PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

FINANCIAL STATEMENTS
AT 1 JANUARY - 31 DECEMBER 2019
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(CONVENIENCE TRANSLATION INTO ENGLISH -
THE TURKISH TEXT IS AUTHORITATIVE)

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş.

A. Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

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

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

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

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Key Audit Matters	*How the key audit matter was addressed in the audit*
Fair value measurement of land and land improvements and buildings (Refer to Notes 2.5.4 and 11)	
In accordance with TAS 36, "Property, plant and equipment", land and land improvements and buildings are carried at fair value on the financial statements. The fair value gain before tax amounting to TL 22,019,654 was appraised by the independent professional valuers at 31 December 2019. The fair value gain was recognised as revaluation reserve in equity, net of applicable deferred income tax in the financial position. This was a key audit matter since the total amount of the land and land improvements and buildings as of 31 December 2019 has a significant share in the assets of the Company and these valuations include estimations and assumptions that are sensitive to discount rates, the location and zoning status, benchmark prices per m^2, and the construction costs per m^2 .	The following audit procedures were addressed in our audit work for the fair value measurement of land and land improvements and buildings: • We assessed in accordance with relevant audit standards that the competency, capability and objectivity of the independent professional valuers who were appointed by the Company management. • We checked and agreed the completeness and reconcile the input data in terms of m^2, location and zoning status, used by the independent professional valuers who were appointed by the Company management, on a sample basis, with the Company's records. In addition to that certain estimates and assumptions such as the discount rates, market reference prices per m^2 and construction costs per m^2 were assessed with the help of the external auditor expert. • In accordance with the provisions of "ISA 620: Use of Work of Expert" standard, we got our external auditor expert involved on a sample basis to evaluate the assumptions and methods used by the Company management and the independent professional valuers who were appointed by the Company management. • The compliance of the disclosures of fair value determination of land and land improvements and buildings in the financial statements in accordance with the relevant financial reporting standards were evaluated.

Key Audit Matters	*How the key audit matter was addressed in the audit*
Recoverability of trade receivables (Refer to Note 7) Trade receivables amounting to TL 24,394,485 from non-related parties as of 31 December 2019 are material to the financial statements. The Company management considers the guarantees received from its customers, past collection performance, credibility of customers, maturity analysis and disputes or claims related to receivables when evaluating recoverability. The determination of doubtful receivables together with the respective provisions includes Company management's estimations and assumptions. On the other hand, these estimates are very sensitive to market conditions. Because of these reasons, the recoverability of trade receivables was determined to be a key audit matter.	The following audit procedures were addressed in our audit work on the recoverability of trade receivables: • The Company's credit risk management policy, including credit limit and collection management, were understood and evaluated. • Trade receivables from non-related parties were tested on a sample basis by sending confirmation letters. • The agings of trade receivable balances from non-related parties were analysed on a sample basis. • The subsequent collections were tested on a sample basis. • The guarantee letters received from customers were tested on a sample basis. • It was assessed if there is a dispute or litigations regarding collectability of trade receivables from non-related parties, and obtained written assessments of legal counsels on outstanding litigations and disputes. • Based on the meetings held with Company management, the reasonableness of Company management's assumptions and judgements underlying the calculations of impairment of trade receivables were assessed. • The compliance of the disclosures regarding recoverability of trade receivables from non-related parties in the financial statements with the relevant financial reporting standards was evaluated.

4. Responsibilities of management and those charged with governance for the financial statements

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

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

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

5. Auditor's responsibilities for the audit of the financial statements

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

5. Auditor's responsibilities for the audit of the financial statements (Continued)

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

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

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

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

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

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

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2019 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

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

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 28 February 2020.

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

Mehmet Karakurt, SMMM
Partner

İstanbul, 28 February 2020

CONTENTS **PAGE**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS)
AT 31 DECEMBER 2019 AND 2018
(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	31 December 2019	31 December 2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	3,298,440	1,381,537
Trade Receivables		34,046,894	34,100,310
- Due From Related Parties	6	9,652,409	5,336,925
- Other Trade Receivables	7	24,394,485	28,763,385
Other Receivables		5,188,953	3,924,569
- Due From Related Parties	8	5,188,953	3,924,569
Inventories	9	17,557,378	17,164,082
Prepaid Expenses		1,197,518	1,841,231
- Prepaid Expenses From Third Parties	10	1,197,518	1,841,231
Other Current Assets		16,825,051	16,363,279
- Other Current Assets From Third Parties	18	16,825,051	16,363,279
TOTAL CURRENT ASSETS		**78,114,234**	**74,775,008**
Non-Current Assets			
Financial Assets	27	7,544,201	4,663,944
Other Receivables		1,800	1,800
- Due From Non Related Parties Other Receivables		1,800	1,800
Property, Plant and Equipment	11-a	222,196,645	210,137,811
- Lands		17,100,000	12,425,000
- Land Improvements		11,980,000	9,546,143
- Buildings		59,770,000	46,566,900
- Machinery and Equipments		115,449,342	122,201,135
- Vehicles		-	33,288
- Furniture and Fixtures		17,756,397	18,982,295
- Construction in Progress		140,906	383,050
Intangible Assets		4,459,117	4,043,586
- Computer Programmes	12	4,459,117	4,043,586
Prepaid Expenses		407	3,621
- Prepaid Expenses From Third Parties		407	3,621
Right of Use Assets	11-b	12,968,236	-
TOTAL NON - CURRENT ASSETS		**247,170,406**	**218,850,762**
TOTAL ASSETS		**325,284,640**	**293,625,770**

The financial statements at 1 January - 31 December 2019 and for the year then ended have been approved for issue by Board of Directors of Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. on 28 February 2020. The General Assembly and certain regulatory bodies have the authority to make amendments after the publication of statutory financial statements.

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.
STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS) AT 31 DECEMBER 2019 AND 2018

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	31 December 2019	31 December 2018
LIABILITIES			
Current Liabilities			
Short Term Borrowings		53,940,502	38,018,139
- Short Term Borrowings to Non-Related Parties		53,940,502	38,018,139
- Bank Loans	14	53,940,502	38,018,139
Short-Term Portion of Long-Term Borrowings		45,085,027	45,678,841
Long Term Borrowings to Non-Related Parties			
Short-Term Portion Borrowings		44,451,598	45,678,841
- Bank Loans	14	41,790,792	45,678,841
Lease Liabilities	14	2,660,806	-
- Short Term Portion of Long Terms Borrowings to Related Parties		633,429	-
- Bank Loans	6.14	633,429	-
Trade Payables		47,743,771	56,471,503
- Due to Related Parties	6	2,602,330	1,601,967
- Other Payables to Non-Related Parties	7	45,141,441	54,869,536
Payables Related to Employee Benefits	16	895,862	910,229
Other Payables		22,370,168	16,534,081
- Due to Related Parties	6	10,585,045	5,909,116
- Other Payables to Non-Related Parties	8	11,785,123	10,624,965
Deferred Income		393,509	763,902
- Deferred Income from Third Parties	10	393,509	763,902
Short-Term Provisions		1,160,373	1,640,577
- Short-Term Provisions for Employee Benefits	16	354,057	288,636
- Other Short-Term Provisions	15	806,316	1,351,941
TOTAL CURRENT LIABILITIES		**171,589,212**	**160,017,272**
Non - Current Liabilities			
Long-Term Borrowings		88,181,079	56,557,499
- Long-Term Borrowings to Non-Related Parties		58,480,079	56,557,499
- Bank Loans	14	49,254,779	56,557,499
- Lease Liabilities	14	9,225,300	-
- Long-Term Borrowings to Non-Related Parties		29,701,000	-
- Bank Loans	6	29,701,000	-
Trade Payables	7	2,660,237	7,233,552
- Due From Non Related Parties		2,660,237	7,233,552
Long-Term Provisions		3,143,652	2,596,372
- Long Term Provisions for Employee Termination Benefits	16	3,143,652	2,596,372
Deferred Tax Liabilities	24	8,019,793	2,723,348
TOTAL NON - CURRENT LIABILITIES		**102,004,761**	**69,110,771**
TOTAL LIABILITIES		**273,593,973**	**229,128,043**
EQUITY			
Equity Attributable to Owners of Parent		**51,690,667**	**64,497,727**
Share Capital	19	44,762,708	44,762,708
Adjustment to Share Capital	19	11,713,515	11,713,515
Share Premiums		88,239	88,239
- Other accumulated comprehensive income/ (loss) that will not be reclassified to profit or loss		78,966,439	62,112,510
- Gains on revaluation and remeasurement		74,756,564	60,524,257
- Revaluation of property, plant and equipment	11	77,728,001	62,735,634
- Actuarial loss arising from defined benefit plans Gains(/Loss) on Remeasuring and/or Reclassification		(2,971,437)	(2,211,377)
- Revaluation or classification earnings of assets at fair value through other comprehensive income	27	4,209,875	1,588,253
Restricted Reserves	19	4,180,008	4,180,008
- Legal Reserves		4,180,008	4,180,008
Accumulated Losses		(55,268,397)	(36,281,924)
Loss for the Year		(32,751,845)	(22,077,329)
TOTAL EQUITY		**51,690,667**	**64,497,727**
TOTAL LIABILITIES		**325,284,640**	**293,625,770**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2019 AND 2018

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2019	1 January - 31 December 2018
PROFIT (LOSS)			
Revenue	20	224,607,394	234,185,150
Cost of Sales(-)	20	(122,928,505)	(136,755,196)
GROSS PROFIT		**101,678,889**	**97,429,954**
General Administrative Expenses (-)	21	(21,879,362)	(20,318,266)
Marketing Expenses(-)	21	(72,311,464)	(74,079,879)
Research and Development Expenses		(300,726)	-
Other Operating Income	22	4,474,222	7,748,323
Other Operating Expenses (-)	22	(4,569,090)	(4,429,501)
OPERATING PROFIT/ (LOSS)		**7,092,469**	**6,350,631**
Income from Investment Activities	23	460,459	405,575
Expense from Investment Activities (-)	23	(62,505)	(711,420)
OPERATING PROFIT/ (LOSS) BEFORE FINANCIAL EXPENSE		**7,490,423**	**6,044,786**
Financial Income	24	1,192,625	783,356
Financial Expenses (-)	24	(40,143,496)	(29,845,202)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(31,460,448)**	**(23,017,060)**
Tax Income of Continuing Operations		(1,291,397)	939,731
- Deferred Tax Income	25	(1,291,397)	939,731
LOSS FROM CONTINUING OPERATIONS		**(32,751,845)**	**(22,077,329)**
LOSS FOR THE PERIOD		**(32,751,845)**	**(22,077,329)**
Loss per Share			
- Loss Per 1 KR Number of 100 Shares From Continuing Operations	26	(0,7317)	(0,4932)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/ expense not to be reclassified to profit or loss		**19,944,785**	**22,587,207**
Loses on remeasurements of defined benefit plans		(950,075)	(396,306)
Gains on revaluation of property, plant and equipment		22,019,654	27,989,359
Revaluation earnings of assets recorded at fair value through other comprehensive income		2,880,257	616,754
Taxes for Other Comprehensive Expense not to be Reclassified to Profit or Loss		(4,005,051)	(5,622,600)
Gains on revaluation of property, plant and equipment, tax effect		190,015	79,261
Taxes for Other Comprehensive Income/ Expense to be Reclassified to Profit or Loss		(258,635)	(103,989)
Losses on revaluation of property, plant and equipment, tax effect		(3,936,431)	(5,597,872)
OTHER COMPREHENSIVE INCOME		**19,944,785**	**22,587,207**
TOTAL COMPREHENSIVE INCOME/EXPENSE		**(12,807,060)**	**509,878**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2019 AND 2018

