2018

PINAR SU
ANNUAL REPORT

daha iyi bir yaşam için

Reporting Period
01.01.2018 - 31.12.2018

Trade Name
Pınar Su Sanayi ve Ticaret A.Ş.

Trade Registry and Number
İzmir Trade Registry 45707-K-2016

Authorized Capital
TL 50,000,000

Paid-in Capital
TL 44,762,708.45

Contact Details

Headquarters
Kemalpaşa Mah. Kemalpaşa Cad.
No:262 Bornova/İzmir
Phone: (232) 436 52 50
Fax: (232) 436 52 04

General Directorate
Kemalpaşa Mah. Kemalpaşa Cad.
No:262 Bornova/İzmir
Phone: (232) 436 52 50
Fax: (232) 436 56 80

Website - Social Media
www.facebook.com/pinarsuofficial
www.twitter.com/pinarsuofficial
www.instagram.com/pinarsuofficial

CONTENTS

Following closely the consumption trends in its sector, Pınar Su continues its investments and works towards becoming a "beverage company".

One of the Working, Producing and Leading Groups In Turkey...

Since its foundation, Yaşar Group has adopted the motto of "non-stop working, producing and contributing in the country" to enrich Turkish economy, society, environment, life quality and human health without compromising corporate and ethical principles. Yaşar Group is one of Turkey's leading groups and today operates with 22 companies, 24 factories and facilities, 2 foundations and 7,500 employees and stands on "Durmuş Yaşar Enterprise" founded in 1927 by Durmuş Yaşar in Izmir to sell naval materials and coating products.

FOOD AND BEVERAGE GROUP	COATINGS GROUP	TISSUE PAPER GROUP	TRADE AND SERVICE GROUP	FOUNDATIONS
Food • Pınar Süt • Pınar Et • Yaşar Birleşik Pazarlama • Pınar Foods GmbH • HDF FZCO • Hadaf Foods Industries LLC ***Beverage*** • Pınar Su ***Agriculture, Husbandry and Fishery*** • Çamlı Yem Besicilik	• Dyo Boya Fabrikaları • AO Kemipeks • S.C. Dyo Balkan SRL • Dyo Africa Paints and Varnishes LLC	• Viking Kağıt	• Altın Yunus Çeşme • Bintur • Yaşar Dış Ticaret • Yaşar Bilgi İşlem ve Ticaret • Yadex International GmbH • Desa Enerji • Desa Elektrik • Arev Gayrimenkul	• Yaşar Eğitim ve Kültür Vakfı • Selçuk Yaşar Spor ve Eğitim Vakfı

The most common brands in different sectors

Pınar and DYO, the locomotive brands in the food, beverage and coatings sectors, which are the main business branches of Yaşar Group, are ranked first in the "ranking of the most well-known brands by the consumer"in Turkey. The shares of Pınar Süt, Pınar Et, Pınar Su, Dyo Boya, Viking Kağıt and Altın Yunus Çeşme which are subsidiaries of Yaşar Holding A.Ş. operating in the fields of food, beverage and coating as well as cleaning papers, tourism, foreign trade and energy are traded in Istanbul Stock Exchange.

The rooted corporation which has broken many grounds in Turkey

Yaşar Group has accomplished many "firsts"in Turkey with its innovative approach:

- First coating factory and brand, DYO
- First private sector milk factory in international standards, PINAR SÜT
- First 1.100 beds first class holiday village, ALTIN YUNUS ÇEŞME
- First private sector paper factory, VIKING KAĞIT
- Natural spring water in first one way package, PINAR SU
- First private sector integrated meat plant, PINAR ET
- First integrated turkey plant,
- First culture fishing plant and first culture fish production, PINAR DENIZ
- First organic fertilizer factory, ÇAMLI YEM

An approach that values the environment and society

Adopting as one of the basic principles of following and minimizing the possible effects of all its activities on Environment and human from production to trade, Yaşar Group continues its activities in accordance with all laws and regulations. Yaşar Group contributes in sports, culture and art through its long term social responsibility projects and Yaşar Eğitim ve Kültür Vakfı (Yaşar Education and Culture Foundation) and Selçuk Yaşar Spor ve Eğitim Vakfı (Selçuk Yaşar Sports and Education Foundation) designs several projects. Yaşar University is developing to become one of the most successful universities in the country.

Yaşar Group, which participated in the United Nations Global Compact on November 12, 2007, published a Sustainability Notice Report for 2009 and 2010 and a Sustainability Report for 2011-2017. Progress notices and sustainability reports published by the Group under the Global Compact can be accessed on the corporate website at www.yasar.com.tr.

Group signed UN Women's Empowerment Principals "CEO Statement of Support" in 2012 and made commitments about fair gender policies with "Gender Equity Policies in the Workplace" in 2013.

Message from Chairperson

With its 35 year long experience in the sector, ability to have position fast and a powerful capital structure; Pınar Su reached a net sale figure of TL 234.2 million and achieved a growth of 18% in 2018.

Dear Shareholders,

Being the first bottled water brand with TSE certificate and the pioneer in the sector with its responsible producer ID; Pınar Su realized difference creating works on products, productions and services in 2018. Our company has followed the global markets as well as the developments in local sector in order to achieve "food safety and unconditional customer satisfaction" since its establishment in 1984 and takes steps in parallel with its sustainable growth vision.

The year 2018 we left behind had a positive atmosphere for the global community in terms of growth. Institutions such as the IMF, the World Bank and the OECD predicted growth in the world economy in the range of 3%-3.7% for 2018, while growth forecasts for 2019 were also announced in the same range. In Turkey, it is envisaged that 2018 will be completed with a growth rate close to the world average; however, following the exchange rate shock in the third quarter of last year in our country's economy, there was a slowdown. The IMF and the World Bank have reduced Turkey's growth forecasts in 2019. On the other hand, growth estimations obtained from questionnaires of Turkish Republic Ministry of Finance and Treasury and Turkish Republic Central Bank were 2.3% and 1.6%, respectively. During such period, in which slowdown tendencies occurred globally, we believe that Turkish Economics shall enter into the process of recovery and stabilization again in 2019.

Despite the tough conditions in economics; with its 35 year long experience in the sector, ability to have position fast and a powerful capital structure, Pınar Su reached a net sale figure of TL 234.2 million and achieved a growth of 18% in 2018. Our Company realized a sale tonnage of 513 thousand tones and made a gross profit of 97.4 million TL in 2018.

Packaged Water Market Expanded
Consumers, who change their nutrition styles in order to have a healthier life, tends to consume sports drinks, ice tea, bottled water, energy drinks and aromatic water more. Changes on consumption habits are also reflected to the growth rates of the said categories.

In 2018, bottled water market expanded 4% when compared to the previous year and reached a volume of 12.1 billion litters (SUDER). While the local brands forms about 60% of the total market, Pınar Su is among the first 5 national players.

Increase In Export Revenues
We have a significant responsibility as being the only company with 100% Turkish capital among the large companies making sales in national level. With our laboratory facilities, we offer water to our consumers after the application physical, chemical and microbiological

tests at each stage of production from its source to filling; we realize exports to 20 countries. While we realized 13.6% of total Turkish water exports, we increased our export volume to 56 thousand tons and our export revenue to 7.1 million USD. We have an increase of 18% in tonnage and 48% in revenues in our export figures. In 2019, our target markets shall be China and other Far East countries. Our works targeting new markets shall continue in the future terms with the same pace.

Products Creating Difference, Target Based Investments

While Pınar Su saves its competitive position in the sector thanks to its powerful sales network, the company reached different target masses and realized activities meeting the consumer demands with the re-launches and new product launches within the year. Re-launch activities were performed in lemonade category, where we entered last year, and "Pınar Life My Pınar Minions" product launch were realized by emphasizing the values of "trust, naturalness, family connection". Our entry into fruity mineral market segment with several products simultaneously brought us forward in competition last year.

With the new products added in 2018, we offered 14 different types of products in water category, 4 different types of mineral water, 4 different types of lemonades and 5 different products in fizzy-fruity drink category. Furthermore we offered our glass and pet products with different volumes to our consumers for out of home consumption.

We reflect our vision to be a drink company to all our work processes. We process waters obtained from Madran, Gökçeağaç and Uludağ springs at our facilities designed in compliance with Industry 4.0 requirements. We continued our quality, productivity and technology oriented investments in 2018 and the total investment volume was realized as 17.5 million TL. In the first quarter of 2018, we made a fruity drink investment in our Aydın Bozdoğan facility. With this investment, the facility can manufacture fizzy and still drinks in addition to spring water filling. With the transition to simple production model in this facility, we obtained productivity in energy, outage, workmanship and production lines. We obtained a capacity increase and productivity at Pınar Su Hendek facilities with a modification in 1.5 L product line. We aim to create added value to our manufacture processes with our machinery infrastructure investments realized with the integration of innovative technologies.

We plan to realize investments with automation projects which shall have a positive effect on productivity by increasing energy efficiency in Uludağ facility in 2019 and improving Industry 4.0 infrastructure at Hendek facility.

We Do Not Give Up on Quality

Trust on Pınar brand and our sense of high quality products and manufacture are the facts lying behind the success which brings us today. We work at international manufacture standards with up-to-date technology and we request our sensitivity on quality from all our stakeholders.

Pınar Su is the first Turkish drink brand which registers its quality by getting a competence certificate from American National Sanitation Federation (NSF) and chooses its suppliers among the companies who perform their liabilities for public health, food safety and environment. The Company procures all packaging materials, especially pet preforms, from specialist manufacturers and we perform all our duties and responsibilities related to the inspections, development and improvement of suppliers completely.

As Pınar Su, we monitored the consumption tendencies in the sector and continued to integrate the data obtained into or production activities in 2018. Monitoring the global trends and Turkish market closely, we expedite our works and investments with our target to be one of the leading drink companies in different categories within the sector.

We are Responsible to Future Generations

"Pınar Su, which has the same responsibility with all Yaşar Group companies in the target of creating "A Better World to Live", focuses on efficient and productive usage of limited natural sources. We take concrete steps from energy usage to waste management, from the plastic quantities used in our products to decreasing our carbon emission values.

We decreased package consumption and stretch usage with the improvements we made in Glass Water products within the year. We decreased carton package usage with the automation investment in Aydın Bozdoğan. While we increase the capacity, we decreased logistics costs and unit product energy costs significantly with technology and automation investments realized at Bursa İnegöl Facility. With the automation based applications realized in production lines, we decreased waste water quantities in Aydın Bozdoğan facility and Sakarya facility at 19% and 16% levels, respectively. We reached to the market easily, decreased our storage and logistics costs with our new planning approach and we improved our uninterrupted production capability with line replacement activities.

I would like to thank all of our employees and stakeholders who contributed to our achievement of our goals in 2018 and who did not devote their effort to their support.

Best Regards,

Emine Feyhan Yaşar
Chairperson

Board of Directors

EMİNE FEYHAN YAŞAR
CHAIRPERSON

İDİL YİĞİTBAŞI
VICE CHAIRPERSON

MUSTAFA SELİM YAŞAR
MEMBER

ALİ YİĞİT TAVAS
INDEPENDENT MEMBER

KEMAL SEMERCİLER
INDEPENDENT MEMBER

YILMAZ GÖKOĞLU
MEMBER

CENGİZ EROL
MEMBER

Background information of Board of Directors is given on pages 37-38.

