 17
Büyükdere Caddesi, Bahar Sokak No. 13
TR-34394 Levent Istanbul
Turkey

LEGAL COUNSEL TO THE COMPANY AS TO ENGLISH AND UNITED STATES LAW

Dentons UKMEA LLP
One Fleet Place
London EC4M 7WS
United Kingdom

LEGAL COUNSEL TO THE COMPANY AS TO TURKISH LAW

Balcıoğlu Selçuk Akman Keki Avukatlık Ortaklığı
Büyükdere Caddesi Bahar Sokak No.13
River Plaza Kat 11-12, Levent
34394 Istanbul
Turkey

INDEPENDENT AUDITORS OF THE COMPANY

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
BJK Plaza, Sűleyman Seba Caddesi No: 48
B Blok Kat 9
Akaretler Beşiktaş 34357
Istanbul
Turkey

LISTING AGENT

Arthur Cox Listing Services Limited
Ten Earlsfort Terrace
Dublin 2
Ireland