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

				Other comprehensive income/ (expense) not to be reclassified to profit or loss						
Share	Capital	Adjustment to share capital	Share Issue Premiums (Discounts)	Gains (Losses)on Revaluation of Property Plant and Equipments	Loses on Remeasurements of Defined Benefit Plans	Revaluation or Classifications Earnings of Assets at Fair Value Through Other Comprehensive Income	Restricted Reserves	Accumulated Lossess	Loss for the Period	Total Equity
Prior year										
1 January - 31 December 2018										
Balances at beginning	**44,762,708**	**11,713,515**	**88,239**	**42,377,009**	**(1,894,332)**	**1,075,488**	**4,180,008**	**(18,598,912)**	**(19,715,874)**	**63,987,849**
Transfers	-	-	-	(2,032,862)	-	-	-	(17,683,012)	19,715,874	-
Total comprehensive income	-	-	-	22,391,487	(317,045)	512,765	-	-	(22,077,329)	509,878
- Loss for the year	-	-	-	-	-	-	-	-	(22,077,329)	(22,077,329)
- Other comprehensive expense	-	-	-	22,391,487	(317,045)	512,765	-	-	-	22,587,207
Balances at closing	**44,762,708**	**11,713,515**	**88,239**	**62,735,634**	**(2,211,377)**	**1,588,253**	**4,180,008**	**(36,281,924)**	**(22,077,329)**	**64,497,727**
Current year										
1 January - 31 December 2019										
Balances at beginning	**44,762,708**	**11,713,515**	**88,239**	**62,735,634**	**(2,211,377)**	**1,588,253**	**4,180,008**	**(36,281,924)**	**(22,077,329)**	**64,497,727**
Transfers	-	-	-	(3,090,856)	-	-	-	(18,986,473)	22,077,329	-
Total comprehensive income	-	-	-	18,083,223	(760,060)	2,621,622	-	-	(32,751,845)	(12,807,060)
- Loss for the year	-	-	-	-	-	-	-	-	(32,751,845)	(32,751,845)
- Other comprehensive income	-	-	-	18,083,223	(760,060)	2,621,622	-	-	-	19,944,785
Balances at closing	**44,762,708**	**11,713,515**	**88,239**	**77,728,001**	**(2,971,437)**	**4,209,875**	**4,180,008**	**(55,268,397)**	**(32,751,845)**	**51,690,667**

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AT 31 DECEMBER 2019 AND 2018

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

	Notes	1 January - 31 December 2019	1 January - 31 December 2018
CASH FLOWS FROM OPERATING ACTIVITIES		**9,567,126**	**8,929,223**
Loss for the year		(32,751,845)	(22,077,329)
- Loss from Continuing Operations		(32,751,845)	(22,077,329)
Adjustments Related to Reconciliation		**61,329,508**	**43,847,038**
Adjustments for depreciation and amortisation expense	11.12	20,617,754	14,288,302
Adjustments for impairment loss		189,667	335,922
-Adjustments for impairement loss of receivables	7	189,667	335,922
Adjustments for provisions		244,450	1,207,792
- Adjustments for provisions related with employee benefits	16	790,075	780,951
- Adjustments for (Reversal of) other provisions	15	(545,625)	426,841
Adjustment for dividend income		(320,876)	(164,421)
Adjustments for interest expense and interest gain		36,717,665	22,565,967
-Adjustments for interest income		(1,662,960)	(1,022,424)
Adjustments for interest expense		38,380,625	23,588,391
Adjustments for unrealized foreign currency translation differences		2,666,528	6,134,775
Adjustments for tax income	25	1,291,397	(939,731)
Adjustments for losses arised from sale of fixed assets	23	(77,077)	418,432
-Adjustments for losses arised from sale of tangible assets		(77,077)	418,432
Changes in working capital		**(17,817,668)**	**(12,062,109)**
Adjustments related to increase in trade receivables		325,375	(5,518,159)
- Increase in trade receivables from related parties		(3,858,953)	(858,731)
- Increase in trade receivables from non-related parties		4,184,328	(4,659,428)
Adjustments for increase in other receivables with operations		(1,726,149)	(4,630,878)
- Decrease in other related party receivables related with operations		(22)	14,358
- Increase in other non-related party receivables related with operations			
Adjustments for other receivables		(1,726,127)	(4,645,236)
Adjustments for (increase)/ decrease in inventories		(393,296)	(7,070,354)
Adjustments for increase/ (decrease) in trade payable		(16,429,213)	3,743,109
- Increase in trade payables to related parties		983,608	150,640
- Increase/ (decrease) in trade payables to non-related parties		(17,412,821)	3,592,469
Increase in prepaid expenses		646,927	(341,437)
Increase in payables related to employee benefits		(14,367)	124,366
Adjustments for increase in other operating payables		78,027	1,948,649
- Increase in other operating payables to non-related parties		78,027	1,948,649
(Decrease)/ increase in deferred income		(370,393)	(278,189)
Adjustments for other (decrease)/ increase in working capital		65,421	(39,216)
- Increase in other payables related with operations		65,421	(39,216)
Cash Flows from Operating Activities		**10,759,995**	**9,707,600**
Payments related with provisions for employee benefits		(1,192,869)	(778,377)
CASH FLOWS FROM INVESTING ACTIVITIES		**(4,543,744)**	**(15,765,671)**
Cash inflows from sales of fixed assets		1,424,822	543,687
- Cash inflows from sales of tangible assets		1,424,822	543,687
Cash outflows due to purchase of fixed assets		(7,952,403)	(17,496,203)
- Cash outflows due to purchase of tangible assets	11	(7,043,444)	(15,983,351)
- Cash outflows due to purchase of intangible assets	12	(908,959)	(1,512,852)
Interest received	22.24	1,662,960	1,022,424
Dividend received	23	320,877	164,421
CASH FLOWS FROM FINANCING ACTIVITIES		**(3,106,479)**	**6,601,423**
Cash inflows from financial borrowings		112,789,437	75,154,030
- Cash inflows from loans		112,789,437	75,154,030
Cash outflows from financial liabilities		(78,356,852)	(44,562,268)
- Paybacks of borrowings		(78,356,852)	(44,562,268)
Increase in non-trade payables due to related parties		5,309,358	3,251,541
Cash outflows from lease liabilities		(7,193,913)	-
Interest paid		(35,654,509)	(27,241,880)
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		**1,916,903**	**(235,025)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**1,916,903**	**(235,025)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5**	**1,381,537**	**1,616,562**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**3,298,440**	**1,381,537**

The accompanying notes are an integral part of these financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

The Company's trade name "Pınar Su Sanayi ve Ticaret A.Ş." changed as "Pınar Su ve İçecek Sanayi ve Ticaret A.Ş." on 6 March 2019. Pınar Su ve İçecek Sanayi ve Ticaret A.Ş. (the "Company") is engaged in the production of bottled water, pet bottle production, carbonated beverage, noncarbonated beverage and fruit beverage under the brand name "Pınar Yaşam Pınarım". The Company's production facilities are located in Aydın, Isparta, Sakarya and Bursa whereas the Company's headquarter is located in Izmir.

Sales and distribution of the Company's products in the domestic market are performed by its own sales departments and its exports are performed by Yaşar Dış Ticaret A.Ş. ("YDT"), which is Yaşar Group company (Note 6).

Shares of the Company have been traded on the Borsa Istanbul ('BIST'). The ultimate shareholder of the Company is Yaşar Holding A.Ş. ("Yaşar Holding") with 58.00% of shares of the Company (2018: 58.00%) (Note 20).

The Company is registered in Turkey and the address of the registered head office is as follows:

Kemalpaşa Mah. Kemalpaşa Caddesi No: 262
Bornova/İzmir

The average number of personnel employed during the period at the Company is 406 (31 December 2018: 422).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

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

The financial statements have been presented in accordance with the "Announcement on TAS Taxonomy" issued by the CMB on 15 April 2019 and the formats specified in the financial statement examples and usage guidelines issued by CMB. The financial statements of the Company are prepared as per the CMB relating to financial statements presentations. Comparative figures are reclassified, where necessary, to conform to changes in the presentation of the current year's financial statements.

The Company maintains its books of accounts and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. Subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate. Other than land, buildings and land improvements, machinery and equipments and financial assets and liabilities carried at their fair values, financial statements are prepared and presented based on historical cost convention and in terms of Turkish Lira ("TL") which is the functional currency of the Company.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments in Turkish Financial Reporting Standards

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

- **Amendment to TFRS 9, "Financial instruments";** effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39. The Company management believes that this standard will not have a significant impact on the Company's financial statements.

- **TFRS 16, "Leases";** effective from annual periods beginning on or after 1 January 2019, this standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under TFRS 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. Right of use assets will be amortized during the rent period, liability arising from the right of use assets will be carried at its amortized cost. Moreover, amortization expense, interest expense and foreign exchange income/expense will be recognized in the consolidated statement of income instead of rent expenses. Company Management expects that this standard will significantly affect the financial ratios and performance indicators of the Company, and they are in the process of assessment of impacts for the related changes on the consolidated financial statements and performance. Standard change effects are presented in Note 2.4.1.

- **TFRSI 23, "Uncertainty over income tax treatments";** effective from annual periods beginning on or after 1 January 2019. This TFRSI clarifies how the recognition and measurement requirements of TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. TFRSI 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. TFRSI 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company management believes that this standard will not have a significant impact on the Company's financial statements.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

- **Annual improvements 2015-2017;** effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:

  • TFRS 3, ''Business combinations'', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.

  • TFRS 11, ''Joint arrangements'', - a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  • TAS 12, ''Income taxes'' - a company accounts for all income tax consequences of dividend payments in the same way.

  • TAS 23, ''Borrowing costs'' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

- **Amendments to TAS 19, 'Employee benefits' on plan amendment, curtailment or settlement';** effective from annual periods beginning on or after 1 January 2019. These amendments require an entity to:

  • use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and;

  • recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

b) New standards, amendments and interpretations issued and effective as of 31 December 2019 have not been presented since they are not relevant to the operations of the Company or have insignificant impact on the financial statements.

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

  - **Amendments to TAS 1 and TAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, 'Presentation of financial statements',and TAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other TFRSs:

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

- Amendments to TFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

Amendments to TFRS 9, TAS 39 and TFRS 7 - Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

The company will evaluate the effects of the above changes on its operations and apply them as of the effective date. The standards and amendments that were published as of December 31, 2019 but have not come into force yet and are not related to the Company's activities are not given above.

2.3 Changes and Errors in Accounting Policies and Estimates

Any change in the accounting policies resulted from the first time adoption of a new IFRS is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively.

2.4 Comparative Information

The Company prepared its financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Company prepared its balance sheet at 31 December 2019 on a comparative basis with balance sheet at 31 December 2018; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2019 on a comparative basis with financial statements for the period of 1 January - 31 December 2018.

Accounting policies, which are taken as basis in the preparation of the financial statements for the period January 1 - 31 December 2019, have been applied consistently with the financial statements prepared as of 31 December 2018, except for TFRS 16 "Financial Leases" Standard, which is stated below and entered into force on January 1, 2019.

2.4.1 IFRS 16 Leases

The Company has adopted IFRS 16 "Leases" as at 1 January 2019 for the first time, in line with the transition provisions of the standard. Impacts of the first time adoption of IFRS 16 on the condensed interim consolidated financial statements of the company are as below:

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.1 IFRS 16 Leases (Continued)

The Company - as a lessee

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

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

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

The Company books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

Right of use asset

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

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs incurred by the lessee and
- Costs incurred by the Company in respect of restoring the underlying asset to the condition required by the terms and conditions of the lease (excluding costs incurred for stock production).

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

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any remeasurement of the lease liability

The Company applies IAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.1 IFRS 16 Leases (Continued)

Lease Liability

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

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

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

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

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

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

Extension and early termination options

The lease obligation is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Company and the lessor. The Company determines the rental period by including the extension and early termination options in the Company's initiative according to the relevant contract and if the options are reasonably accurate, it is included in the rental period. If the conditions change significantly, the assessment is reviewed by the Company.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.1 IFRS 16 Leases (Continued)

Facilitating applications

Short term lease contracts with a lease period of 12 months and less, and contracts for warehouse leases that are determined to be of low value by the Company have been evaluated within the scope of the exemption recognized by IFRS 16 Leases Standard and payments related to these agreements continue to be recognized as expenses. A single discount rate has been applied to a portfolio (such as leases with the remaining lease term similar for a similar asset class in a similar economic environment) of leases with reasonably similar properties.