Senior Management and Committees

BOARD OF DIRECTORS AND TERMS OF OFFICES

NAME SURNAME	TITLE	TERM
EMİNE FEYHAN YAŞAR	CHAIRPERSON	30.03.2018 - 1 YEAR
İDİL YİĞİTBAŞI	VICE CHAIRPERSON	30.03.2018 - 1 YEAR
MUSTAFA SELİM YAŞAR	MEMBER	30.03.2018 - 1 YEAR
ALİ YİĞİT TAVAS	INDEPENDENT BOARD MEMBER	30.03.2018 - 1 YEAR
KEMAL SEMERCILER	INDEPENDENT BOARD MEMBER	30.03.2018 - 1 YEAR
YILMAZ GÖKOĞLU	MEMBER	30.03.2018 - 1 YEAR
CENGİZ EROL	MEMBER	30.03.2018 - 1 YEAR

Limitations of Authorities:
Chairperson of Board of Directors and Board Members have the powers set out in relevant articles of Turkish Commercial Code and Articles 12 and 13 of the Company's Articles of Association.

Corporate Governance Rating:
In 2018, corporate governance rating of Pınar Su was revised upwards to 9.50 out of 10.

SENIOR MANAGEMENT

NAME SURNAME	POSITION
HÜSEYIN KARAMEHMETOĞLU	GENERAL MANAGER
ONUR ÖZTÜRK	FINANCIAL AFFAIRS AND FINANCE DIRECTOR

AUDIT COMMITTEE

NAME SURNAME	POSITION
ALİ YİĞİT TAVAS	HEAD OF COMMITTEE
KEMAL SEMERCILER	MEMBER

CORPORATE GOVERNANCE COMMITTEE

NAME SURNAME	POSITION
ALİ YİĞİT TAVAS	HEAD OF COMMITTEE
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER
ONUR ÖZTÜRK	MEMBER

EARLY DETECTION OF RISK COMMITTEE

NAME SURNAME	POSITION
KEMAL SEMERCILER	HEAD OF COMMITTEE
YILMAZ GÖKOĞLU	MEMBER
CENGİZ EROL	MEMBER

Pınar Su and 2018 at a Glance

Pınar Su continued to grow and produce in 2018.

The only company with %100 Turkish capital among large companies in national scale

2 million tonnes
PRODUCTION CAPACITY

More than
400
DEALERS

35 years of
SECTORAL BACKGROUND

Production facilities in 4 different locations

12.1 billion liters
VOLUME OF PACKAGED WATER VOLUME IN TURKEY (SUDER)

4%
TURKISH MARKET VOLUME GROWTH (SUDER)

234.2 million TL
TURNOVER

18%
TURNOVER GROWTH

Gross profit of
97.4 million TL

11%
FOREIGN SALES

EXPORTS TO **20** COUNTRIES

422
average number of employees

Investment Expenditure of
17.5 million TL

2018 FINANCIAL PERFORMANCE

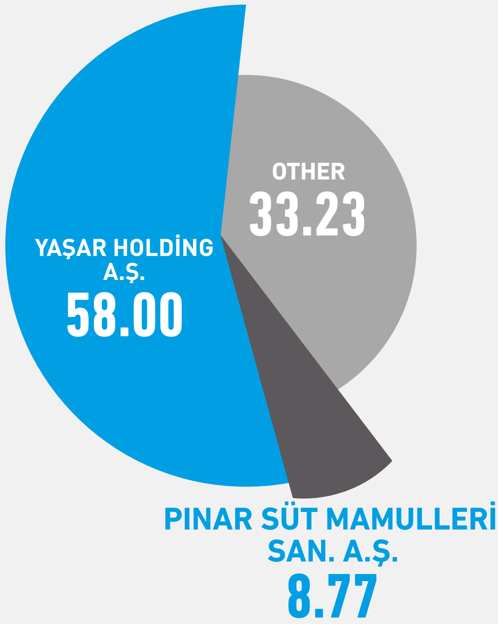
(Million TL)	01.01.2018-31.12.2018	01.01.2017-31.12.2017
Net Sales	234.2	198.3
Gross Profit	97.4	87.2
Gross Profit Margin	42.0%	44.0%

(Million TL)	31.12.2018	31.12.2017
Shareholder's Equity	64.5	64.0
Assets	294.0	247.0
Total Liabilities/Equity Ratio	3.55	2.86

Company Profile

Pınar Su, which is the only brand with 100% Turkish capital among large companies that sell at the national level, continues its journey started 35 years ago with the vision of being a "beverage company" today.

PINAR SU SHAREHOLDING STRUCTURE (%)



Shareholder	Share Rate (%)	Share Amount (TL)
YAŞAR HOLDİNG A.Ş.	58.00	25,961,413.57
PINAR SÜT MAMULLERİ SANAYİİ A.Ş.	8.77	3,927,525.25
OTHER	33.23	14,873,769.63
Total	**100.00**	**44,762,708.45**

Pınar Su's shares are traded at Borsa Istanbul Main Market under the ticker symbol "PINSU".

The Company's capital is represented entirely by bearer shares, and there is no privilege with regard to the Company's shares.

Pınar Su, subjecting water to physical, chemical and microbiological tests at every stage of production from source to filling and making it ready for consumption accordingly, exports to 20 countries in addition to domestic market.

Pınar Su keeps providing the waters from the springs of Madran, Gökçeağaç, Akçaağaç and Uludağ under the brand "My Life Spring"" at the highest quality and with a hygienic environment well above the standards of the sector.

VISION TO BECOME A BEVERAGE COMPANY

While conducting its activities with the vision to "become a beverage company", Pınar Su continued its activities without interruption with relaunched products and increased sales points in 2018.

Pınar Su aims to further increase its market share both in and out of Turkey with its new product development efforts in the near future.

Pınar Su, which has facilities working with global standards and the latest technologies, is filling the products without any human touch. Water is processed with Class 100 Isolator and Clean Room technology without disrupting its natural structure and changing its mineral balance.

Pınar Su continues to lead the sector with international high standards applied in all business processes from logistics activities to production points. Leaping forward to national and international markets, the Company continues its activities with the purposes of developing consumer satisfaction and sustainable growth.

FIRST WATER PRODUCT WITH TSI CERTIFICATE

Pınar Su maintains its leading position with being the first packaged water brand with TSI certificate in Turkey.

Pınar Su, which uses the most advanced technologies of the world in all filling facilities and continuously monitors technological developments in the sector, is filling the products without any human touch, in a fully hygienic atmosphere, positively pressurized with sterile air, blocked to air input from outside and the air of which is always cleaned.

The company's certifications put forward the importance it attaches on food safety, hygiene and hygiene-health standards, quality, environment, work health and safety and customer satisfaction. Pınar Su stands out as the first Turkish beverage brand to register its quality by acquiring a certificate of competency from the American National Sanitation Board (NSF).

The company has recently been certified under BRC, the international food safety standard.

Competitive Superiorities

Pınar Su stands out in competition with its spring water having international standards and reaching to consumers in hygienic conditions, its logistics power achieved by producing at 4 different springs close to target markets and 35 years of experience.

GROWING PRODUCT PORTFOLIO

- Production from Madran, Gökçeağaç, Akçaağaç and Uludağ natural water sources in all packaging formats and volumes of SKUs based on changing needs of consumers
- Simple and flavored mineral water portfolio
- Sugar and sugar-free lemonade
- Pınar Fri product family consisting of a combination of natural spring water and fruit juices

BRAND AWARENESS

- Strong brand reliability
- Among the brands of Superbrands® Turkey
- High customer satisfaction

* Among 2018 Lovemarks of Turkey

WIDE DISTRIBUTION AND SERVICE NETWORK

- Logistic power obtained by manufacturing from 4 different sources close to target markets

Sales and distribution network of vendors located all over Turkey

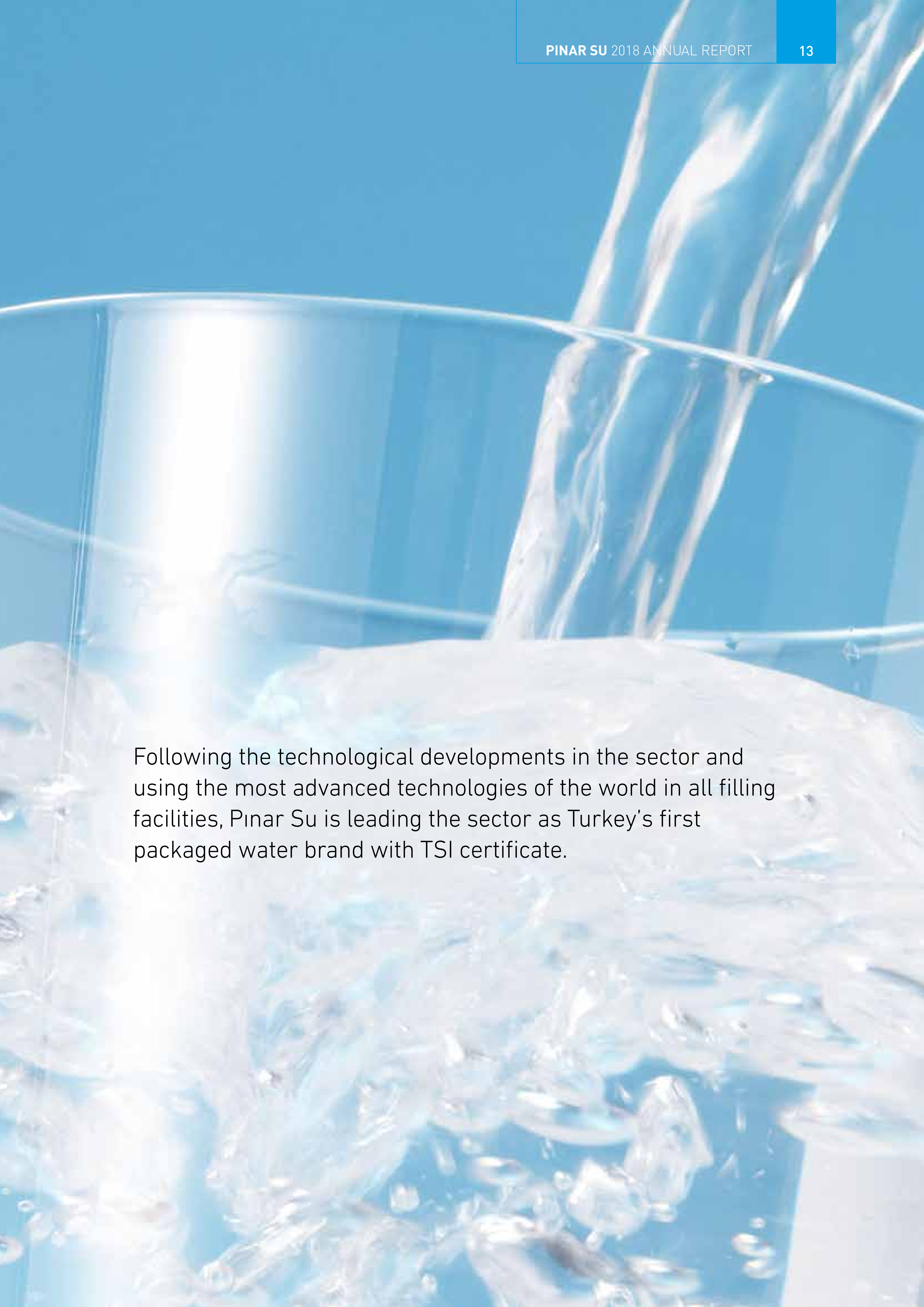
- Order line implementation
- "Online" ordering system
- Mobile ordering app
- Corporate collaborations

PRODUCTION

- Spring water with international standards reaching consumers in natural and hygienic conditions
- Capability to supply product in any form of packaging that may be preferred by consumers (PET, polycarbonate carboy, glass carboy and glass)
- Sectoral knowledge and experience of 35 years
- Clean Room technology

Strong Brand

As a result of the evaluations of selection committee members of Superbrands Turkey, an independent international authority on brand management and marketing, Pınar was chosen as one of the super brands of Turkey in 2018.