First adoption to IFRS 16

The Company has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition method defined in the standard. With this method, use of rights are measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period. On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The lease obligation in question was measured at the present value of the lease payments that were not realized as of the date of transition, discounted by using the alternative borrowing interest rate on the Company's first application date. On the other hand, the right of use assets are accounted for at an amount equal to the lease obligations (accrued or adjusted according to the amount of the rental payments accrued) within the scope of the simplified transition application in the relevant standard.

The reconciliation of operating lease commitments followed under TAS 17 before the first implementation date and the lease obligations recognized in the financial statements under TFRS 16 as of 1 January 2019 are as follows:

	1 January 2019
Operating lease commitments within the scope of TAS 17	21,554,994
- Evaluations for regarding to continuation options	685,639
Total lease liabilities within the scope of TFRS 16(non discounted)	22,240,633
Total lease liabilities within the scope of TFRS 16	
(discounted with alternative borrowing rate)	17,436,044
- Short term lease liabilities	8,296,525
- Long-term lease liabilities	9,139,529

As of January 1, 2019, the weighted average of the alternative borrowing rates applied to the lease obligations is 25.86%.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4.1 IFRS 16 Leases (Continued)

As of January 1, 2019 and December 31, 2019, details of the right of use assets that are accounted in summary financial statements are as follows:

	31 December 2019	1 January 2019
Buildings and land improvements	11,414,050	14,664,629
Machinery and equipment	839,241	1,678,481
Motor vehicles	714,945	1,092,934
Total right of use asset	**12,968,236**	**17,436,044**

2.5.1 Revenue Recognition

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

The Company recognizes revenue based on the following main principles:

(a) Identification of customer contracts,
(b) Identification of performance obligations,
(c) Determination of transaction price in the contract,
(d) Allocation of price to performance obligations,
(e) Recognition of revenue when the performance obligations are fulfilled.

According to this model, the goods or services undertaken in each contract with the customers are evaluated and each commitment to transfer the goods or services is determined as a separate performance obligation. Then, it is determined whether the performance obligations will be fulfilled in time or at a certain time. If the Company transfers the control of a good or service over time and thus fulfills the performance obligations related to the related sales over time, it measures the progress of the fulfillment of the performance obligations and takes the revenue to the financial statements. Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

The Company recognize revenue from its customers only when all of the following criteria are met:

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5.1 Revenue Recognition (Continued)

Revenue from product sales

The company generates revenue by the production and sales of bottled water stocks, natural and aromatic mineral water, fruity beverages, lemonade. Revenue is recognized when product control is transferred to the customer.

The Company evaluates the transfer of control of the goods or services sold to the customer,

a) The Company has a present right to payment for the asset,
b) The customer has legal title to the asset,
c) The Company has transferred physical possession of the asset,
d) Allocation of price to performance obligations,
e) Recognition of revenue when the performance obligations are fulfilled.

For each performance obligation, the Company determines whether it has fulfilled its performance obligation at the beginning of the contract or whether the performance obligation fulfilled at a certain point in time. The Company records revenue from product sales in the financial statements following the transfer of control to the customer.

In the event that the Company has the right to collect a price directly corresponding to the value of its customer (from the delivery of products), the Company pays the revenue to the financial statements for the amount that it has the right to invoice.

The Company reflects a return obligation to the financial statements if the company expects to pay back some or all of the amount charged to a customer to this customer. The obligation of return is calculated over the part of the enterprise (or the cost) that is collected by the entity. The obligation to return is updated at the end of each reporting period, taking into account the changes in the conditions.

2.5.2 Financial assets

Classification and measurement

The Company classifies its financial assets as financial assets that are accounted for at amortized cost and fair value differences as assets recorded in other comprehensive income. The classification is based on the business model and expected cash flows, which are determined according to the purpose of benefiting from financial assets. The Company makes the classification of its financial assets on the date of purchase.

(a) Financial assets recognized at amortized cost;

Financial assets with fixed or determinable payments that are not quoted in an active market and which are not traded in an active market are classified as assets that are accounted at amortized cost value. . If the maturities are less than 12 months from the balance sheet date, the current assets are classified as non-current assets if they are longer than 12 months. Assets that are accounted for at amortized cost include "trade receivables, cash and cash equivalents and other receivables" in the statement of financial position.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5.2 Financial assets (Continued)

Impairment

The Company has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. The stage dictates how the Company measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component.

(b) Financial assets whose fair value is reflected in other comprehensive income

Assets that management adopts contractual cash flows and / or sales business model are classified as assets that are recognized at fair value. Such assets are classified as non-current assets unless management intends to dispose of the related assets within 12 months after the balance sheet date. The Company makes an invariable choice as investment in equity investments reflected to the other comprehensive income or profit or loss statement of the fair value difference of the investment at initial recognition for investments in equity-based financial assets.:

Financial assets at fair value through other comprehensive income include financial investments in the statement of financial position. In the event that the assets recorded in other comprehensive income are sold in the fair value difference, the valuation difference classified in other comprehensive income is classified into prior year profits.

2.5.3 Inventories

Company's raw materials mainly consist of materials and packaging materials which are used to produce bottled water, finished goods mainly consist of bottled water.

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Cost elements included in inventories comprise all costs of cost of spring water agreements and it's cost of rent agreements, purchase of material and other costs incurred in bringing the inventories to their present location and condition such as labor and appropriate amount of factory overheads (based on normal operating capacities). The cost of inventories is determined on the monhtly weighted average basis (Note 9).

2.5.4 Property, plant and equipment

Property, plant and equipment except for land, land improvements and buildings and machinery and equipment are stated at cost less accumulated depreciation. Land, land improvements and buildings as of 31 December 2018 and machinery and equipment as of 31 December 2019 are stated at fair value less accumulated depreciation, based on valuations by external independent valuers namely TSKB Gayrimenkul Değerleme A.Ş. (Note 11). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset and the net amount is restated to the revalued amount of the asset. Property, plant and equipment except for land, land improvements and buildings and machinery and equipment are carried at cost, less accumulated amortisation and impairment losses, if any (Note11).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5.4 Property, plant and equipment (Continued)

Increases in the carrying amount arising on the revaluation of land, land improvements and buildings and machinery and equipment are credited to the revaluation reserve in equity, net of applicable deferred income tax. Decreases that offset previous increases of the revalued asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the relevant asset and the net amount is restated to the revalued amount of the asset. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from the revaluation reserve to accumulated losses, and the amount transferred is net of any related deferred income tax.

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. It is expected that the residual value of property, plant and equipment except for demijohn and baskets would not be material amounts.

Advances given for tangible assets purchases are followed under prepaid expenses under fixed assets until the related asset is activated. In each reporting period, the scrap value of the tangible fixed assets is reviewed and necessary adjustments are made prospectively.

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 11). Land is not depreciated as it is deemed to have an indefinite life. The annual depreciation rates for property, plant and equipment, which are based on the approximate useful lives of such assets, are as follows;

	Years
Buildings and land improvements	25-45 years
Machinery and equipment	5-25 years
Motor vehicles	5 years
Furniture and fixtures	5-10 years
Demijohn and basket	3-4 years

Subsequent costs are included in the asset's carrying value recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipment are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash - generating units).

Where the carrying amount of an asset is greater than its recoverable amount, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. If the property, plant and equipment that are impaired are revalued, the impairment is charged to the revaluation reserves for an amount equivalent to the increases included in the revaluation reserve in the preceding periods and the remaining amount is recognised in the statement of comprehensive income. At each balance sheet date, estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, prospectively.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5.4 Property, plant and equipment (Continued)

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying value or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset's carrying value or recognised as separate asset, are depreciated based on their useful lives.

2.5.5. Intangible assets

Buildings, machinery and equipment are capitalised and depreciated when they are in the location and condition necessary for it to be capable of operating in the manner intended by the management. It is expected that the residual value of property, plant and equipment except for demijohn and baskets would not be material amounts.

Depreciation is provided on the cost or revalued amounts of property, plant and equipment on a straight-line basis less any impairment (Note 12). Land is not depreciated as it is deemed to have an indefinite life. The annual depreciation rates for property, plant and equipment, which are based on the approximate useful lives of such assets, are as follows;

Repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying value or recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Company derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Subsequent costs included in the asset's carrying value or recognised as separate asset, are depreciated based on their useful lives

2.5.6 Borrowing and borrowing cost

Borrowings are recognized initially at the proceeds received, net of any transaction costs incurred. In subsequent periods, borrowings are restated at amortized cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the period of the borrowings. Borrowing costs are expensed as incurred (Note 24). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 14).

Qualifying assets are described as assets that necessarily take a substantial period of time to get ready for their intended use or sale within a year or more period. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

2.5.7 Foreign currency translations and balances

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. The exchange differences that were recorded are recognised in the statements of income and other comprehensive income as part of the profit for the year.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5.8 Loss per share

Loss per share disclosed in the statement of income and other comprehensive income are determined by dividing net profit/ (loss) for the year by the weighted average number of shares that have been outstanding during the year concerned (Note 26). Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of loss per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year. In case of dividend distribution, earnings per share is calculated by dividing net income by the number of shares, rather than dividing by weighted average number of shares outstanding.

2.5.9 Subsequent Events

Subsequent events, announcements related to net profit or even declared after other selective financial information has been publicly announced, include all events that take place between the balance sheet date and the date when balance sheet was authorized for issue.

In the case that events require a correction to be made occur subsequent to the balance sheet date, the Company makes the necessary corrections to the financial statements. Moreover, the events that occur subsequent to the balance sheet date and that do not require a correction to be made are disclosed in accompanying notes, where the decisions of the users of financial statements are affected.

2.5.10 Provisions, contingent assets and contingent liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are treated as contingent assets or liabilities. The Company does not recognise contingent assets and liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed, where an inflow of economic benefits is probable (Note 15).

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are not recognised for future operating losses.

2.5.11 Related parties

For the purpose of these financial statements, shareholders having control, joint control or significant influence over the Company, Yaşar Group companies, key management personnel and board members of the Company or parent Company "Yaşar Holding" and their close family members, together companies controlled, jointly controlled or significantly influenced by them are considered as and referred to as related parties (Note 6).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5.11 Related parties (Continued)

a) A person or a close member of that person's family is related to a reporting entity if that person:

The person concerned,

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) An entity is related to a reporting entity if any of the following conditions applies:

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). A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

2.5.12 Employee and termination benefits

Provision for termination benefits means present value of estimated total provision of future potential obligations which will arise from the retirement of personnel as per Turkish Labour Law. In line with the social legislation and Turkish Labour Law which are effective in Turkey, the Company is obliged to collectively pay the termination benefits to each personnel who completed their one-year service period at minimum and is laid off because of the reasons other than resigning voluntarily or acting improperly or to those who retire. The provision for termination benefits has been reduced to the net present value of the obligation amounts which will arise in the future due to the retirement of all personnel in line with the actuarial assumptions determined by the Company management and reflected to the financial statements

2.5.13 Statement of cash flow

In the statement of cash flows, cash flows are classified into three categories as operating, investment and financing activities. Cash flows from operating activities are those resulting from the Company's production and sales activities. Cash flows from investment activities indicate cash inflows and outflows resulting from property, plant and equipments and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources. For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand accounts, bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three months.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5.14 Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on shares are recognised as an appropriation of the profit in the period in which they are declared. Dividend income is recognized when the Company's right to receive the payment is established.

2.5.15 Trade Receivables

Trade receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortized cost. Receivables with short-term maturities which have no predefined interest rate are measured at the original invoice amount unless the effect of imputed interest is significant (Note 7).

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The receivables in process of lawsuit or enforcement or in a prior stage, the customer having material financial difficulties, the receivable turning default or the possibility of material and unforeseeable delay in the future collection are included under objective evidences.

2.5.16 Going concern

The company has prepared its financial statements according to the continuity principle of the business.

2.5.17 Received deposits amounts for demijohn and basket

The Company collects the sales amount of demijohn and basket which is delivered to its distributors.These materials is refundable from the distributors in accordance with the terms of the distribution agreement signed between the Company and its distributors. The Company classifies these amounts under other short-term liabilities after the overview of the financial statements (Note 8).

2.6 Significant accounting assessments, estimates and assumptions

The preparation of the financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the Company management's best knowledge of the current events and transactions, actual results may differ from the assumptions. The Company's significant accounting assumptions and estimates are:

a) Revaluation of land, buildings and land improvements, machinery and equipments

The frequency of revaluation studies is determined to ensure that the carried values of the tangible fixed assets and investment properties are not significantly different from their fair values as of the end of the relevant reporting period. The frequency of the revaluation studies depends on the change in the fair value of the tangible assets.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Significant accounting assessments, estimates and assumptions (Continued)

In cases where the fair value of a revalued asset is considered to be significantly different from its carrying value, the revaluation study needs to be repeated, and this study is carried out for the entire class of assets with the revaluated asset as of the same date. On the other hand, it is not necessary to repeat the revaluation studies every year for the tangible fixed assets whose fair value changes are insignificant.

In this context, as a result of the evaluations made by the Company management, land and land improvements and buildings and investment properties as of 31 December 2019, property, plant and equipment as of 31 December 2018, on the fair value determined by the valuation studies carried out by an independent professional valuation company. is reflected in the tables. However, it has been assumed that the fair values determined in the valuation studies of property, plant and equipment as of 31 December 2018 will converge to the relevant fair values as of 31 December 2019 after the current period depreciation is deducted.

Details of the methods and assumptions used within the scope of the valuation studies performed are as follows.

- The most effective and efficient uses assessment was made in fair value calculations and the current intended uses objectives were determined as the most effective and efficient uses..

- Cost approach method was used in valuation of property, plant and equipment. Due to the fact that valuation is an integrated industrial plant valuation as a whole, in the light of market data to the extent that it is applicable in valuation of property, plant and equipment; It was built on active and operational values within the integrated plant and the property, plant and equipment in question were examined on a line basis.

The values that may occur during the realization of purchase / sale transactions may differ from these values.

In accordance with the provisions of TAS 36 Impairment of Assets, as of the date of initial recognition of the values determined by the cost approach method and at the end of the related period, whether there is any indication of impairment, it is concluded that there is no impairment .

2.7 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar substance and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events over their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of offsetting. As a result of the transactions in the normal course of business, revenue except for the revenue identified are presented as net if the nature of the transaction or the event qualify for offsetting.

2.8 TFRS Compliance declaration to resolutions published by POAASA

The Company Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Financial Reporting Standards published by the POAASA. As Company Management, we declare that the current and previous period financial statements together with the summary of the important accounting policies and notes to the financial statements are prepared and presented in accordance with TFRS published by the POAASA.

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 3 - INTERESTS IN OTHER ENTITIES

Please see Note 27.

NOTE 4 - SEGMENT REPORTING

Please see 2.3.

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash in hand	33,296	15,641
Banks	975,567	861,141
- Demand deposits	370,567	311,141
- Turkish Lira	370,567	311,141
- Time deposits	605,000	550,000
- Turkish Lira	605,000	550,000
Other	2,289,577	504,755
	3,298,440	**1,381,537**

As of 31 December 2019 the company has time deposit less than one week with an 11.50% weighted interest rate in TL.Other cash and cash equivalents includes the credit cards slips with an average term of 30 days (2018: 30 days)..

Based on the independent data with respect to the credit risk assessment of the banks at which the Company has deposits, the credit quality of banks is sufficient. The fair values of cash and cash equivalents approximate carrying values, including accrued income at the respective balance sheet dates.

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Due from and due to related parties and the transactions with related parties as of and for the years ended 31 December 2019 and 2018 are as follow:

i) Balances with related parties:

a) Trade receivables from related parties:

	31 December 2019	31 December 2018
YDT	9,100,643	4,428,299
Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş. ("Çamlı Yem")	286,474	685,352
DYO Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("DYO Boya")	58,011	125,919
Other	207,281	97,355
	9,652,409	**5,336,925**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Due from related party balances are mainly resulted from the sales of bottled water. Sales and distribution of the Company's products in the domestic market are performed by its own sales departments and its exports are performed by YDT, as further explained in Note 1 to the financial statements.

As of 31 December 2019, due from related parties amounting to TL728,813 (2018: TL653,102) were overdue for a period of 3 months (2018: 3 months).

Company management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's receivables from related parties.

b) Other receivables from related parties:

	31 December 2019	31 December 2018
Yaşar Holding	925,809	836,951
Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP")	715,820	484,523
Desa Elektrik ve Tedarik Toptan Satış ve Tic. A.Ş.("Desa Elektrik")	403,013	-
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("Yaşar Bilgi İşlem")	384,507	22,577
Pınar Foods GmbH ("Pınar Foods")	166,265	154,618
Other	6,916	103,298
	2,602,330	**1,601,967**

31 December 2019 due to related parties mature mainly within a month (2018: 2 month).

c) Trade payables to related parties:

Yaşar Holding	633,429	-
	633,429	**-**

d) Other payables to related parties:

Yaşar Holding	10,300,408	5,694,745
YBP	280,601	210,335
Other	4,036	4,036
	10,585,045	**5,909,116**

As of 31 December 2019, the Company has non-commercial debts to Yaşar Holding and the annual effective interest rate applied to these debts is 15.50 percent weighted interest rate annualy (December 31, 2018: 26.15).

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

e) Long term borrowings related to parties

	31 December 2019	31 December 2018
Yaşar Holding	29,701,000	-
	29,701,000	-

As of 31 December 2019, financial liabilities consist of principal amounts of long-term loan payables obtained by Yaşar Holding from a financial institution and transferred to the Company under the same conditions.

ii) Transactions with related parties:

a) Product Sales:

	1 January - 31 December 2019	1 January - 31 December 2018
YDT	29,934,516	23,631,283
Other	1,767,135	1,733,795
	31,701,651	**25,365,078**

Export sales and distribution of the Company's products are performed by YDT.

b) Service sales:

Desa Enerji Elektrik Üretim A.Ş. ("Desa Enerji")	369,951	324,685
YDT	271,920	255,095
Viking Kağıt ve Selüloz A.Ş. ("Viking Kağıt")	-	22,543
Other	27,766	47,182
	669,637	**649,505**

c) Service purchases

	31 December 2019	31 December 2018
Yaşar Holding	3,996,852	3,751,397
Yaşar Bilgi İşlem	2,402,696	2,069,708
YDT	1,411,968	1,274,887
YBP	389,633	407,577
Desa Elektrik	341,536	-
Pınar Süt Mamulleri Sanayi A.Ş. ("Pınar Süt")	264,049	-
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	251,139	210,450
Desa Enerji	30,305	1,207,045
Other	719,428	655,618
	9,807,606	**9,576,682**

Service purchases from Yaşar Holding are mainly related with the consultancy charges. The service purchases from Yaşar Bilgi İşlem are mainly related with information technology service charges.

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2019	31 December 2018
d) Finance expenses:		
Yaşar Holding	548,663	486,702
YBP	317,102	372,144
YDT	186,050	241,600
	1,051,815	**1,100,446**
e) Other income from operations:		
YDT	925,538	2,083,176
Other	399,462	157,600
	1,325,000	**2,240,776**

The Company's operating income due from related parties mostly TL consist of foreign translation gains.

f) Other expense from operations:

	1 January - 31 December 2019	1 January - 31 December 2018
YDT	454,812	654,713
YBP	255,891	148,480
Yaşar Holding	139,568	115,981
Other	180,491	78,750
	1,030,762	**997,924**

The Company's operating expenses due from related parties mostly consist of foreign translation transactions.

g) Tangible and intangible asset purchases:

Yaşar Bilgi İşlem	778,549	891,809
YBP	123,977	100,886
Yaşar Holding	8,081	9,789
Other	142,055	63,590
	1,052,662	**1,066,074**

The intangible asset purchases from Yaşar Bilgi İşlem are mainly related with new software expenditures.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 31 December 2019	1 January - 31 December 2018
h) Dividend income:		
Desa Enerji	320,877	164,421
	320,877	**164,421**

i) Bails received:

Bails received are mainly related with the bails provided by YDT, Yaşar Group company, for repayment of borrowings obtained from a domestic financial institution amounting to TL103,498,451 and EUR1,218,600 equivalent of TL111,602,872 as of 31 December 2019 (2018: TL99,485,751 and EUR2,046,500 equivalent of TL111,822,053).

j) Key management compensation:

Key management includes general manager; directors and members of board of directors. The compensation paid or payable to key management for employee service is shown below:

Short-term employee benefits	1,955,763	1,882,144
Other long-term benefits	21,373	24,694
	1,977,136	**1,906,838**

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2019	31 December 2018
a) Short - term trade receivables		
Customer current accounts	21,731,274	23,935,172
Cheques and notes receivables	6,186,870	8,162,205
	27,918,144	**32,097,377**
Provision for doubtful receivables	(3,523,659)	(3,333,992)
	24,394,485	**28,763,385**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

The aging of trade receivables as of 31 December 2019 and 2018 are as follow:

	31 December 2019	31 December 2018
Overdue	5,045,922	4,877,510
0 - 30 days	7,600,063	8,559,503
31 - 60 days	7,917,188	10,251,374
61 - 90 days	3,292,659	3,893,252
91 days and over	538,653	1,181,746
	24,394,485	**28,763,385**

The aging of overdue receivables as of 31 December 2019 and 2018 are as follow:

0 - 90 days	4,096,075	4,796,020
91 - 180 days	949,847	81,490
	5,045,922	**4,877,510**

As of 31 December 2018, trade receivables of TL5,045,922 (2018: TL4,877,510) were past due and the Company holds collateral amounting to TL1,365,369 (2018: TL2,463.67)

The aging of overdue receivables as of 31 December 2019 and 2018 are as follow:

	2019	2018
1 January	**(3,333,992)**	**(2,998,070)**
Charged to the statement of comprehensive income (Note 22.b)	(424,467)	(958,425)
Collections (Notes 22.a)	234,800	622,503
31 December	**(3,523,659)**	**(3,333,992)**

Concentrations of credit risk with respect to trade receivables are limited due to the Company's widely dispersed customer base, covering the spectrum of manufacturing and distribution and the variety of available end markets in which they sell. The Company's past experience in collection of accounts receivable falls within the recorded allowances. Due to this fact, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

b) Short - term trade payables due to non-related parties:

	31 December 2019	31 December 2018
Supplier current accounts	45,141,441	54,869,536
	45,141,441	**54,869,536**

As of 31 December 2019, the average terms of trade payables to unrelated parties are within 2 months (2018: 2 months).

c) Long - term trade payables due to non-related parties:

Supplier non current accounts	2,660,237	7,233,552
	2,660,237	**7,233,552**

The redemption schedules of long-term trade payables as of 31 December 2019 are as follow:

	31 December 2019	31 December 2018
2020 year	-	4,915,834
2021 year	2,660,237	2,317,718
	2,660,237	**7,233,552**

Long term trade payables consist of payables due to property, plant and equipment purchases amounting to EUR400,000 (2018: EUR1,999,992)

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

a) Other short - term receivables:

	31 December 2019	31 December 2018
Value added tax ("VAT") receivables	4,904,373	3,751,777
Deposits and guarantees given	82,155	81,637
Other	202,425	91,155
	5,188,953	**3,924,569**

b) Other long - term receivables due to non-related parties:

Deposits and guarantees receivable	11,134,725	10,015,051
Taxes and funds payables	650,398	604,167
Other	-	5,747
	11,785,123	**10,624,965**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

A significant portion of the receivable deposits and guarantees consist of the amounts the Company receives in connection with its contracts with the customers for the water supply operation of the demijohn.