Following the technological developments in the sector and using the most advanced technologies of the world in all filling facilities, Pınar Su is leading the sector as Turkey's first packaged water brand with TSI certificate.

Pınar Su Products

MADRAN
- 0.50L pet bottle
- 1.50L pet bottle
- 5L pet bottle
- 0,33 L glass bottle
- 0.75L glass bottle
- 19L carboy

- Friii Lime Soda
- Frii Tangerine Soda
- Frii Red Grape Soda
- Frii Pomegranate Soda
- Frii Melon Soda
- Pınar 1 L Lemonade
- Pınar 1 L Sugar-free Lemonade
- Pınar 0.33 L Lemonade
- Pınar 0.33 L Sugar-free Lemonade

GÖKÇEAĞAÇ
- 0.33L pet bottle
- 0.50L pet bottle
- 1.50L pet bottle
- 1L pet bottle

AKÇAAĞAÇ
- 0,20L cup
- 0,33L Minions
- 0,33L Smurfs
- 0.50L pet bottle
- 0.75L athlete bottle
- 1L pet bottle
- 1.50L pet bottle

ULUDAĞ
- 0.50L pet bottle
- 5L pet bottle
- 10L pet bottle
- 15L glass carboy
- 19L carboy

PINAR MINERAL WATER
- 0,20L plain mineral water
- 0,20L apple flavored mineral water
- 0,20L lemon flavored mineral water
- 0,20L watermelon&strawberry flavored mineral water

Health From The Highest Quality Sources

Pınar Madran
- Sulphate 7.9 mg/L
- Sodium 4.9 mg/L
- Chloride 3.6 mg/L
- pH 6.8
- Conductivity 60 µS/cm

Pınar Gökçeağaç
- Sulphate 7.7 mg/L
- Sodium 5.6 mg/L
- Chloride 1 mg/L
- pH 8.2
- Conductivity 130.3 µS/cm

Pınar Akçaağaç
- Sulphate 2.2 mg/L
- Sodium 1.5 mg/L
- Chloride 2.0 mg/L
- pH 8.01
- Conductivity 218 µS/cm

Pınar Uludağ
- Sulfate 3.69 mg/L
- Sodium 2.66 mg/L
- Chloride 0.80 mg/L
- pH 7.76
- Conductivity 54.6 µS/cm

Innovations for Changing Trends

Pınar Su, adding new products in different beverage categories to its product range in 2018, closely follows consumer behaviors and programs its works according to changing demands.

With its innovative vision, Pınar Su carried out many different activities in 2018. Adopting 100% consumer satisfaction in all processes from production to packaging, quality check to delivery and order stages, the Company relaunched in 2018 its Lemonade products portfolio which was previously launched in 2017 and renewed the 0.33L and 1L pet bottles with sugar and sugar-free varieties.

The Pınar Frii product family, launched in 2017, was started to be produced with natural spring water in the company's own production facilities in 2018. The Pinar Frii family, relaunched with mandarin, lime, pomegranate, red grapes and melon, was presented to the taste of a large number of consumers by increasing the number of sales points.

In addition to the Smurfs product family that addressed to the children target audience, a new licensed product family consisting of the characters of the recently popular cartoon Minions for the same target audience was introduced to consumers in 2018. Products offered to children to have them love drinking water, presented practical lid and ergonomic bottle with ease of use, and 5 different characters offered in 0.33 L bottles were appreciated.

Aiming to grow in the glass bottle category, Pınar Su has closely followed consumer trends and realized different product designs. Designed specifically for new year's Eve in December 2018, glass bottle 0.33 L and 0.75 L products were one of the works carried out in line with this target. Pınar Su will continue to develop new products in this category in 2019.

Pınar Su, which strengthens its position in the market with innovative works it carried out , will continue to work to further increase consumer satisfaction in 2019 with its continuously developed technological infrastructure in existing and new beverage categories.

Sector Overview

Packaged water sector, one of the fastest growing sectors in the world grew by 4% in terms of tonnage in 2018.

On the basis of the fact that the most significant key for an healthy life is healthy nutrition, while the consumers move away from sweet-fizzy drinks, they caused a growth in sports drink, ice tea, bottled water, energy drink and aromatic water categories.

PACKAGED WATER MARKET IS GROWING

Consumers, who change their nutrition styles in order to have a healthier life, tends to consume sports drinks, ice tea, bottled water, energy drinks and aromatic water more. Changes on consumption habits are also reflected to the growth rates of the said categories.

In 2018, bottled water market expanded 4% when compared to the previous year and reached a volume of 12.1 billion litters (SUDER). While the local brands form about 60% of the total market, Pınar Su was among the first 5 national players.

Pınar Su monitors global trends and Turkish market closely and expedites its works with a target to be one of the leading drink companies in different categories within the sector in 2019 and later.

NET SALES REVENUE:
234.2 million TL

TOTAL EXPORTS:
7.1 million USD

Activities in 2018

Pınar Su achieved a growth of 18% in 2018 and the sale tonnage of the Company was realized as 513 thousand tones.

Position of Pınar Su in the Sector

Pınar Su is the only company with 100% Turkish capital among the large companies making sales in national level. With its strong brand image and prominent competitive characteristics, Pınar Su is among the 5 largest companies in the market where the local players are dominant with a share of 60%.

Pınar Su achieved a growth of 18% with a net sale figure reaching to TL 234.2 million and its total sale tonnage was 513 thousand tones in 2018. While the Company made a gross profit of 97.4 million TL, the amount of the investments made was 17.5 million TL in 2018.

In 2018, Pınar Su re-launched its lemonade products portfolio. Pınar Frii product family was started to be produced with natural spring water in the Company's own facilities in 2018. Furthermore, new licensed product family consisting of the characters of Minions, the popular carton, addressing the children as their target mass, were presented to the taste of consumers in 0.33L bottles. In addition, 0.33L and 0.75L special design glass bottles were launched in December 2018.

Mineral water, lemonade and fizzy fruity drink segment expanded with new products of Pınar Su expanded and their share in the total sales increased day by day. The sales of these products increased by 31% in 2018. Furthermore, a considerable increase was seen in glass products, especially in recyclable ones, in 2018.

7.1 MILLION USD EXPORT REVENUE

One of the leading water brands exported from Turkey, Pınar Su is realizing 13.6% of Turkey's total water exports. In 2018, Pınar Su increased its exports made to 20 countries to 56 thousand tons and its export revenue to 7.1 million USD and realized a growth of 18% in tonnage and 48% in revenue.

The Company has made exports to USA, Germany, Azerbaijan, UAE, Bahrain, Checkia, Iraq, England, Ireland, Switzerland, Qatar, TRNC, Kosovo, Kuwait, Malta, Romania, Singapore, Trinidad & Tobago, Ukraine and Greece markets in 2018.

The Company realized 11% of its total sales to the foreign markets and the share of England, Germany and other surrounding European countries in exports was 78%. Pınar Su started to export Pınar Frii and Pınar Lemonade products developed for existing and potential markets in 2018.

Pınar Su plans to enter into new markets with the added value drink products segment whose production was started in 2018 in all over the world especially in the markets where it is active and the Company also aims to increase its export revenues in this way. Pınar Su makes preparations to enter China and other Far East markets and shall continue its growth in all over the world in 2019.

SHARES OF EXPORTS IN SALES:
11%

TONNAGE GROWTH IN EXPORTS:
18%

Pınar Su Customers and Consumers

Pınar Su tries to offer the best to his consumers with its brand communications realized emphasizing on “Trust, Naturalness, Family Connection” values, new products included in its portfolio, assorted and improved services.

Pınar Su continues its operations aiming to offer the best products to its increasing customer mass both with the new products offered in 2018 and its existing large portfolio. In line with this target, the Company gives primacy on communication activities in addition to competitive marketing strategies.

With the new products added in 2018, the Company offers 14 different types of products in water category, 4 different types of mineral water, 4 different types of lemonades and 5 different products in fizzy-fruity drink category to consumers.

19L polycarbon carboy and 15L glass carboy water solutions are offered for domestic consumption on the basis of different usage needs. Pınar Su also offered glass and pet products with different dimensions to its customers for out of house consumption.

The company has managed to make a difference with the new areas it entered in the beverage sector. While the Company came to the forefront in competition by entering into the fruity mineral water segment with several products simultaneously, it has achieved successful results in the lemonade market entered with the products launched last year.

PINAR LIFE SPRING FILLING FACILITIES

ULUDAĞ

Pınar Su Uludağ Facility, which was established in Bursa İnegöl with new investments, is about 1,600 meters above the settlement regions. With a hardness scale of 3.5 Fr, the spring is one of the most qualified springs from taste and content aspect. In 2019, investments to improve energy efficiency are planned to be made in the facility, which is one of the most qualified springs in Turkey.

MADRAN

Pınar Su Madran Spring, which is about 1,000 meters above the settlement regions, operates in Aydın-Bozdoğan and has a hardness scale of 1.65 Fr. It is shown as one of the most qualified springs in Turkey due to these characteristics.

AKÇAAĞAÇ

Water obtained from Akçaağaç Spring located in a point far away from Isparta-Eğridir city center and industrial wastes contains minerals with low sodium, special calcium and magnesium values and it helps to maintain the balance of human metabolism.

GÖKÇEAĞAÇ

Gökçeağaç Spring in Sakarya Hendek is located on an untouched green area.

TRUST, NATURALNESS, FAMILY CONNECTION

Pınar Su secured its position in the market with new products and realized significant works in marketing in 2018.

While the most significant reference of Pınar Su is the power and reputability of Pınar brand in foods and drink sector, the company emphasizes on "trust, naturalness, family connections" in brand communication. The Company puts the features of healthy and tasty water offered to the suppliers forward for brand recognition.

Pınar Su was shown among the most loved brands in water category in "LOVEMARKS of TURKEY 2018" research which was realized for the 11th time in 2018.

Pınar Su improves its competitive position in the sector with its sales and distribution network which is strengthened every year and develops its position in the market with new products and services.

With this regard, developments have been made on the mobile applications for sales and distribution network in 2018.

Works Performed in line with Marketing Strategy:

• Re-launching communication with the consumers was realized with radio commercials for Pınar Lemonade. In parallel with re-launch, tasting activities were performed. Furthermore, product promotions were supported with social media ads.

• The launch of "Pınar Yaşam Pınarım minions" product was * "Pınar My Life Spring Minions" product was launched. Minions characters were carried to 0.33L bottles and exhibited on the shelves with 5 different product types targeting children.

• Thanks to the contests organized and ads made via social media, interaction between the brand and the customer was increased. Pınar Su and Pınar Frii reached to 16 million single users and played 96 million times.