The Company uses certain estimates and assumptions in the calculation of deposit obligations related to demijohn and baskets in accordance with its past experience and data. The extent of the data and analyzes used are; the useful life of polycarbone demijohns defined in related regulations, number of units polycarbone and glass demijohns on the market, past statistical data related to amortization rates, turnover rates, unit deposit prices, residual value of policarbone demijohns.

NOTE 9 - INVENTORIES

	31 December 2019	31 December2018
Raw materials	6,103,015	7,222,784
Pallete and viols	5,309,034	4,351,055
Finished goods	3,848,653	3,964,430
Other	2,296,676	1,625,813
	17,557,378	**17,164,082**

Cost of inventories recognized as expense and included in cost of sales amounted to TL78,810,088 (2018: TL95,849,478) (Note 17). Raw materials mainly consist of materials and packaging materials which are used to produce bottled water. The other inventory items are valued at their costs and there is no impairment.

NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2019	31 December 2018
a) Short term prepaid expenses		
Prepaid expenses	1,196,650	1,835,602
Order advances given	868	5,629
	1,197,518	**1,841,231**
b) Long term term prepaid expenses		
Prepaid expenses	-	3,208
Advances given	407	413
	407	**3,621**
c) Deferred income		
Advances received	393,509	763,902
	393,509	**763,902**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

a) Tangible Assets:

Movements of property, plant and equipment between 1 January - 31 December 2019 was as follows:

	1 January 2019	Additions	Disposals	Transfers	Netting of Accumulated Depreciation Before Valuation	Revaluation Increase Decrease	31 December 2019
Cost/Revaluation:							
Land	12,425,000	-	-	-	-	4,675,000	17,100,000
Buildings and land improvements	58,876,887	827,705	-	-	(5,299,246)	17,344,654	71,750,000
Machinery and equipment	122,201,135	1,286,664	(415,739)	383,050	-	-	123,455,110
Motor vehicles	200,705	-	(68,873)	-	-	-	131,832
Furniture and fixtures	39,641,233	4,788,168	(2,241,665)	-	-	-	42,187,736
Construction in progress	383,050	140,906	-	(383,050)	-	-	140,906
	233,728,010	**7,043,443**	**(2,726,277)**	**-**	**(5,299,246)**	**22,019,654**	**54,765,584**
Accumulated depreciation:							
Buildings and land improvements	(2,763,844)	(2,535,402)	-	-	5,299,246	-	-
Machinery and equipment	-	(8,380,960)	375,192	-	-	-	(8,005,768)
Motor vehicles	(167,417)	(2,295)	37,880	-	-	-	(131,832)
Furniture and fixtures	(20,658,938)	(4,737,861)	965,460	-	-	-	(24,431,339)
	(23,590,199)	**(15,656,518)**	**1,378,532**	**-**	**5,299,246**	**-**	**(32,568,939)**
Net book value	**210,137,811**						**222,196,645**

The Company classifies polycarbonate and glass demijohn together with baskets as tangible assets and their carrying value is TL11,876,459 (2018: TL16,796,194).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of property, plant and equipment between 1 January - 31 December 2018 was as follows:

	1 January 2018	Additions	Disposals	Transfers	Netting of Accumulated Depreciation Before Valuation	Revaluation Increase Decrease	31 December 2018
Cost:							
Land	12,425,000	-	-	-	-	-	12,425,000
Buildings and land improvements	57,610,000	1,307,392	(40,505)	-	-	-	58,876,887
Machinery and equipment	92,126,628	2,381,957	(324,244)	6,763,753	(6,736,318)	27,989,359	122,201,135
Motor vehicles	216,338	-	(15,633)	-	-	-	200,705
Furniture and fixtures	38,552,384	5,312,199	(4,223,350)	-	-	-	39,641,233
Construction in progress	165,000	6,981,803	-	(6,763,753)	-	-	383,050
	201,095,350	**15,983,351**	**(4,603,732)**	-	**(6,736,318)**	**27,989,359**	**233,728,010**
Accumulated depreciation:							
Buildings and land improvements	-	(2,785,860)	22,016	-	-	-	(2,763,844)
Machinery and equipment	-	(6,922,485)	186,167	-	6,736,318	-	-
Motor vehicles	(146,703)	(36,347)	15,633	-	-	-	(167,417)
Furniture and fixtures	(19,938,059)	(4,138,676)	3,417,797	-	-	-	(20,658,938)
	(20,084,762)	**(13,883,368)**	**3,641,613**	**-**	**6,736,318**	**-**	**(23,590,199)**
Net book value	**181,010,588**						**210,137,811**

The Company classifies polycarbonate and glass demijohn together with baskets as tangible assets and their carrying value is TL16,796,194 (2018: TL9,200,530).

The main part of the additions to property, plant and equipments in the year was bottled water filling facilities in Bursa and purchase of refrigerators.

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

b) Right of Use Rights:

	1 January 2019 (*)	Additions	31 December 2019
Cost/Revaluation:			
Buildings and land improvements	14,664,629	-	14,664,629
Machinery and equipment	1,678,481	-	1,678,481
Motor vehicles	1,092,934	-	1,092,934
	17,436,044	**-**	**17,436,044**
Accumulated depreciation:			
Buildings and land improvements	-	(3,250,579)	(3,250,579)
Machinery and equipment	-	(839,240)	(839,240)
Motor vehicles	-	(377,989)	(377,989)
	-	**(4,467,808)**	**(4,467,808)**
Net book value	**17,436,044**		**12,968,236**

* Please see Note 2.4.1

Current year's depreciation and amortisation charges were allocated to cost of production by TL14,289,810 (31 December 2018: TL9,721,772) production costs TL4,499,275 (31 December 2018: TL2,771,546) to selling and marketing expenses by (Note 21.b) and TL 1,811,184 (31 December 2018: TL1,794,984) to general and administrative expenses by (Note 21.a), TL17,487 (31 December 2018: None) and research and developments expenses.

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2019 and 2018 were as follows:

	2019	2018
1 January	**62,735,634**	**42,377,009**
Depreciation on revaluation reserve transferred to retained earnings-net	(3,090,856)	(2,142,689)
Increase in revaluation reserve of land, land improvements and buildings - net	18,083,223	-
Increase in revaluation reserve of machinery and equipment- net	-	22,391,487
Disposal from revaluation reserve due to sales of property plant and equipment - net	-	109,827
31 December	**77,728,001**	**62,735,634**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amounts of each class of property, plant and equipments that would have been recognised if the assets have been carried under the cost model at 31 December 2019 and 2018 are as follow:

31 December 2019:	**Land**	**Building and land improvements**	**Machinery and equipment**
Cost	4,124,212	49,523,663	115,297,682
Less: Accumulated depreciation	-	(11,324,519)	(54,409,862)
Net book value	**4,124,212**	**38,199,144**	**60,887,820**
31 December 2018:			
Cost	4,124,212	48,695,958	113,627,967
Less: Accumulated depreciation	-	(8,789,117)	(46,028,902)
Net book value	**4,124,212**	**39,906,841**	**67,599,065**

NOTE 12 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods 1 January - 31 December 2019 and 2018 were as follow:

	1 January 2019	**Additions**	**31 December 2019**
Costs:			
Rights	6,032,493	908,959	6,941,453
Accumulated amortisation	(1,988,907)	(493,429)	(2,482,336)
Net book value	**4,043,586**	**415,530**	**4,459,117**

	1 January 2018	**Additions**	**31 December 2018**
Costs:			
Rights	4,519,641	1,512,852	6,032,493
Accumulated amortisation	(1,583,973)	(404,934)	(1,988,907)
Net book value	**2,935,668**	**1,107,918**	**4,043,586**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 13 - GOVERNMENT GRANTS AND INCENTIVES

The Company is entitled an investment incentive of TL56,743,546 which includes TL14,433,546 related with the Ministry of the Economy programme supporting production of non-alcoholic beverages, sparkling water, and spring water,in 2013, TL8,308,639 received in 2015 and an additional incentive of TL28,691,361 received in 2016, TL5,310,000 and had deferred tax assets of TL6,921,299 (31 December 2018: TL9,498,709). Investment incentive rates of the Ministry of Economy to the investment for the years 2013 20%, for the year 2015 and 2016 15%, for the year 2018 20%,for the year 2019 %22, respectively (Note.25).

NOTE 14 - BORROWINGS AND BORROWING COSTS

	31 December 2019	31 December 2018
Short term loans	53,940,502	38,018,139
Lease liabilities	2,660,806	-
Short term portion of long term loans	41,790,792	45,678,841
Short term portion of long term borrowings due to related parties	633,429	-
Short Term Borrowings	**99,025,529**	**83,696,980**
Long term loans	49,254,779	56,557,499
Long term portion of short term loans	9,225,300	-
Long term borrowings to related parties	29,701,000	-
Long Term Borrowings	**88,181,079**	**56,557,499**
Total Borrowings	**187,206,608**	**140,254,479**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 14 - BORROWINGS AND BORROWING COSTS (Continued)

Details of bank loans as of 31 December 2019 and 2018 are presented below:

	Effective weighted average interest rate p.a. (%)		Original currency		TL equivalent	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Short term borrowings:						
Borrowings TL (*)	16.22	26.50	53,940,502	38,018,139	53,940,502	38,018,139
Short term portion of long term borrowings:						
Borrowings TL (**)	16.13	15.80	41,790,792	45,678,841	41,790,792	45,678,841
Total short term borrowings					**95,731,294**	**83,696,980**
Long term borrowings:						
Borrowings TL (**)	14.87	15.02	49,254,779	56,557,499	49,254,779	56,557,499
Total long term borrowings					**49,254,779**	**56,557,499**
Total borrowings					**144,986,073**	**140,254,479**

(*) As of 31 December 2019, TL denominated short-term bank borrowings consist of borrowings with spot loans fixed interest rates of 16,22% p.a. (2018: Interest rates of 26.50% p.a.)

(**) As of 31 December 2019, TL borrowings amounting TL88.804.393 with spot loans fixed interest rate 15.31% p.a., TL2,441,179 denominated bank borrowings consist of semi-annually repricing floating interest rate TRLIBOR+4% p.a (2018: borrowings amounting TL91,045,571 with spot loans fixed interest rate 15.41% p.a., TL2,443,317 denominated bank borrowings consist of semi-annually repricing floating interest rate TRLIBOR+2.70% p.a.).