• Region specific campaigns were performed for carboys for domestic usage. Several gifts were distributed to the customers in special days.

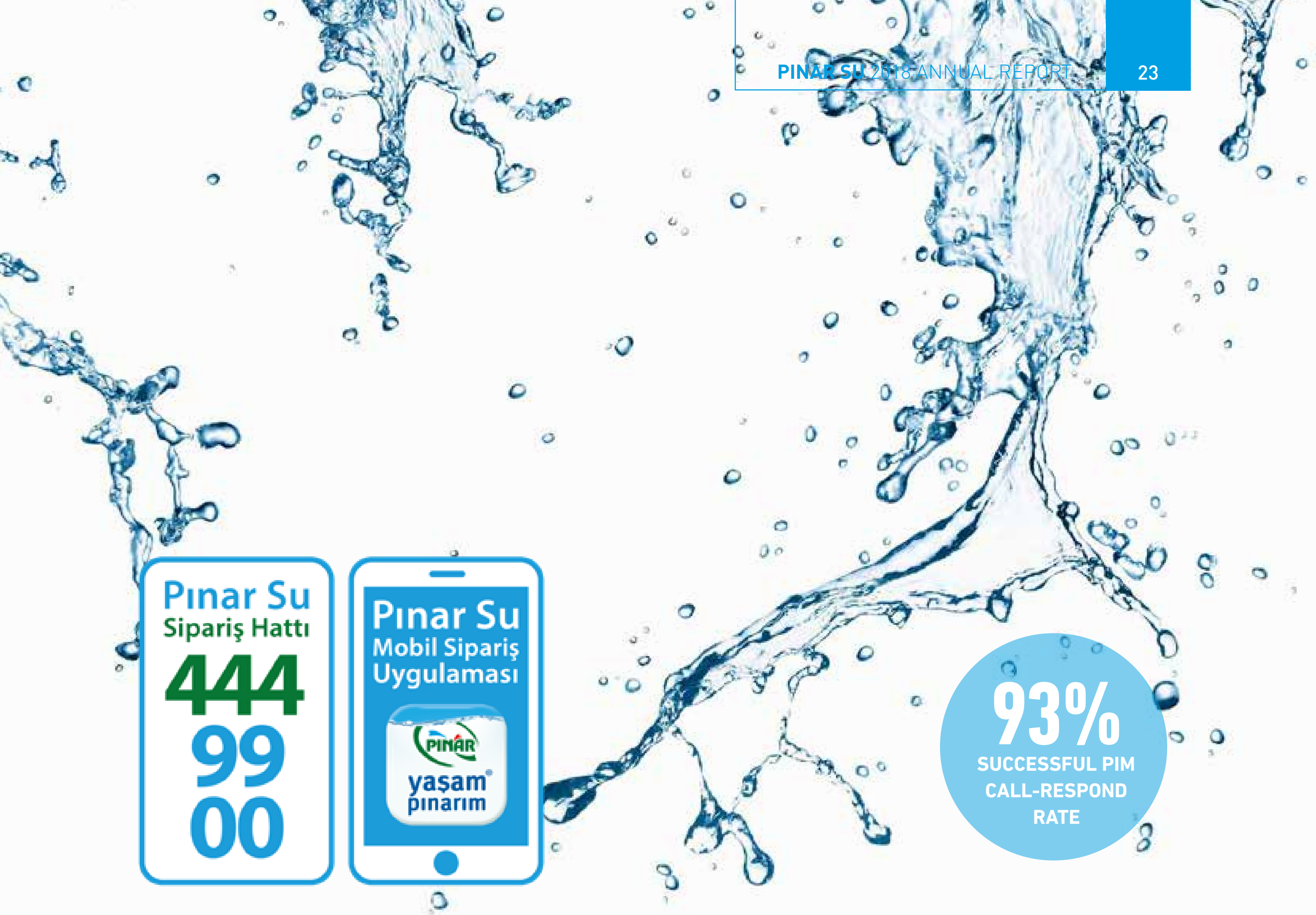
PINAR SU ORDER LINE

Fast and efficient services were continued to be rendered via **444 99 00** Call Center, dealers, mobile application & website. As a result of the regular communication activities realized in 2018; 18%. of the orders were received from digital channels. This rate was 6% and 12% in 2016 and 2017, respectively.

PINAR COMMUNICATION CENTER

The Company operates in continuous communication with its customers without concessions from "Our Consumers and Customers First" principle via Pınar Communication Center (PIM) which can be called from anywhere in Turkey without dealing area code through **444 76 27.**

Demands and complaints received by Pınar Communication Center are examined with care within the Company. Customer demands and complaints received by PIM are replied live by



the operators from 07:00 to 23:00 during seven days of week. According to 2018 data, the rate of successful calls is 90%.

These successful results were also reflected to the customer questionnaire realized in 2018. According to the results of the questionnaire, customer satisfaction rate is 93% for Pınar Communication Center and the customers might also access to Pınar Communication Center via twitter.com/InfoPinar. PIM examines the demands and proposals received from its official Twitter account in social media, solves them and replies to the customers rapidly.

DYNAMIC AND CONTROLLABLE NETWORK

Pınar Su adopts the principle of being accessible all the time, and works with more than 400 pet and dispenser size bottle dealers whose legal standards are inspected continuously by the Company.

Thanks to the renewed technological infrastructure for dealers, the Company renders more dynamic services with controllable quality. Pınar Su monitors criteria like delivery times and stocks availability which are significant for service quality on real time basis and guarantees customer satisfaction with its powerful Call Center operations.

Pınar Su aims to improve service quality with innovative applications and brings all the product assortments to the customers' doorstep thanks to mobile order application, Call Center, internet website and large dealer network.

Quality Department of Pınar Su inspects and evaluates this large dealer network regularly on the basis of certifications, legal liabilities, storage conditions and transportation standards. Development, training and information requirements defined as a result of these inspections are shared with the dealers.

17.5 million TL

YEAR 2018 INVESTMENT AMOUNT

Investments of 2018

Pınar Su also realized significant amounts of investments in 2018.

Pınar Su has made significant amount of fixed asset expenditures for the production of fizzy fruity drink products in the form of new investments in 2018. Total investment expenditures made by Pınar Su reached to 17,496,203 TL last year.

In the first quarter of 2018, Pınar Su made a fruity drink production investment at Aydın Bozdoğan facility. With this investment, in addition to spring water filling, the facility became capable of producing fizzy and still fruity drinks.

Productivity improving investments are planned to be made in 2019.

High Quality

As a responsible producer not compromising from quality, Pınar Su applies globally accepted quality systems and international standards in all its facilities.

Pınar Su establishes its main strategy on quality and continues its operations with up-to-date technology at international manufacture standards. The Company reveals this sense with the certificates and documents owned. Focusing on food safety, cleaning and hygiene-health standards, quality and environmental consciousness, Pınar Su performs all his liabilities as being the first bottled water brand having TSE Certificate in Turkey.

Pınar Su is also the first Turkish drink brand which registered its quality by obtaining a competency certificate from American National Sanitation Federation (NSF).

“CLEAN ROOM” AND COMBI-BLOCK TECHNOLOGY

Thanks to its technological infrastructure, Pınar Su brings water in bottles untouched by human hands.

Pınar Su carries out its production in modern facilities and employs Clean Room technology and Class 100 Isolator containing a full hygienic ambience where the entry of air from outside is prevented by keeping under positive pressure with sterilized air and whose air is cleaned continuously.

Hygienic and safe production targets are realized with the integration of innovative technologies and pet bottle blowing-filling processes are combined together and realized in a single machine block investments.

Pınar Su applies internationally accepted quality systems and international standards in all its production facilities. With our laboratory facilities, we offer water to our consumers after the application of physical, chemical and microbiological tests at each stage of production from its source to filling, from raw material to finished product.

SUSTAINABLE RELATIONS WITH SUPPLIERS

Pınar Su evaluates its suppliers on the basis of criteria like performing their liabilities related to the compliance with corporate values, public health and food safety and environmental consciousness. The Company prefers to work with the firms meeting these criteria.

The Company continuously supervises its suppliers to improve their performances and procures all packaging materials, especially pet preform, from specialist manufacturers.

These supervision checks are made periodically in such a manner to include the operations of the supplier in work safety and environment areas under the frame of quality and food safety management systems. The Company adopts a sustainable communication strategy with its customers and scores its suppliers on the basis of prices, quality and deliveries every month and plans improvement works for those not getting sufficient scores. In addition to contributing to the operational structures of the suppliers from corporate aspects, Pınar Su continuously increases its active suppliers every year.

Productivity Works

In 2018, Pınar Su realized improvements focusing on productivity in facilities.

With the simple production method started to be applied at Aydın Bozdoğan facility; Productivity in energy, outage, workmanship and production lines continued to increase. Automation works were performed in single direction glass line and dispenser size bottled water lines. Robot loading model taken into operation in carboy water line.

As a result of the modifications made in 5-10L production line in Aydın Bozdoğan Facility, improvements were achieved in packaging material costs by using lightweight preform, lightweight cap and lightweight carriage handles.

In Pınar Su Uludağ Facility, which was designed in compliance with the requirements of Industry 4.0 management system, there are production and filling lines having the highest capacity and the most up-to-date technologic infrastructure in bottled water sector in Turkey. Two separate facilities established on an area of 123,000 m2 are managed with production campus model. While returnable dispenser size bottles are filled in one of the facilities, pet bottles are manufactured and filled in the other facility. In this way, production is realized in a very simple manner. Investments are planned to be made in Uludağ facility in order to improve energy efficiency in 2019.

With the modifications on 1.5L product lines at Hendek facility, productivity was improved in addition to the capacity increase. Pınar Su plans investments that effect productivity in a positive way with automation projects to improve Industry 4.0 infrastructure in 2019.


PINAR
yaşam
pınarım
Doğal Kaynak Suyu
Kolayca açın, güvenle için...

Pınar Su Family

Pınar Su believes in the significance of qualified human resources on the way through the sustainable success. Pınar Su performs activities in order to enrich Pınar Su Family with creative, innovative and highly motivated labor force and to contribute the development of existing employees.

Pınar Su regards its employees as the fundamental source of sustainable growth and high quality production and aims to include qualified, creative, target focused, innovative, highly motivated and high performance labor force into its structure within the human resources processes. Pınar Su employed 422 personnel in average in 2018 and continues human resources works to contribute the development of its existing employees and proceeds with its training policy focusing on the development of its existing labor force.

FUNDAMENTALS OF HUMAN RESOURCES POLICIES

- To create a rich candidate pool for all the new opened positions,
- To create employees with high performance and belongingness by employing right persons in the right positions rapidly,
- To adopt novice employees who started to work for the company in the shortest period of time with the orientation programs,
- To organize trainings within or out of the Company on the basis of the requirements occurred,
- To determine spare candidate managers for the positions critical for the Company by executing a "Skills Management"

program for the development of the employees and career planning processes within the Company,

• To increase employee satisfaction and loyalty with action plans, to realize “Employee Opinion Questionnaires”,

• To perform voluntary projects in different areas,

• To perform all the corporate processes in compliance with Pınar Su Corporate Values and Ethical Rules, Labor Law and other legislations and Corporate Regulations,

• To take all the legal actions for all the certificates owned by Pınar Su (WSH, Environmental Management System, Customer Satisfaction, Quality Management System, Food Safety Management System)

422
AVERAGE NUMBER OF EMPLOYEES IN YEAR 2018

Activities Related to Human Resources Processes

• In cooperation with Yaşar University, students and graduates were met up at Career Days in order to create candidate pools.

• Students and graduates were met up at Human Resources Panel under the supervision of Yaşar University Logistics Society in December.

• “Interview Challenge” activity was participated in order to create a candidate tool under the supervision of Kariyer.net in December.

• Pınar Su official webpage was created at LinkedIn. In addition to sharing up-to-date information and activities, announcements for positions were published.

• Trainings on significant issues like ergonomics, hygiene, sustainability, work health & safety and food safety, environmental management system were given.

• In addition to the compulsory trainings, “Training Needs Analysis” was performed in cooperation with a private training company.

Sustainable Environment Understanding

In all its decisions, Pınar Su prefers technologies focusing on energy efficiency, environmental protection and waste management.

The priorities of Pınar Su on sustainability and environment issues are categorized under five main headings: "Energy and Climate Change", Water Management", "Waste management", "Health and safety" and "Social contribution". The Company makes improvements under all these headings.

Pınar Su performs its operations within the frame of these basic targets in compliance with its sustainability strategies.

AMOUNT OF WASTE PACKAGES RECOVERED IN 2018

KG	RECYCLING OF PACKAGING WASTE	
PACKAGING TYPE	AMOUNT RELEASED TO MARKET	AMOUNT COLLECTED BACK
PET	5.717.630	3.087.520
PE	1.750.795	945.429
CARDBOARD	1.107.110	597.840
CAM	5.640.526	3.045.884

Pınar Su continued to work in cooperation with ÇEVKO, the institution authorized to collect package wastes in 2018.

The Company continues its operations in compliance with United Nations Global Principles Convention (KIS) signed by Yaşar Holding in 2007.

Pınar Su aims to leave a healthier geography and social environment for a higher quality life and livable world to the next generations and focuses on efficient and productive usage of limited natural resources. The Company continued its activities on environmental protection, avoiding environmental pollution, keeping natural source usages under control and disposing wastes in 2018.

Package Weights were decreased

Pınar Su has decreased the amount of plastics used in packaging and cap materials used in pet bottle production since the second half of 2011 and carried its environmentally conscious production conditions forward by decreasing environmental waste amount. In parallel with package decreasing process, energy efficiency was increased due to the decreased energy consumption for blowing process of light weighted bottles. In this way carbon footprint of production facilities were decreased.

"Pınar Hayat Pınarım " brand products, together with the environment icon used in the production of PET bottle packaging materials 2.5 in years, indicating the amount of decrease was included in the phrase. Pınar also aims to sustain and improve environmental consciousness and to create awareness by informing the consumers about this issue via social media communication.

Works to integrate innovative approaches to decrease costs in the process of supplying water to the end users to all production processes are continued.

Pınar Su continues its contributions for its target to decrease water footprint by having the process water used in an efficient and productive manner thanks to technologic infrastructure of Uludağ facility.

COOPERATION WITH ÇEVKO

Pınar Su aims to offer reusable and recyclable product packages to consumers. For this purpose, packaging materials causing least waste after production and usage and harming environment less are used.

Pınar Su works in cooperation with Environmental Protection and Package Wastes Recycling Foundation (ÇEVKO) in order to collect packaging wastes back. Under the frame of this cooperation Pınar Su organizes training activities for consumers and municipalities about separate collecting of wastes from their sources, their recycling and recovery.

Towards 2020 Carbon Emission Target

Yaşar Holding aims to decrease its average carbon emissions by 15% per unit tone production by 2020. Pınar Su continues improvement works in parallel with this target.

The main activities performed for this purpose:
Pınar Su achieved a drop in carbon emissions up to 21% in 2014 and decreased carbon emissions in 2015 when compared to previous year.

In 2016, Pınar Su continued its actions for the target of decreasing carbon print with the projects realized in pet preform blowing process and illumination systems which are the main energy consumption areas.

By decreasing the existing infrastructure needs with revisions made and preferring energy efficient technologies during and after 2017, carbon emission rates have decreased by 13% when compared to 2016 since 2017.

Corporate Social Responsibility

Pınar Su continues its responsibility activities under Pınar brand and gives significant support to the society in education, sports, art, environment and sustainability areas.

Yaşar Group realizes social responsibility projects, which have been performed for years and become traditional under "Pınar" brand covering Pınar Su, Pınar Süt and Pınar Et.

With the principle of "giving what is earned from society back to society", Pınar Su realizes social responsibility projects in the areas like art, education, sports and protection of cultural assets and regards this continuous support as a significant and essential tool for giving back to the society principle.

PINAR CHILDREN'S THEATER

Pınar Children's Theater has reached more than 3 million children free of charge since its establishment in 1987. Pınar Children's Theater continues to contribute cultural and personal developments of our children in each play performed and it has played the role of an échole which has brought several famous players in the art of theater in our country.

Pınar Children's Theater performed the play entitled "Tale Train" in several schools in Istanbul during 2017-2018 educational year. The play performed at Profilo Shopping Center and had the little theater lovers experienced a visual fest. With the Turkey tour program of the new play, Pınar Children's Theater met up with about 12 thousand children in Çankırı, Afyon, Uşak, Tire, Ödemiş, İzmir and Çanakkale and it has become the first children's theater performed in all 81 provinces.

INTERNATIONAL PINAR CHILDREN'S PAINTING CONTEST

The theme of International Pınar Children's Painting Contest, which is organized in order to improve the interest of primary and middle school children on painting and fine arts, was "Dear Friend" in 2018. About 27,679 paintings and 2,900 schools from seven regions of Turkey and from NCTR, Germany and via social media took part in the contest.

16 little artists who deserved the awards came together at Pınar Culture & Art Event conducted in İzmir in order to be granted their awards and certificates after the assessment of jury. During the event, children coming from Turkey and abroad had a chance to know İzmir and they added new friendships from everywhere to the friendships they painted. Award Ceremony for 37th International Pınar Children's Painting Contest was held at Ahmed Adnan Saygun Art Center and the works of little artists were exhibited at Ahmed Adnan Saygun Art Center during 11-24 June.

PINAR CHILDREN'S PAINTING WORKSHOP

Pınar Children's Painting Workshop is another project aiming to make children familiar with art, was realized for the third time in 2018. The workshop met up with children in 9 different points in 8 provinces between 2 March - 29 April. Workshops

were held in Istanbul between 2-4 March, in Trabzon between 9-11 March in Şanlıurfa between 16-18 March, in Gaziantep between 23-24 March, in Antalya between 30 March and 1 April, in İzmir between 6-8 April, in Eskişehir between 13-15 April and in Bursa between 20-22 April and Istanbul between 27-29 April. Under the frame of Pınar Children's Painting Workshop 2,247 children were directed to take part at Pınar Children's Painting Contest. 227 thousand people were reached with workshop activities.

SUPPORT FOR SPORTS

Pınar is a sponsor for Turkish Basketball Federation and the main sponsor for Karşıyaka Basketball Team. It also makes great contributions to the development of Turkish basketball with drink supplies and name sponsorship activities.

Pınar KSK

With the sense of "social citizenship", Pınar contributes education, sports and protection of cultural assets within the scope of sports communication activities. With this corporate culture approach, the company continues to support Karşıyaka Sports Club under the leadership of Selçuk Yaşar, the Founder and Honorary President of Yaşar Holding. As the main sponsor, thousands of little sportsmen in Karşıyaka Basketball Team and sports infrastructure have been supported since 1998.

The recent achievements of Pınar Karşıyaka which was sponsored with the aim of making İzmir a city of basketball and integrating youth and children with sports include Turkish Cup Championship, Presidency Cup and Turkish Basketball League Championship. Pınar Karşıyaka also represented Turkey successfully in Euro Challenge and Euroleague. In addition to the full support given to Pınar Karşıyaka Basketball team, about 25 thousand children were given the opportunity to play basketball at infrastructure and sports schools together with Pınar Karşıyaka Basketball branch.

Life With Pınar

Pınar gives useful and up-to-date information to families about mother-children relations via Twitter, Instagram and Facebook accounts and illuminates youth about the issues like sports and environmental consciousness. Pınar includes social responsibility and sustainability subject in its social media accounts and aims to reach different target masses in this way.

SPONSORSHIPS

Pınar Su sponsors activities conducted in fields such as quality, food, R&D and marketing, as well as participation in many fairs and congresses held every year for the development of the sector. Pınar Su took part in many activities in 2018.

NUMBER OF CHILDREN PARTICIPATED PINAR PAINTING WORKSHOP

227 thousand

NUMBER OF CHILDREN WATCHED PINAR KIDS THEATER:

more than 3 million

Main Organizations Sponsored:

• 95th İzmir Economics Congress Sustainability Conference
• 6th Food Safety Congress
• 19th Quest for Excellence Symposium
• 1st International Food and Medicine Congress •Turkish Sailing Federation Championship
• 9-12 ages Optimist
TÜSİAD SÜR 2018
İzmir GastroFest Sustainable Food Conference
• 2nd Aegean Economics Forum
• 4th International Gastronomy Tourism Congress
• 7th International Theater Festival

Fairs Participated:

• Agroexpo 13th International Agriculture and Stockbreeding Fair 1-4 February 2018
• Dubai GULFOOD Fair / 18 – 22 February 2018
* 8th Gourmet İzmir (Olivetech) Fair/ 9-12 May 2018
• Izmir International Fair / 7-16 August 2018

Certificates

Pınar Su registers its production capability at international standards with different certificates.

DOCUMENTS AND CERTIFICATES

TSE ISO EN 9000 - Quality Management System Certificate
TS ISO 10002 – Customer Satisfaction Management System Certificate
TSE ISO EN 14000 - Environment Management System Certificate
TSE ISO EN 22000 - Food Safety Management System Certificate
TSE OHS OHSAS 18001 - Occupational Health and Safety Management System Certificate
NSF International – International Health and Food Safety Competence Certificate
BRC (British Retail Consortium) British Food Safety Competence Certificate
TS 266 - Water- (for Human Consumption) - Turkish Standards Competence Certificate
TS OIC SMIIC 1 - Halal Compliance Certificate
UEA S. GSO 987 - United Arab Emirates Quality Standards Competence Certificate

Milestones

Leader of the Packaged Water Industry

1984
- Pınar Su introduces consumers to Turkey's first packaged water under the "Pınar Şaşal" label.

1985
- PVC containers are used for the first time.
- Pınar Su exports goods to Germany for the first time.

1989
- Pınar Su single-handedly accounts for 90% of all of Turkey water exports.

1995
- Bottled water production capacity reaches 100,000 tons a year.

1996
- Pınar Su opens its second factory in Aydın Bozdoğan and introduces its "Pınar Madran" brand to consumers.

1997
- Pınar Su introduces the first PET bottles for its Pınar Madran line of water and is awarded a gold plaque by the Turkish Standards Institute.

1999
- ISO 9001-2008 Quality Management System Certification is received.

2001
- Pınar Su receives TSE ISO 14001 Environmental Management System Certification.

2002
- Pınar Madran Water is marketed in carboys.

2003
- The rights to the Sakarya and Isparta springs are acquired and Marmara Su is set up. Water from these two springs is marketed under the "Pınar Yaşam Pınarım" and the "Pınar Denge" labels.
- Pınar Su is awarded TS ISO 9001:2000 Certification.