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 14 - BORROWINGS AND BORROWING COSTS (Continued)

The redemption schedule of long-term bank borrowings at 31 December 2019 and 2018 are as follow:

	31 December 2019	31 December 2018
2020 year	-	33,052,500
2021 year	34,508,686	15,246,348
2022 year	16,338,430	6,036,429
2023 year	11,908,116	2,222,222
2024 year	5,400,182	-
2025 year	5,400,182	-
2026 year	5,400,182	-
	78,955,778	**56,557,499**

As of 31 December 2019 and 2018, the carrying amounts of the borrowings with floating and fixed interest rates which were classified in terms of periods remaining to contractual repricing dates are as follows:

	Less than 3 months	3 months to 1 year	Total
31 December 2019:			
Borrowing with variable interest rates	168,359	558,762	2,239,952
Borrowings with fixed interest rates	-	-	172,447,120
		558,762	**174,687,072**
31 December 2018:			
Borrowing with variable interest rates	-	2,443,317	2,443,317
Borrowings with fixed interest rates	-	-	137,811,162
	-	**2,443,317**	**140,254,479**

The carrying amounts and fair values of borrowings are as follows:

	Carrying amount		Fair value	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Bank borrowings	174,686,844	140,254,479	192,902,959	145,856,015

The fair values of bank loans are determined using the discounted cash flow method using effective weighted interest rates of 11.65% and 1.75% (31 December 2018: 18.07% annually for TL loans), respectively for TL and US Dollars

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 14 - BORROWINGS AND BORROWING COSTS (Continued)

For the period 1 January - 31 December 2019 and 2018 the carrying amount of net borrowings are as follows:

	2019	2018
1 January	**138,872,942**	**111,699,644**
Cash inflows from loans	112,789,446	75,154,030
Cash outflows from paybacks of borrowings	(78,356,855)	(44,562,268)
Effect of accrual of interest	(226)	(3,653,489)
Effect of change in cash and cash equivalents	(1,916,903)	235,025
31 December	**171,388,404**	**138,872,942**

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2019	31 December 2018
a) Other short - term provisions:		
Provision for premium to customer	530,543	199,917
Provisions for litigation (*)	275,773	275,773
Provision of advertising and promotion	-	876,251
	806,316	**1,351,941**

(*) The provisions related to the lawsuits filed against the Company by the employees who quit their job.

b) Guarantees given:

Letters of guarantee	23,286,045	14,025,336
	23,286,045	**14,025,336**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2019 and 2018 were as follow:

	31 December 2019			31 December 2018		
	Currency	**Amount**	**TL equivalent**	**Currency**	**Amount**	**TL equivalent**
CPM provided by the Company:						
A. Total amount of CPM given on behalf of the Company	TL	23,286,045	23,286,045	TL	14,025,336	14,025,336
B. Total amount of CPM given on behalf of fully consolidated companies		-	-	-	-	-
C. Total amount of CPM given for continuation of its economic activities on behalf of third parites		-	-	-	-	-
D. Total amout of other CPM			-	-	-	-
i. Total amount of CPM given on behalf of the main shareholder		-	-	-	-	-
ii. Total amount of CPM given on behalf other group companies which are not in scope of B and C		-	-	-	-	-
iii. Total amount of CPM given on behalf of third parties which are not inscope of C		-	-	-	-	-
			23,286,045			**14,025,336**
The ratio of total amount of other CPM to Equity			0%			0%

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2019	31 December 2018
c) Guarantees received:		
Bails	111,602,872	99,485,751
Letters of guarantee	30,381,138	39,852,140
Mortgages	7,469,174	7,294,874
Guarantee notes	3,270,003	3,206,502
Guarantee cheques	1,315,000	755,000
Other	6,563,988	5,648,708
	160,602,175	**156,242,975**

A significant part of the guarantees received consists of the guarantees received from the customers.

NOTE 16 - EMPLOYEE BENEFITS

	31 December 2019	31 December 2018
a) Payables for employee benefits		
Social security premiums	895,862	910,042
Payables to employees	-	187
	895,862	**910,229**
b) Short - term provisions for employee benefits		
Management bonus accrual	220,000	220,000
Seniority incentive bonus	134,057	68,636
	354,057	**288,636**
c) Long - term provisions for employee benefits		
Provision for employment termination benefits	2,869,561	2,356,931
Seniority incentive bonus	274,091	239,441
	3,143,652	**2,596,372**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 16 - EMPLOYEE BENEFITS (Continued)

Under Turkish Labour Law, the companies incorporated in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL6,379.86 (2018: TL5,434.42) for each year of service as of 31 December 2019.

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees with certain actuarial assumptions.

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL6,730.15 which is effective from 1 January 2020 (1 January 2019: TL6,017.60) has been taken into consideration in calculating the provision for employment termination benefits of the Company which is calculated once in every six months.

The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2019	31 December 2018
Discount rate (p.a) (%)	5.00	5.00
Probability of retirement (%)	95.32	95.60

Movements of the provision for employment termination benefits during the years are as follows:

	2019	2018
1 January	**2,356,931**	**2,010,185**
Interest costs	350,373	388,422
Actuarial loss	950,075	396,306
Current service cost	405,051	340,395
Paid during the year	(1,192,869)	(778,377)
31 December	**2,869,561**	**2,356,931**

The total of interest cost and current service cost amounting to TL755,424 (2018: TL728,817 were allocated to general administrative expenses for TL405,051 (31 December 2018: TL340.395) (Note 21) and to financial expense for TL350,373 (31 December 2018: TL388,422) (Note 24).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 17 - EXPENSES BY NATURE

	1 January - 31 December 2019	**1 January - 31 December 2018**
Raw material, direct material and finished goods	73,570,829	87,856,831
Transportation and export	31,259,754	35,285,775
Personnel	24,922,141	23,831,570
Depreciation and amortisation	20,617,755	14,288,302
Outsourced services	13,582,447	13,413,805
Advertising	9,048,971	9,775,017
Energy	7,402,409	6,549,976
Repair and Maintenance	6,972,359	5,679,512
Merchandise goods	5,239,259	7,992,647
Consultancy	4,662,111	4,203,452
Rent	3,835,147	8,651,642
Fee of mineral resource	1,071,763	1,541,991
Travel	561,133	468,192
Communication	528,393	543,544
Employment termination benefits	338,003	338,113
Other	13,807,583	10,732,972
	217,420,057	**231,153,341**

NOTE 18 - OTHER ASSETS AND LIABILITIES

	31 December 2019	**31 December 2018**
Other current asssets		
VAT receivable	16,774,201	16,265,691
Other	50,850	97,588
	16,825,051	**16,363,279**

NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The Company adopted the registered share capital system available to companies registered with the CMB and set a limit on its registered share capital representing registered type shares with a nominal value of Kr1. The Company's historical authorised registered share capital at 31 December 2019 and 2018 is as follows:

	31 December 2019	**31 December 2018**
Registered share capital (historical values)	50,000,000	50,000,000
Paid-in share capital with nominal value	44,762,708	44,762,708

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

The compositions of the Company's share capital at 31 December 2019 and 2018 were as follow:

	31 December 2019		31 December 2018	
Share owners	**Share (%)**	**Share amount (TL)**	**Share (%)**	**Share amount (TL)**
Yaşar Holding	58.00	25,961,415	58.00	25,961,414
Public Quatation	32.31	14,463,977	32.31	14,463,978
Pınar Süt	8.77	3,927,525	8.77	3,927,525
YBP	0.80	356,973	0.80	356,973
Hedef Ziraat Tic. ve San. A.Ş.	0.09	39,614	0.09	39,614
YDT	0.03	13,204	0.03	13,204
Total share capital	**100.00**	**44,762,708**	**100.00**	**44,762,708**
Adjustment to share capital		11,713,515		11,713,515
Total paid in capital		**56,476,223**		**56,476,223**

In Turkey, companies may exceed registered share capital nonrecurringly-except for cash injection-through capital increase from internal sources. Registered share capital may not be exceeded through capital increase by cash injection.

Inflation adjustment to share capital amounting to TL11,713,515 (2018: TL11,713,515) represents the remaining amount after netting-off the accumulated losses of the year 2003 from the difference between restated share capital and historical cost of share capital.

The Company has 4,476,270,800 (2018: 4,476,270,800) units of shares with a face value of Kr1 each as of 31 December 2019.

The Company's authorised registered share capital is composed of registered shares and its shares have been quoted at the BIST. There are no privileges given to specific shareholders. Retained earnings, as per the statutory financial statements, are avantable for distribution, subject to the legal reserve requirement referred to below:

The legal reserves consists of first and second legal reserves appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserves reaches a maximum of 20% of the company 's share capital. The second legal reserve is the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid in share capital.

The aforementioned reserves were accounted for under "Restricted Reserves" in accordance with CMB Financial Reporting Standards. The restricted reserves of the Company amount to TL4,180,008 (2018: TL4,180,008) as of 31 December 2019.

NOTE 19 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

In accordance with related announcements of CMB "Share capital", "Restricted Reserves" and "Share Premium" shall be carried at their statutory amounts. The valuation differences (e.g. the differences raising from inflation adjustments) shall be classified as follows:

- the difference arising from the "Paid-in Capital" shall be classified as the "Inflation Adjustment to Share Capital"if it is not transferred to capital yet;

- the difference due to the "Restricted Reserves" and "Share Premium" shall be classified as "Retained earnings" if the amount has not been utilised in dividend distribution or capital increase yet. Other equity items shall be carried at the amounts calculated based on CMB Financial Reporting Standards.

Adjustment to share capital has no other use other than being transferred to share capita.

Quoted companies are subject to dividend requirements regulated by the CMB according to II-19.1 no. has enacted since 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communique does not state a minimum dividend rate.Companies distribute dividends in accordance with the method defined in their dividend policy or articles of association. Additional, dividend can be distribured in fixed or variable installments and dividends advances can be paid over the profit on interim financial statements.

In line with Article 27 of the Company's Articles of Association, previous year losses, if any, are deducted from the net period profit and then overall legal reserve and the first dividend are allocated according to the Capital Markets Board legislation. Of the remaining amount, 10% of the portion is allocated in order to be distributed to founder shareholders in proportion with their shares. Of the remaining portion, an amount up to 5% can be set aside as allocation provision for the members of board of directors and for other items which the board of directors will determine and deem necessary in line with the decision made by the General Assembly.

Unless the general reserves that has to be appropriated in accordance with TCC or the dividend to shareholders as determineed in the articles of association or dividend policy are set aside ; no decision can be taken to set aside other reserves, to transfer reserves to be subsequent year or to distribute dividens to holders of usufruct right certificates, to board of directors members or to employees ; and no dividend can be distributed to those unless the determined dividend to shareholders is paid in cash.

Dividend in public companies, of the date of distribution to all existing shares, regardless of the date of issuance and acquisition of these shares will be distributed equally.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 20 - REVENUE

	1 January 31 December 2019	1 January 31 December 2018
Domestic sales	315,285,937	343,284,584
Export sales	41,360,029	32,762,495
Trade goods sales	6,526,114	10,169,476
Gross sales	**363,172,080**	**386,216,555**
Less: Discounts	(135,653,717)	(147,994,236)
Return	(2,910,969)	(4,037,169)
Net sales	**224,607,394**	**234,185,150**
Cost of sales	**(122,928,505)**	**136,755,196)**
Gross Profit	**101,678,889**	**97,429,954**

NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLING AND DISTRIBUTION EXPENSES

	1 January - 31 December 2019	1 January - 31 December 2018
a) General administrative expenses:		
Personnel	6,590,373	6,513,261
Outsourced services	6,137,676	5,740,247
Consultancy	3,538,235	3,033,490
Depreciation and amortisation	1,811,184	1,794,984
Energy	502,085	496,749
Representation and hospitality	286,195	285,496
Rent	278,661	495,366
Travel	216,307	182,768
Communication	147,026	160,370
Other	2,371,620	1,615,535
	21,879,362	**20,318,266**
b) Marketing, selling and distribution expenses:		
Transportation and export expenses	31,259,754	35,285,775
Personnel	11,849,249	10,284,284
Advertising	9,048,971	9,775,017
Oursourced services	4,882,534	4,984,538
Amortization and depreciation cost	4,499,275	2,771,546
Export commission	3,326,579	2,403,238
Rent	1,875,494	3,692,606
Repair and Maintenance	1,549,466	1,302,348
Energy	1,368,671	1,269,289
Consultancy	1,123,877	1,169,962
Other	1,527,594	1,141,276
	72,311,464	**74,079,879**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2019	1 January - 31 December 2018
a) Other income from operating activities		
Foreign exchange gain arising from commercial activities	1,793,516	5,211,529
Interest income due to time difference	547,835	536,643
Scrap sales income	369,926	-
Reversal of provision for impairment of receivables	234,800	622,503
Other	1,528,145	1,377,648
	4,474,222	**7,748,323**
b) Other expense from operating activities:		
Foreign exchange loss arising from commercial activities	(3,394,009)	(1,290,852)
Provision for doubtful receivables	(424,467)	(958,425)
Fees and aid	(141,377)	(68,825)
Maturity difference interest expenses	(226)	(46,302)
Provision expense for lawsuits	(275,773)	(275,773)
Other	(333,238)	(1,789,324)
	(4,569,090)	**(4,429,501)**

NOTE 23 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2019	1 January - 31 December 2018
a) Income from investment activities:		
Dividend income	320,877	164,421
Gain on sale of property plant and equipment	139,582	241,154
	460,459	**405,575**
b) Expense from investment activities:		
Loss on sale of property plant and equipment	(62,505)	(659,586)
Other	-	(51,834)
	(62,505)	**(711,420)**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 24 - FINANCIAL INCOME AND EXPENSE

a) Financial Income

	1 January - 31 December 2019	1 January - 31 December 2018
Interest income	1,115,125	646,020
Foreign exchange loss	77,500	137,336
	1,192,625	**783,356**

b) Financial Expense:

Interest expense	(35,654,284)	(23,542,089)
Bank commissions and overdue charges	(2,441,807)	(2,028,058)
Foreign exchange loss	(1,063,300)	(3,886,633)
Other	(984,105)	(388,422)
	(40,143,496)	**(29,845,202)**

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES

In Turkey, the corporation tax rate for 2019 is 22% (31 December 2018: 22%). The corporate tax rate is applied to the tax base to be found as a result of the addition of expenses that are not allowed to be deducted in accordance with the tax laws, the exemptions (such as participation earnings exception, investment discount exemption etc.) and discounts (such as R&D discount) in the commercial income of the institutions. No other tax is payable unless profit is distributed (except withholding at the rate of 19.8% (2018: 19.8%) calculated and paid over the amount of the exempted benefit in case there is an investment allowance exempted under Article 61 of the Income Tax Law).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (31 December 2018: 15%,). An increase in capital via issuing bonus shares is not considered profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% (2018: 22%) on their corporate income. Advance tax is is declared by 14th (2018: 14th) and payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. If, despite offsetting, there remains an amount for advance tax amount paid, it may be refunded or offset against other liabilities to the government.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 25th of the fourth month following the close of the financial year to which they relate.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES (Continued)

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

There are many exemptions in Corporate Tax Law regarding corporations. Those related to the Company are explained below:

Dividend gains from shares in capital of another corporation subject to resident taxpaying (except dividends from investment funds participation certificates and investment trusts shares) are exempt from corporate tax.

According to the Law No. 5520 on Corporate Income Tax, 50% of the income derived from the sales of the real estates which are included in the assets of the institutions for at least two full years are exempted from the corporation tax starting from 5 December 2017. In order to benefit exclusively, the earning must be kept in a passive fund account and not withdrawn for 5 years. The sales price must be collected by the end of the second calendar year following the year of sale.

75% of the profits from sale of preferential right certificates and share premiums generated from sale of shares at a price exceeding face values of those shares during incorporations or capital increases of joint stock companies are exempt from corporate tax.

Accordingly, the aforementioned gains/ (losses) which have been included in trade profit/ (loss) have been taken into consideration in calculation of Company's corporate tax.

Apart from the exemptions mentioned in the preceding paragraphs, the deductions granted in 14th and recurring 8th articles of Corporate Tax Law and 40 th article of the Income Tax Law together with the 10th article of Corporate Tax Law have been taken into consideration in calculation of the Company's corporate tax.

Transfer Pricing

Corporations should set the prices in accordance with the arm's length principle while entering into transactions regarding the sale or purchase of goods and services with related parties. Under the arm's length principle within the new legislation related parties must set the transfer prices for purchase and sale of goods and services as if they would have been agreed between third parties. Depending on the circumstances, a choice of accepted methods in aforementioned law of arm's length transaction has to be made by corporations for transactions with related parties. Corporations should keep the documentary evidence within the company representing how arm's length price has been determined and the methodology that has been chosen by use of any fiscal records and calculations in case of any request by tax authorities. Besides, corporations must report transactions with related parties in a fiscal period.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES (Continued)

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. The profit distributed in a disguised manner through transfer pricing completely or partially, will be assessed as distributed profit share or transferred amount to headquarter for limited taxpayers. After the distributed profit share is considered as net profit share and complemented to gross amount, deemed profit will be subject to corporate tax. Previous taxation processes will be revised accordingly by taxpayer who distributes disguised profit. In order to make adjustments in this respect, the taxes assessed in the name of the company distributing dividends in a disguised manner must be finalised and paid.

Taxes on income for the years 1 January- 31 December 2019 and 2018 are summarised as follow:

	1 January- 31 December 2019	**1 January- 31 December 2018**
Deferred tax income/(expenses)	(1,291,397)	939,731
Taxation on income/(expenses)	**(1,291,397)**	**939,731**

Reconciliation of taxation on income is as follows:

Loss before tax	**(31,460,448)**	**(23,017,060)**
Tax calculated at rates applicable to the loss	6,921,299	5,063,753
Tax losses for which no deferred income tax asset was recognized	(8,311,337)	(4,576,713)
Deductable incomes	181,311	9,218
Non-deductable expenses	(391,779)	(227,712)
Additional deferred tax asset calculated on investment incentive	-	1,062,000
Other	309,109	(390,815)
Taxation on income	**(1,291,397)**	**939,731**

Deferred taxes

The Company recognises deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the statutory tax financial statements. (2018: 22%).

The Law regarding amendments on Certain Tax Laws was approved in the Parliament on 28 November 2017 and the Law was published in the Official Gazette on 5 December 2017. Accordingly, the corporate income tax rate for all companies will be increased from 20% to 22% for the years 2018, 2019 and 2020. Therefore, deferred tax assets and liabilities shall be measured at the tax rate of 22% that are expected to apply to these periods when the assets is realised or the liability is settled, based on the Law that have been enacted. For the periods 2021 and after, the reversals of temporary differences will be measured by 20%.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES) (Continued)

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2019 and 2018 were as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2019	**31 December 2018**	**31 December 2019**	**31 December 2018**
Revaluation of land, land improvements, buildings, machinery and equipment	95,461,786	77,305,701	(17,733,784)	(14,570,067)
Difference between carrying value (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	4,802,873	3,919,768	(958,697)	(782,076)
Deducted accumulated loss	-	(8,980,338)	-	1,833,889
Deduction of investment incentive (*)	(56,743,546)	(56,743,546)	9,498,709	9,498,709
Provision for employment termination benefits	(2,869,561)	(2,356,931)	573,912	471,386
Difference between carrying value and tax bases of available-for-sale investments	(4,523,706)	(2,121,281)	308,766	463,412
Other	(1,456,507)	(1,806,995)	291,301	361,399
Deferred tax assets			**(10,672,688)**	**(2,723,348)**
Deferred tax liabilities)			**(18,692,481)**	**-**
Deferred tax assets/ (liabilities) - net			**(8,019,793)**	**(2,723,348)**

(*) (31 December 2019: TL12,239,725) deferred tax asset The contribution of the Ministry of Economy to investment incentives is 20% for 2013, 15% for 2015 and 2016, 20% for 2018, and %22 for 2019 respectively. (Note 13).

The movement of deferred tax liabilities - net is as follows:

1 January	**(2,723,348)**	**1,959,521**
Credited to statement of comprehensive income	(1,291,397)	939,731
Charged to actuarial loss arising from defined benefit plans	190,015	79,261
Charged to fair value reserve of available-for-sale investments	(258,635)	(103,989)
Revaluation of property, plant and equipment	(3,936,431)	(5,597,872)
31 December	**(8,019,796)**	**(2,723,348)**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 25 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES (Continued)

Years of expiration of tax losses carried forward which were not recognized as of 31 December are as follows:

Expiration years	31 December 2019	31 December 2018
2020	-	1,824,065
2021	-	2,812,797
2022	-	4,343,476
	-	**8,980,338**

Years of expiration of tax losses carried forward over which no deferred income tax assets were not recognised as of 31 December 2019 and 2018 are as follows:

Expiration years	31 December 2019	31 December 2018
2020	3,265,010	1,440,945
2021	14,107,253	11,294,456
2022	8,208,664	3,865,188
2023	16,196,006	16,871,007
2024	26,731,994	-
	68,508,927	**33,471,596**

NOTE 26 - LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to equity holders of the parent company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased and held as treasury shares.

Companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earning/ (loss) per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and for each earlier year.

		1 January - 31 December 2019	1 January - 31 December 2018
Net loss for year	A	(32,751,845)	(22,077,329)
Weighted average number of shares (Note 20)	B	4,476,270,800	4,476,270,800
Loss per 100 shares with a Kr1 face value	**A/B**	**(0,7317)**	**(0,4932)**

There are no differences between basic and diluted loss per share.

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS

Financial assests at fair value through other comprehensive income:

	31 December 2019	31 December 2018
Financial assests at fair value through other comprehensive income	7,544,201	4,663,944
	7,544,201	**4,663,944**

	31 December 2019		31 December 2018	
	Carrying amount (TL)	Share (%)	Carrying amount (TL)	Share (%)
Desa Enerji	4,849,344	6.07	2,733,236	6.07
YDT	1,365,718	0.93	1,148,862	1.76
Viking Kağıt	1,329,139	1.69	781,846	1.69
	7,544,201		**4,663.944**	

Viking Kağıt is stated at quoted market prices as it is listed on BIST; YDT and Desa Enerji are stated at their fair values which are determined based on the discounted cash flows by using the market interest rates and the risk premium specific to unlisted companies within the related sectors. As of 31 December 2019, nominal discount and growth rates were used in the fair value calculations.

The discount and growth rates used in discounted cash flow models as at 31 December 2019 and 2018 are as follows

	Discount rate		Growth rate	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
YDT	19.01%	23.28%	1%	1%
Desa Enerji	18.41%	22,68%	1%	0%

Movements of available-for-sale investments in 1 January and 31 December are as follows:

	2019	2018
1 January	**4,663,944**	**4,047,190**
Fair value (decrease)/ increase :		
Viking Kağıt	547,293	(71,078)
Desa Enerji	2,116,108	129,081
YDT	216,856	558,751
31 December	**7,544,201**	**4,663,944**

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 27 - FINANCIAL INSTRUMENTS (Continued)

Movements of fair value reserves of available-for-sale investment are as follows:

	2019	2018
1 January	**1,588,253**	**1,075,488**
Increase/ (decrease) in fair value	2,880,257	616,754
Deferred income tax on fair value reserves of available-for-sale investments	(258,635)	(103,989)
31 December	**4,209,875**	**1,588,253**

Where there is no fair value of available-for-sale financial assets, the generally accepted valuation methods used in the calculation of the fair value include certain assumptions based on the best estimates of the management.

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow, fair value interest rate risk), capital risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

Risk management is carried out by the senior management and finance department of the Company under policies approved by Board of Directors. The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk and capital risk and closely monitors financial and operational risks.

The financial risk management objectives of the Company are defined as follows;

- Safeguarding the Company's core earnings stream from its major assets through the effective control and management of foreign exchange risk and interest rate risk,
- Effective and efficient usage of credit facilities in both the short and long term through the adoption of reliable liquidity management planning and procedures
- Effective monitoring and minimizing risks sourced from counterparts.

a) Credit risk:

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements and in turn credit risk arises from cash and cash equivalents, deposits in banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. These risks are monitored by credit ratings and limiting the aggregate risk to any individual counter party and receiving guarantees when required. The Company's exports are realised by its related party, YDT and the related export receivables are monitored by YDT. The following tables analyse the Company's credit risk as of 31 December 2019 and 2018:

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2019:	**Receivables**					
	Trade Receivables (1)		**Other Receivables**			
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**9,652,409**	**24,394,485**	**-**	**5,188,953**	**3,265,144**	**42,500,991**
- The part of maximum credit risk covered with guarantees		4,953,487				4,953,487
A. Net book value of financial assets not due or not impaired	8,923,596	19,348,563	-	5,188,953	3,265,144	36,726,256
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	728,813	5,045,922	-	-	-	5,774,735
- The part covered by guarantees etc	-	1,365,369	-	-	-	1,365,369
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	3,523,659	-	-	-	3,523,659
- Impairment amount (-)	-	(3,523,659)	-	-	-	(3,523,659)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(1) Trade receivables balances mainly resulted from the sale of pet bottled and bottled water.