2005
- Pınar Su is awarded TS 13001 HACCP Food Safety System Certification.
- Pınar Madran plant located in Aydın Bozdoğan is expanded with additional investments made.

2007
- Pınar Madran is the first Turkish beverage brand to be certified with the NSF International Quality Certification.

2009
- Pınar Su is awarded TS ISO EN 9001:2008 Quality Management System Certification.

2010
- The Pınar Su Order Hotline at 444 99 00 launches its service and can be accessed from anywhere in Turkey.
- Pınar Su is awarded TS ISO EN 22000 Food Safety Management System Certification.

2011
- Bottle weights are reduced with the short-neck project.
- Akçaağaç replaces Toros as source of the Company's mineral water in Isparta.
- TS 18001 Occupational Health & Safety Management System Certification.

2012
- The Company is awarded TSE-ISO-EN 10002 Customer Satisfaction Management System Certification.
- Turkey's first web-based online carboy-ordering system is launched.

2013
- Pınar Su order-placement app running on Android and iOS platforms is launched.
- The season-liveried series of glass bottles receives a gold medal at Ambalaj Ay Yıldızları Competition.
- PET container production capacity is nearly doubled at Hendek and Isparta plants.
- The Company enters the naturally sparkling mineral water category with plain, fruit-flavored and vitamin-enriched fruit-flavored products.

2014
- Newly-designed 0.33L and 0.75L glass bottles are introduced to the market.
- Pınar Su receives BRC (British Retail Consortium) Food Safety Certification.
- According to the results of the Turkish National Customer Satisfaction Index survey, Pınar Su ranked first place in the packaged water industry.

2015
- Pınar Su is the official water provider of the Turkish Basketball Federation and the National Basketball Teams.

2016
- Pınar Su launches 15L glass carboy.
- Uludağ source investment in Bursa / Inegöl is completed and put into operation.

2017
- Pınar Frii fruit flavored segment is added to mineral water category and the portfolio is expanded.
- Lemonade category is released to market.

2018
- In addition to filling the water supply, the ability to produce fizzy and still fruit drinks is gained.
- Minions licensed products joins the portfolio.

CORPORATE GOVERNANCE PRACTICES AND FINANCIAL INFORMATION

BOARD OF DIRECTORS

Emine Feyhan Yaşar - Chairperson

Feyhan Yaşar received a bachelor's degree from Boğaziçi University Administrative Sciences Faculty in 1978 and a post-graduate degree in Department of Economics from Dokuz Eylül University. Feyhan Yaşar started her career in 1978 at DYO as a Human Resources Expert and served as Personnel Affairs Coordinator, Tourism Coordinator at Yaşar Holding and Executive Committee Member of Yaşar Holding, and acted as Vice Chairperson and Board Member. Feyhan Yaşar served as Vice Chairperson of Yaşar Holding Board of Directors (1997 – 2003) and Chairperson of Yaşar Holding Board of Directors (2004 – 2009) and still serves as Vice Chairperson of Yaşar Holding Board of Directors. Feyhan Yaşar holds office as Chairperson of the Board of Directors of Pınar Su, Pınar Et, Altın Yunus, Yaşar Bilgi İşlem, HDF FZCO and also as Board Member at Yaşar Group companies. Feyhan Yaşar, acting as Chairperson of Beverages Industry Commission of Union of Chambers and Commodity Exchanges of Turkey, also serves as Vice Chairperson of Yaşar Education and Culture Foundation, Board Member of Corporate Governance Association of Turkey (TKYD), and member of the Board of Trustees at Yaşar University, Turkish Education Foundation (TEV), Health and Education Foundation (SEV), and Boğaziçi University Foundation (BÜVAK). She is a member of Turkish Industry and Business Association (TÜSİAD), Union of Turkish Dairy, Meat and Food Industrialists and Manufacturers (SETBİR) and Aegean Industrialists and Businessmen Association (ESİAD). Feyhan Yaşar is consular agent of Luxembourg in Izmir.

İdil Yiğitbaşı - Vice Chairperson

Graduated from Boğaziçi University Business Administration Department in 1986 and completed MBA in Indiana University in 1989. Having started her professional life in Yaşar Group as President Assistant in 1986, İdil Yiğitbaşı held office as Vice Coordinator of System and Financial Analysis between 1990-1995, Yaşar Food Group Coordinator in 1995, Yaşar Food Group Marketing Vice Chairperson between 1997-2001 and Vice Chairperson of Pınar Süt between 1 February 2001 - 31 January 2006 and Board Member at Group companies. She acted as Vice Chairperson of Yaşar Holding Board of Directors between 2003-2009, Chairperson of Yaşar Holding between 2009-2015. İdil Yiğitbaşı continues her office as Vice Chairperson of the Board of Yaşar Holding since April 2015, Vice Chairperson of the Board of Hedef Ziraat, Chairperson of the Board at Pınar Süt ve Viking Kağıt companies and Board Member at Yaşar Group companies. İdil Yiğitbaşı is Vice Chairperson of Selçuk Yaşar Sports and Education Foundation, Board Member of Yaşar Education and Cultural Foundation, Pınar Institute Chairperson of the Board, Board Member of Turkish Industrialists and Businessmen Association (TÜSİAD) (until 20 February 2019), Board Member of Aegean Region Chamber of Industry (EBSO), Board Member of Izmir Culture, Art and Education foundation (İKSEV), Consultation Committee Member of Turkish Milk, Meat, Food ındustrialists and Producers Union Association (SETBİR), Aegean Industrialists and Businessmen Association (ESİAD), Aegean Young Businessmen Association (EGİAD), Izmir Economic Development Coordination Board (İEKK), Association of Advertisers (RVD), Turkish Corporate Management Association (TKYD) and DEİK UK Business Council Executive Committee.

Mustafa Selim Yaşar - Member

Graduated from Paris-Académie Arqueille Sorbonne in 1976, the New York University in 1980 and from the Pace University Business Administration-Finance Department in New York in 1981, Mustafa Selim Yaşar started his career at Yaşar Dış Ticaret A.Ş. in the same year. After working in Yaşar Dış Ticaret A.Ş. in various positions for 8 years, he served as CFO in Yaşar Holding A.Ş. between 1988 and 1996; moreover, he served as President of Coatings-Chemistry and Beverage Group in the same years. Mustafa Selim Yaşar held the positions of Board Chairperson and CEO of Otak-Desa A.Ş. and Desa Enerji A.Ş. from 1997 to 2000. Acting as Chairperson of Board of Directors of İzmir Teknopark A.Ş., BDS İş Geliştirme Ltd. Şti. and Yüzey İnşaat Taahhüt A.Ş. since 2000, Mustafa Selim Yaşar served as Board Member, Board Chairperson and President of Assembly of the Aegean Region Chamber of Industry from 1991 until 1997 and served as Vice Chairperson of Aegean Industrialists and Businessmen Association, of which he is a founding member, for 4 years. Having functioned as Deputy Chairperson of İzmir Metropolitan Municipality Council and as a member of Karşıyaka Municipal Council from 2004 to 2009, Mustafa Selim Yaşar currently serves actively at a number of non-governmental organizations. Acting as Chairperson of Board of Directors of Desa Enerji A.Ş., Dyo Boya A.Ş. and Yaşar Birleşik Pazarlama A.Ş. since March 2014, Mustafa Selim Yaşar also holds office as Chairperson of Board of Directors of Yaşar Dış Ticaret A.Ş. and Yaşar Holding A.Ş since April 2015.

Ali Yiğit Tavas - Independent Member

Ali Yiğit Tavas graduated from Ege University Faculty of Agriculture Department of Agriculture Technology as Certified Agriculture Engineer in 1979 and started his career as Production Engineer in Pınar Süt in the same year. He served as Technical Promotion Expert and Chief of R&D Department and was transferred to Pınar Et in 1984 and worked as Production Manager, R&D Manager, Assistant Technical General Manager, General Manager and Food Group Production Director Assistant. Tavas served as Assistant Director in Yaşar Food Group Meat and Meat Products Assistant Director from 2001 to 2003 and then retired from the group. Serving as Production Coordinator in Abalıoğlu Holding between 2004 and 2006, Ali Yiğt Tavas still acts in the Board of Directors of other companies in Yaşar Group.

BOARD OF DIRECTORS

Kemal Semerciler - Independent Member

He was born in 1958. He graduated from Uludağ University Faculty of Economics and Administrative Sciences. Kemal Semerciler started his career at Yapı Kredi Bank as an assistant inspector in 1981 and worked as Manager in departments of Financial Control and Budget, General Accounting and Financial Affairs between 1990 and 2003. He worked as Chairperson of Board of Inspectors between 2004 and 2006. Semerciler served as Assistant General Manager of the Legislation Department from 2006 to 2008 and as the Consultant to the General Manager of Yapı Kredi Bank from 2008 to 2009. Acting as Member of Board of Directors and Inspector in many affiliates of the bank during his term in Yapı Kredi Bank, Semerciler served as Board Member in Abank between March 2016 and March 2016.

Yılmaz Gökoğlu - Member

Yılmaz Gökoğlu has a bachelor's degree from Ankara University Faculty of Political Sciences Economics-Finance Departmentin 1977, served as an Account Expert at the Ministry of Finance from 1978 to 1982 and joined Yaşar Group in 1983. Working various senior management positions in the group especially in financial operations and inspection fields, Yılmaz Gökoğlu waselected as a member of Yaşar Holding Board of Directors in April 2007. Acting as General Secretary of Board of Directors in Yaşar Holding, Yılmaz Gökoğlu also serves as Member of Board of Directors in companies included in the Group, and also has licenses of Independent Auditor and Certified Public Accountant.

Cengiz Erol - Member

Cengiz Erol had his bachelor's degree in Business Administration from Ege University in 1974, his master's degree in finance and accounting from the State University of New York (SUNY) in 1979 and his doctorate degree in International Trade and Finance from State of New York University in 1983. Erol worked as an Assistant Professor of Finance at Çukurova University from 1983 to 1985, as Associate Professor of Finance at Yarmouk University in Jordan from 1985 to 1990 and in the Department of Business Administration at the Middle East Technical University (METU) from 1990 to 1993, and as Professor of Finance in Middle East Technical University from 1993 to 2010. He was an Advisor to the CEO of Ereğli Demir Çelik Fabrikaları A.Ş. between 1991 and 1994, Board Member at Ankara Sigorta and Chairperson at Ankara Emeklilik Sigorta between 2000 and 2003, advisor to the Board of Directors at İnterfarma Tıbb. Mal. A.Ş. from 2002 to 2004, Board Member at İnterfarma Tıbb. Mal. A.Ş. from 2004 to 2008, Head of the Department of Business Administration at METU from 2008 to 2010 and worked as Assistant to President of METU and Member of Executive Board of Student Assessment, Selection and Placement Center (ÖSYM). After holding the office as the Head of the Department of International Trade and Finance at Izmir University of Economics from 2011 to 2013, Erol served as faculty member in the same department and the Manager of the Institute of Social Sciences from 2010 to 2015. Erol serves as Board Member for a number of Yaşar Group companies since March 2014.

Members of the Board of Directors of our company, which is affiliated to Yaşar Group, may hold seats on the boards of directors of other Group companies, and there may be various transactions by and between these companies that may be considered under the scope of Article 395/1 of the Turkish Commercial Code. However, the parties to such transactions are Group companies only, and necessary permissions are obtained at the general assembly meeting of each relevant company.