(2) In the determination of related amounts, guarantees received providing increase credit reliabilty are not take into account.

(3) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue.

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2018:	**Receivables**					
	Trade Receivables (1)		**Other Receivables**			
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**	**Total**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**5,336,925**	**28,763,385**	**-**	**3,924,569**	**1,365,896**	**39,390,775**
- The part of maximum credit risk covered with guarantees	-	22,958,938	-	-	-	22,958,938
A. Net book value of financial assets not due or not impaired	4,683,823	23,885,875	-	3,924,569	1,365,896	33,860,163
B. Net book value of financial assets whose conditions are renegotiated, otherwise will be classified as past due or impaired	-	-	-	-	-	-
C. Net book value of assets past due but not impaired (3)	653,102	4,877,510	-	-	-	5,530,612
- The part covered by guarantees etc	-	2,463,676	-	-	-	2,463,676
D. Net book value of assets impaired	-	-	-	-	-	-
- Past due (gross book value)	-	3,333,992	-	-	-	3,333,992
Impairment amount (-)	-	(3,333,992)	-	-	-	(3,333,992)
- The part of net value covered with guarantees etc	-	-	-	-	-	-
- Not due (gross book value)	-	-	-	-	-	-
- Impairment amount (-)	-	-	-	-	-	-
- The part of net value covered with guarantees etc	-	-	-	-	-	-
E. Off balance items exposed to credit risk	-	-	-	-	-	-

(1) Trade receivables balances mainly resulted from the sale of pet bottled and bottled water.

(2) In the determination of related amounts, guarantees received providing increase credit reliabilty are not take into account.

(3) Considering the past experiences and collections subsequent to the balance sheet date, the Company management does not foresee any collection problem for the overdue.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables		
31 December 2019	**Trade Receivables**	**Other Receivables**	**Total**
1 - 30 days overdue	3,254,070	-	3,254,070
1 - 3 months overdue	842,005	-	842,005
3 - 12 months overdue	949,847	-	949,847
The part covered by guarantees	(1,365,369)	-	(1,365,369)
	5,045,922	**-**	**5,045,922**

	Receivables		
31 December 2018	**Trade Receivables**	**Other Receivables**	**Total**
1 - 30 days overdue	4,175,503	-	4,175,503
1 - 3 months overdue	1,200,415	-	1,200,415
3 - 12 months overdue	154,694	-	154,694
The part covered by guarantees	(2,463,676)	-	(2,463,676)
	5,530,612	**-**	**5,530,612**

b) Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers' lines from high quality lenders. In order to maintain liquidity, the Company management closely monitors the collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Company.

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2019 and 2018 are as follows:

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2019:

	Book value	**Total cash outflows per a agreement (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**
Contract terms:					
Non - derivative financial liabilities					
Bank Borrowings	186,573,178	207,793,205	85,310,426	16,251,584	106,231,195
Trade Payables	50,404,008	53,117,529	38,974,487	11,429,521	2,713,522
Other Payables	23,003,597	23,003,597	23,003,597	-	-
	259,980,783	**283,914,331**	**147,288,510**	**27,681,105**	**108,944,717**

31 December 2018:

	Book value	**Total cash outflows per a agreement (=I+II+III)**	**Less than 3 months (I)**	**3 - 12 months (II)**	**1 - 5 years (III)**
Contract terms:					
Non - derivative financial liabilities					
Bank Borrowings	140,254,479	159,292,624	20,910,194	78,206,058	60,176,372
Trade Payables	63,705,055	64,550,726	30,710,647	26,494,389	7,345,690
Other Payables	16,534,081	16,534,081	16,534,081	-	-
	220,493,615	**240,377,431**	**68,154,922**	**104,700,447**	**67,522,062**

c) Market risk:

i) Foreign exchange risk

The Company is exposed to foreign exchange risks through the impact of rate changes on translation into TL of foreign currency denominated assets and liabilities. These risks are monitored by analyses of the foreign currency position. Current risks are discussed by the Audit Committee and Board of Director's meetings regularly and the foreign exchange rates relevant to the foreign currency position of the Company are followed up.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

	Foreign Currency Position							
	31 December 2019				31 December 2018			
	TL Equivalent	USD	EUR	Other TL Equivalent	TL Equivalent	USD	EUR	Other TL Equivalent
1. Trade Receivables	8,181,042	189,961	709,616	2,333,260	4,205,305	125,684	428,890	958,746
2a. Monetary Financial Assets (Cash, Bank accounts included)	-	-	-	-	-	-	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	15,704	-	2,361	-	13,864	-	2,300	-
4. Current Assets (1+2+3)	**8,196,746**	**189,961**	**711,977**	**2,333,260**	**4,219,169**	**125,684**	**431,190**	**958,746**
5. Trade Receivables					-	-	-	-
6a. Monetary Financial Assets					-	-	-	-
6b. Non-Monetary Financial Assets					-	-	-	-
7. Other					-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	**8,196,746**	**189,961**	**711,977**	**2,333,260**	**4,219,169**	**125,684**	**431,190**	**958,746**
10. Trade Payables	21,801,402	2,433,973	865,857	1,584,644	25,766,470	3,664,139	929,405	887,346
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Monetary Other Liabilities	29,701,000	5,000,000	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**51,502,402**	**7,433,973**	**865,857**	**1,584,644**	**25,766,470**	**3,664,139**	**929,405**	**887,346**
14. Trade Payables	2,660,237	-	400,000	-	7,233,552	-	1,199,992	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	**2,660,237**	**-**	**400,000**	**-**	**7,233,552**	**-**	**1,199,992**	**-**
18. Total Liabilities (13+17)	**54,162,639**	**7,433,973**	**1,265,857**	**1,584,644**	**33,000,022**	**3,664,139**	**2,129,397**	**887,346**
19. Net Asset/ (Liability) Position of Off Balance Sheet Derivative Instruments (19a-19b)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19a Amount of Asset Nature Off-Balance Sheet Derivative Instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
19b. Amount of Liability Nature Off-Balance Sheet Derivative Instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
20. Net Foreign Asset/ Liability Position (9+18+19)	**(45,965,898)**	**(7,244,012)**	**(553,880)**	**748,616**	**(28,780,853)**	**(3,538,455)**	**(1,698,207)**	**71,400**
21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(45,981,600)**	**(7,244,012)**	**(556,241)**	**748,616**	**(28,794,717)**	**(3,538,455)**	**(1,700,507)**	**71,400**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging								
23. Export	**42,494,453**	**1,073,775**	**1,890,913**	**23,540,312**	**33,613,496**	**797,564**	**2,020,573**	**17,237,576**
24. Import	**1,771,302**	**-**	**266,337**	**-**	**2,219,301**	**-**	**368,165**	**-**

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2019	**Table of Sensitivity Analysis for Foreign Currency Risk**			
	Profit/ Loss		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD	(4,303,088)	4,303,088	(4,303,088)	4,303,088
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**(4,303,088)**	**4,303,088**	**(4,303,088)**	**4,303,088**
Change of EUR by 10% against TL:				
4- Asset/ Liability denominated in EUR	(368,363)	368,363	(368,363)	368,363
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(368,363)**	**368,363**	**(368,363)**	**368,363**
Change of other currencies by 10% against TL				
7- Assets/ Liabilities denominated in other foreign currencies	74,862	(74,862)	74,862	(74,862)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**74,862**	**(74,862)**	**74,862**	**(74,862)**
TOTAL (3+6+9)	**(4,596,589)**	**4,596,589**	**(4,596,589)**	**4,596,589**

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2018	Table of Sensitivity Analysis for Foreign Currency Risk			
	Profit/ Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL:				
1- Asset/Liability denominated in USD	(1,861,546)	1,861,546	(1,861,546)	1,861,546
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**(1,861,546)**	**1,861,546**	**(1,861,546)**	**1,861,546**
Change of EUR by 10% against TL:				
4- Asset/ Liability denominated in EUR	(1,025,066)	1,025,066	(1,025,066)	1,025,066
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(1,025,066)**	**1,025,066**	**(1,025,066)**	**1,025,066**
Change of other currencies by 10% against TL				
7- Assets/ Liabilities denominated in other foreign currencies	7,140	(7,140)	7,140	(7,140)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**7,140**	**(7,140)**	**7,140**	**(7,140)**
TOTAL (3+6+9)	**(2,879,472)**	**2,879,472**	**(2,879,472)**	**2,879,472**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

ii) Interest risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

	Interest Rate Position Schedule	
	31 December 2019	**31 December 2018**
Financial instruments with fixed interest rate		
Financial assets	42,534,309	38,026,679
Financial liabilities	257,320,547	218,050,298
Financial instruments with floating interest rate		
Financial liabilities	2,239,952	2,443,317

iii) Price risk

The operational profitability of the Company and the cash flows generated by these operations are affected by the changes in the raw material prices and market competition. These prices are closely followed up by the Company management to reduce the pressure of the costs on selling prices and necessary precautions for cost reductions are taken accordingly. Price risk is monitored by Board of Directors and Audit Committee via regular meetings.

d) Capital risk management:

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio and changes in the earnings before interest depreciation and amortization ("EBITDA"). Gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings due to related parties - non trade less cash and cash equivalents. EBITDA is calculated as operational profit/ (loss) less depreciation, amortization, employment termination benefits and other nonrecurring expenses:

	31 December 2019	**31 December 2018**
Total financial liabilities	186,573,178	140,254,479
Less: Cash and cash equivalents (Note 5)	(3,298,440)	(1,381,537)
Net debt	183,274,738	138,872,942
Total equity	51,690,664	64,497,727
Debt/ equity ratio	**355%**	**215%**

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2019

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

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 is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments:

Financial Assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables and due from related parties, are considered to approximate their respective carrying values due to their short-term nature.The cost of financial assets available for sale investments less, if any, impairments are considered to approximate their fair values.

Financial Liabilities

Fair values of bank borrowings are disclosed in Note 14.

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2019 and 2018:

(Amounts expressed in Turkish lira ("TL") unless otherwise indicated.)

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)(Continued)

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2019 and 2018:

31 December 2019

	Level 1	Level 2	Level 3 (*)	Total
Available-for-sale investments	1,329,139	-	6,215,062	7,544,201
Total assets	**1,329,139**	**-**	**6,215,062**	**7,544,201**

31 December 2018

	Level 1	Level 2	Level 3 (*)	Total
Available-for-sale investments	781,846	-	3,882,098	4,663,944
Total assets	**781,846**	**-**	**3,882,098**	**4,663,944**

(*) Please see Note 27 for the movement of Level 3 financial instruments.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

31 December 2019

	Level 1	Level 2	Level 3	Total
Property, Plant and Equipment:				
Land	-	17,100,000	-	17,100,000
Buildings and land improvements	-	71,750,000	-	71,750,000
Machinery and equipment	-	115,449,342	-	115,449,342
Total assets	**-**	**204,299,342**	**-**	**204,299,342**

31 December 2018

	Level 1	Level 2	Level 3	Total
Property, Plant and Equipment:				
Land	-	12,425,000	-	12,425,000
Buildings and land improvements	-	56,113,043	-	56,113,043
Machinery and equipment	-	122,201,135	-	122,201,135
Total assets	**-**	**190,739,178**	**-**	**190,739,178**

NOTE 30 - SUBSEQUENT EVENTS

At the meeting of the Company's Board of Directors dated 15 January 2020, it has been decided to cease the operations of the Company's plant in Isparta Akçaağaç. As of 31 December 2019, the net book value of the tangible assets in Akçaağaç plant (including IFRS 16) is TL6,845,389. According to the "TAS 36 - Impairment of Assets" standard regarding these assets, no impairment was identified.