RISK MANAGEMENT, INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

RISK MANAGEMENT

The scope, working principles and procedures applicable to the Corporate Risk Management activities carried out at Yaşar Group companies were formulated in accordance with the Regulations. In this context, under which conditions should the risk management activities be carried out, the duties and responsibilities related to risk management, processes, reports, confidence procedures and risk management terminology have been established.

The "Corporate Risk Management" in the Company is being applied as a systematic process where risks are defined, analyzed, controlled and monitored. This method ensures minimizing the costs incurred in relation to contingencies that result negatively, as well as their impact upon the value of Group companies' assets.

Risk Management Policy

Adhering to risk management strategies to minimize the probability and impact of risks that may affect not just the shareholders but all the stakeholders of Group companies, Yaşar Holding Board of Directors also controls and follows up the required actions.

Works of Early Detection of Risk Committee

The Early Detection of Risk Committee carries out its activities in order to detect risks earlier and create an effective risk management system. It creates risk inventory prioritized in line with risk management policies and procedures, and the works to carry out corporate risk management by the committee in order to follow up the results upon determining appropriate risk strategies and taking required actions, and required guidance is made.

Future Risks Regarding Sales, Productivity, Income Generation Capacity, Profitability, Debt/Equity Ratio and Similar Matters

Under the risk management policy and procedures adopted by Yaşar Holding companies, works are underway to create the risk inventory for all company activities and take necessary actions.

Along the line, the risks suffered by the Company are;

- classified under the headings of strategic, operational, financial, external and compliance risks, and analyzed according to their impact and probability,

- Existing controls for significant risks are reviewed with respect to their design and implementation, and the most appropriate strategies and actions are identified,

- The results of the action application are monitored and ...

- Findings and likely developments are reported to appropriate units for assessment.

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ACTIVITIES

Implementations aimed at eliminating events that will adversely affect the achievement of the Group companies' goals, or at mitigating their impact and probability are reviewed under "controls". An internal control system composed of the definitions of standards for business processes, policies and procedures, job descriptions, and authorization structures is implemented. The management set up all control systems, including those that prevent/identify and improve, for efficient and productive conduct of the Group companies' businesses.

The internal control systems established at the Group companies are intended to ensure the efficiency and effectiveness of operations, reliability of the financial reporting system, compliance with legal regulations, and provide assurance in these aspects. The said control systems also protect the Group companies' assets, reputation and profitability. The company's accounting system, public disclosure of financial information, independent audit and the management of partnership and internal control system as well as its effectiveness are mainly

carried out through the Audit Committee established by the Board of Directors. While carrying out the said function, the Audit Committee benefits from findings of corporations conducting confirmation under Group Audit Directorate, Independent Audit and Certified Public Accountant.

Under the internal auditing activities; effectiveness of Company's current risk management system, sufficiency, effectiveness and productivity of internal audit system are assessed and recommendations are made to improve them. Also, determination and application of required actions for detections and suggestions in this respect are closely monitored.

LEGAL DISCLOSURES

Information on The Extraordinary General Assembly Meetings within the Year, If Applicable
Resolutions taken in the Ordinary General Assembly meeting held on March 30, 2018 were applied. No Extraordinary General Assembly Meeting was held in 2018. Further information on the General Assembly meetings can be found in section 2.3. General Assembly Meetings of the Report for Corporate Governance Principles Compliance.

Affiliated Companies Report
The conclusion part of the report that is prepared by the Company's Board of Directors, on relations with the controlling company and affiliated companies pursuant to Article 199 of the Turkish Commercial Code, is quoted below.

Pursuant to Article 199 of the Turkish Commercial Code no. 6102 that went into force on 1 July 2012, within the first three months of the current operating year the Company's Board of Directors is obliged to issue a report on the Company's relations with the controlling company and the companies affiliated to the controlling company during the past operating year, and to incorporate the conclusion part of the said report in its annual report.

Necessary disclosures on the transactions our company carried out with the associated parties are covered in the explanatory footnotes of financial statements. In this report prepared by the Company's Board of Directors concluded that in all transactions the Company carried out during 2017 with its controlling company or with its affiliates, an appropriate counter-performance was provided in each transaction according to the conditions and state known to us at the time the transaction and/or the action was realized or taken or avoided to be taken; that there were no actions taken or avoided which might potentially cause loss to the Company, and that there are no transactions or actions that would require equalization within this scope.

Donations and Grants
The Company may donate to foundations and such other persons and/or institutions established for carious purposes in line with limitations set forth by Capital Markets Board and other relevant regulations. In 2018, the company donated TL 68,825 to various institutions and organizations.

Disclosure on Lawsuits Filed Against The Company with a Potential Impact on The Company's Financial Standing and Activities and Possible Results
Disclosure on the matter is stated in footnote 16 of our financial statements issued for the period of January 1, 2018 - December 31, 2018.

Disclosure of Administrative or Judicial Sanctions Against The Company or The Members of The Governing Body on Account of Practices Violating The Provisions of Legislation
There are no administrative or judicial sanctions imposed against the Company or the members of the governing body on account of any practice violating the provisions of legislation.

Amendments of Articles of Association Made During the Year
None.

Financial Rights Provided to the Members of the Board of Directors and Senior Executives
Financial rights provided to Chairperson, Board Members and Senior Executives are determined under wages policy stated in our web site. In the twelve months period that ended on December 31, 2018, remuneration and similar payments made to the members of the Board of Directors and senior executives amounted to TL 1,906,838.

Disclosures Concerning Special Audit and Public Audit Conducted During the Fiscal Year
Ordinary audits were conducted by various public institutions during 2018 and there is no significant notice given to us officially.

Disclosure About the Company's Shareholders' Equity
It is seen that existence of issued capital in amount of TL 44.762.708,45 was protected greatly with an equity level of TL 64.497.727 as of December 31, 2018.

AGENDA

AGENDA OF ORDINARY GENERAL ASSEMBLY DATED 28TH MARCH 2019 FOR THE YEAR 2018 OF PINAR SU SANAYİİ VE TİCARET A.Ş.

1. Opening and Election of Meeting's Chairman,

2. Authorizing the Chairman to sign the minutes of General Assembly Meeting,

3. Reading, negotiations and approving the Annual Report for 2018 prepared by the Company's Board of Directors

4. Reading and negotiating the Independent Audit Report for 2018 fiscal year,

5. Reading, discussion and approval of 2018 Financial Statements,

6. Acquitting the Company's directors of their fiduciary responsibilities for 2018 operations,

7. Deliberating and deciding on amending "Article 2 - The Corporate Name" from the articles of association subject to the approval of the Capital Markets Board and the T.R. Ministry of Customs and Trade,

8. Laying down the Independent Audit Firm designated by the Board of Directors for the approval of the General Assembly pursuant to the Turkish Commercial Code and the Capital Markets Board requirements,

9. Determining the number of Board directors and their terms of office; making elections in accordance with the number of Board directors so determined; designating independent Board members,

10. Determining the rights provided to the Board directors such as compensation and attendance fees, bonuses and premiums pursuant to Article 408 of the Turkish Commercial Code,

11. Informing shareholders, pursuant to Article 12 of the Corporate Governance Communiqué no. II-17.1 issued by the Capital Markets Board, about guarantees, pledges, mortgages and sureties that have been granted by the Company in favor of third parties and about any income and benefits that may have been derived,

12. Informing shareholders about any donations that were made during the year and laying down the donation limit set under the Capital Market legislation for the approval of the General Assembly,

13. Deliberating and voting on matters pertaining to the year's profits,

14. Authorizing the Company directors to engage in the transactions as per Articles 395 and 396 of the Turkish Commercial Code,

15. Wishes and opinions.

AMENDMENT OF ARTICLES OF ASSOCIATION

PINAR SU SANAYİ VE TİCARET A.Ş.

PREVIOUS FORM **NAME OF THE COMPANY** **Article 2-**	**NEW FORM** **NAME OF THE COMPANY** **Article 2-**
Name of the Company is "PINAR SU SANAYİ VE TİCARET A.Ş".	Name of the Company is "PINAR SU VE İÇECEK SANAYİ VE TİCARET A.Ş".

STATEMENT OF INDEPENDENCE

March 29, 2018

As a candidate for independent member for the Board of Director of PINAR SU SANAYİ VE TİCARET A.Ş. ("The Company"), I declare that;

- I or my spouse or my up-to-second-degree relatives have not been employed in managing positions involving significant tasks and responsibilities in the last five years by the Company, other companies which are managed or significantly influenced by the Company or shareholders who manage or significantly influence the Company and legal persons managed or significantly influenced by such shareholders and I or my spouse or my up-to-second-degree relatives do not individually or collectively own more than 5% of its capital or voting rights or preferred shares and have not been engaged in major commercial activity with them

- I have not been a shareholder (5% or more), manager with significant tasks and responsibilities or board member of companies which have provided significant services or products for or purchased them from the Company within the scope of agreements in the last five years including auditing (including tax audit, legal audit or internal audit), rating or consultancy services,

- I have the professional education, knowledge and skills required to fulfill the requirements of the tasks which will be assigned to me as an independent board member,

- Except for academicians and provided that it is in accordance with the related legislation, I am not working full-time at public institutions,

- I am resident in Turkey as per the Income Tax Law 193 dated 31/12/1960,

- I possess solid ethic standards, professional reputation and experience which will allow me to make contributions to the Company, maintain its objectivity regarding any conflicts between the Company and its shareholders and make unbiased decisions considering the interests of the beneficiaries,

- I am capable of allocating time for the Company which will allow getting sufficiently engaged in company business and fulfillthe requirements of assigned tasks,

- I have not been a board member for more than six years in the last ten years,

- I do not hold the position of independent board member at more than three companies managed by the Company or the shareholders managing the Company or more than five stock-exchange-quoted companies,

- I am not registered and announced as a board member on behalf of the selected legal person,
and therefore I will serve at the board of directors of the company as an independent member.

Best Regards,

Ali Yiğit TAVAS

STATEMENT OF INDEPENDENCE

March 29, 2018

As a candidate for independent member for the Board of Director of PINAR SU SANAYİ VE TİCARET A.Ş. ("The Company"), I declare that;

- I or my spouse or my up-to-second-degree relatives have not been employed in managing positions involving significant tasks and responsibilities in the last five years by the Company, other companies which are managed or significantly influenced by the Company or shareholders who manage or significantly influence the Company and legal persons managed or significantly influenced by such shareholders and I or my spouse or my up-to-second-degree relatives do not individually or collectively own more than 5% of its capital or voting rights or preferred shares and have not been engaged in major commercial activity with them

- I have not been a shareholder (5% or more), manager with significant tasks and responsibilities or board member of companies which have provided significant services or products for or purchased them from the Company within the scope of agreements in the last five years including auditing (including tax audit, legal audit or internal audit), rating or consultancy services,

- I have the professional education, knowledge and skills required to fulfill the requirements of the tasks which will be assigned to me as an independent board member,

- Except for academicians and provided that it is in accordance with the related legislation, I am not working full-time at public institutions,

- I am resident in Turkey as per the Income Tax Law 193 dated 31/12/1960,

- I possess solid ethic standards, professional reputation and experience which will allow me to make contributions to the Company, maintain its objectivity regarding any conflicts between the Company and its shareholders and make unbiased decisions considering the interests of the beneficiaries,

- I am capable of allocating time for the Company which will allow getting sufficiently engaged in company business and fulfillthe requirements of assigned tasks,

- I have not been a board member for more than six years in the last ten years,

- I do not hold the position of independent board member at more than three companies managed by the Company or the shareholders managing the Company or more than five stock-exchange-quoted companies,

- I am not registered and announced as a board member on behalf of the selected legal person,
and therefore I will serve at the board of directors of the company as an independent member.

Best Regards,

Kemal SEMERCILER

PINAR SU SANAYİ VE TİCARET A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART I - STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

a) During the operating period ended 31 December 2017, PINAR SU SANAYİ VE TİCARET A.Ş. ("the Company") achieved compliance with the entirety of the mandatory articles of the Corporate Governance Principles appended to the "Communiqué No: II.17.1 on Corporate Governance (" the Communiqué ") issued by the Capital Markets Board of Turkey (CMB).

b) Our Company spends maximum effort to achieve full compliance also with the non-compulsory Corporate Governance Principles. Justifications for currently non-implemented non-compulsory principles are presented herein below, and it is considered that the said matters do not lead to any major conflicts of interest under the current circumstances.

The explanations to be made by our company in accordance with Article 8 of the Corporate Governance Communiqué on corporate governance principles which have not yet been complied with and which are not mandatory are presented below with required explanations:

1.3.11 In the articles of association of our company, there is no article regarding the participation of stakeholders and the media in the General Assembly. Officers of independent auditing firms and officers of corporate governance grading institutions also participate in our General Assembly meetings and no request for participation from the stakeholders or the media has reached to our company.

1.5.2 In parallel with general practices, rights were granted to the minority within the framework of the provisions of general regulations. The company's capital structure and public disclosure ratio is expected to continue in this manner.

4.3.9 There has been no policy for the proportion of female members in the board of directors, but there is currently 2 female member in the board of directors.

4.4.7 The board members of our company are not limited for taking other duties outside the company and the duties of the board members are presented to the shareholders for information by including in the annual report.

4.5.5 Since there are two Independent Members at the board of directors of our company, it is impossible for a member of the board to take part in only one committee.

4.6.1 There is no performance evaluation system for the board of directors.

4.6.5 In line with general practices, salaries paid to board members and managers with administrative responsibility are disclosed in the annual activity report collectively.

The Company's Corporate Governance Compliance Report (URF), Corporate Governance Information Form (KYBF), and the Corporate Governance Compliance Report (URF), for 2018, prepared as per the decision of CMB dated 10.01.2019 and no: 2/49 will also be disclosed to public on corporate website of Public Disclosure Platform (KAP) (www. kap.gov.tr). Since it is the first year of implementation, our Corporate Governance Compliance Report for 2018 is prepared in the old format and presented below.

Our company will continue to monitor the changes in legislation and implementations regarding compliance with the principles and to carry out the necessary work also in the future.

PART II - SHAREHOLDERS

2.1. Investor Relations Department
In accordance with Article 11 of the Communiqué, investor relations department providing communication with investors has been established within our company. Investor Relations Department reports to the Company's General Manager, Hüseyin Karamehmetoğlu.

Contact information for Investor Relations Department is presented below:
Investor Relations Department Manager: Onur Öztürk (holds Corporate Governance Rating license)
Investor Relations Department Assistant: Didem Özeğrilmez
Phone: 0 232 495 00 00
Fax: 0 232 484 17 89
E-mail: investorrelations@pinarsu.com.tr

The Investor Relations Department is mainly charged with the following:

- Ensure that records of correspondence by and between the investors and the Company, and of other information and documents are maintained in a reliable, secure and up-to-date manner,
- Respond to shareholders' written requests for information about the Company,
- Prepare the documents to be submitted to the shareholders ' information and examination regarding the General Assembly meeting and take measures to ensure that the General Assembly is conducted in accordance with the relevant legislation, the articles of association and other in-house regulations.,
- Supervise and monitor that obligations arising out of the capital market legislation are fulfilled, including all aspects of corporate governance and public disclosure,
- Ensure that investor relations activities are properly conducted.

Having obtained the views of other units when necessary and in coordination with such units, the Investor Relations Department is responsible for providing shareholders and potential investors with information about the Company's activities, financial standing, and strategies, with the stipulations that it may not divulge any information which is confidential and/or in the nature of a trade secret and that it must not do so in any way that might lead to information asymmetry and for managing communication moving on both directions between shareholders and company managers.

During the reporting period, the Unit held one-on-one contacts with nearly 50 investors, and responded to more than 50 queries by phone or e-mail. Domestic and foreign analysts were contacted who continue their researches about our Company. The website has been updated regularly to make sure that up-to-date information is made available to the investors at all times. Maximum attention is paid to achieving compliance with the legislation in fulfilling investor requests.

2.2. Use of Shareholders' Rights to Obtain Information
The fundamental principle in shareholders exercising their right to obtain information is that there should be no discrimination among shareholders. All information and documents that shareholders may need to exercise their shareholders' rights in a sound manner are made equally available to all shareholders on the Company's corporate website. During 2017, utmost care was paid, under the supervision of the "Investor Relations Department", to respond to requests for information received from shareholders within the framework of the requirements of capital market laws and regulations and without delay.

Such requests for information are generally about such issues as general assembly meeting dates, information on financial statements that are disclosed, developments in the sector and profit distribution. All requests for information, except in the case of information that was in the nature of a trade secret and information that it was deemed to be in the Company's interest to keep confidential, were responded to without making any distinctions among shareholders and in line with any statements that may previously have been made within the framework of capital market laws and regulations. Information and disclosures that might affect the exercise of shareholders' rights are announced in the "Investor Relations" section on the Company website, and there have been no information or disclosures during the reporting period, other than those disclosed under the Capital Market legislation. While the request to have a special auditor appointed is not an individual right provided for under the Company's articles of incorporation, no such request was received during 2017.

2.3. General Assembly Meetings
Pursuant to "Article 20- Meeting Quorum" of the Company's articles of incorporation, the quorum requirements at annual and extraordinary General Assembly meetings are subject to the provisions of the Capital Market Law and of the Turkish Commercial Code.

Within 2018, ordinary general assembly meeting for 2017 was held on 30 March 2018 in Pınar Süt Plant at Kemalpaşa Caddesi No: 317 Pınarbaşı/İzmir. At the 2017 ordinary general assembly meeting, 67.78% of the Company's capital was represented. During the meeting, shareholders electronically or physically attending the meeting or through their proxies expressed their comments and wishes. Shareholders did not propose any agenda items during the said General Assembly meeting, either.

No media members attended the meeting. In addition to shareholders, representatives of the independent auditors were also sent written invitations to attend the meetings. Invitations to the general assembly meeting were made by the Board of Directors.

The Company's General Assembly meeting announcements were promulgated under "Article 23- Announcements" of the Company's articles of incorporation, and in accordance with the relevant provisions of the Turkish Commercial Code and with other regulations, communiqués, Capital Markets Board requirements published under the said Code, as well as other applicable legislation. The meeting

PINAR SU SANAYİ VE TİCARET A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

announcement was published in the Turkish Trade Registry Gazette minimum 21 days (excluding the dates of the meeting and announcement) in advance. The meeting announcement was also published on the corporate website, and shareholders whose addresses were on record with the Company were sent letters in which they were informed about the meeting date, location, and agenda. Prior to the general assembly meeting, the meeting date, place and agenda, the information that the Informational Document regarding the agenda is posted on the website, and the profit distribution proposal to be submitted by the Board of Directors to the general assembly were publicly disclosed in material event disclosures. The Informational Document drawn up for 2016 Ordinary General Assembly meeting covered detailed descriptions about each general meeting agenda item, as well as all the explanations, information and documents required by the legislation.

The Company's annual report and the informational document for the general assembly meeting were made available for shareholders' information at the Company headquarters and on its corporate website as of 21 days before the General Assembly Meeting date. To facilitate attendance to the Company's general assembly, shuttle buses were provided for transportation to the address of the General Assembly. During the general assembly meeting, issues on the agenda were explained impartially and in detail so as to be clear and intelligible. Shareholders were given equal opportunities to express their thoughts and to ask questions, and a healthy climate of debate was created.

The minutes of the General Assembly are always kept open for shareholders at the Company's headquarters. In addition, the minutes of the Company's General Assembly meetings for the past 12 years are also accessible in the Investor Relations section of the Company website at www.pinar.com.tr.

At the Company's General Assembly meetings, information was presented to the shareholders on the amount and recipients of the donations and grants made during the reporting period. An upper limit was set for the donations to be made during 2017 at the meeting. The Donations Policy was approved by 2017 Ordinary General Assembly.

2.4. Voting Rights and Minority Rights

There is no privilege on the voting rights. The Company's articles of incorporation contain no provisions preventing non-shareholders to vote by proxy as an appointed representative. Without prejudice to the special provisions of the relevant legislation and articles of incorporation, voting is conducted through open ballot and by raising hands during the General Assembly meeting. Upon request by shareholders, the voting procedure will be determined by the General Assembly meeting. There are no other companies in which the Company has a cross-ownership.

Minority rights are not represented on the Board of Directors. The articles of incorporation do not set minority rights to be less than one twentieth of the capital.

2.5. Dividend Rights

There are no privileges with respect to participating in the Company's profit. The Company's annually reviewed policy for profit distribution is to pay out cash dividends and/or bonus shares corresponding to minimum 20% of the distributable profit for the period, which is calculated in accordance with the capital market regulations and other applicable legislation, taking into consideration the economic conjuncture, market projections, the Company's long-term strategies and long-term investment and financing policies, the Company's financial position, profitability and cash position, to the extent allowed by relevant regulations and finances. Unless decided otherwise on profit distribution in the relevant general assembly meeting, the profit distribution is intended to be realized in May of the year of the relevant general assembly meeting, the latest, and the date of profit distribution is decided by the General Assembly. General Assembly or Board of Directors (if authorized) may decide on distribution of dividends in installments in accordance with the Capital Market Regulations. The Company's Articles of Incorporation permit distribution of advances on dividends, and the Board of Directors may decide to distribute advances on dividends restricted to the relevant fiscal year, provided that it is authorized by the General Assembly of Shareholders and in accordance with the Capital Markets Regulations.

The Company's Dividend Policy for 2013 and thereafter, which was formulated in line with the capital market legislation, has been laid down for approval at the 2013 Annual General Assembly Meeting and publicly disclosed. Our Dividend Policy is publicly disclosed also via our website.

Since the company's activities in 2016 resulted in loss and no period profit was gained, there was no profit distribution.

2.6. Transfer of Shares

Transfer of shares is subject to the relevant provision of the Turkish Commercial Code (TCC).

PART III - PUBLIC DISCLOSURES AND TRANSPARENCY

3.1. Corporate Web Site and Its Content

The Company's corporate website (www.pinar.com.tr) contains all the matters as required by Corporate Governance Principles. The Company's website is available in both Turkish and English. The Company continuously improves and upgrades the services provided by its website, which is actively used.

3.2. Annual Report

The Company's annual reports contain all the information specified in the Corporate Governance Principles; however, remuneration of the board of directors and senior executives and other benefits provided to them individually are disclosed not individually but as a cumulative amount.

PART IV - STAKEHOLDERS

4.1. Informing Stakeholders

Stakeholders are kept informed about all matters concerning the Company other than those which are in the nature of a trade secret through CMB material disclosures within the framework of CMB regulations, Turkish Commercial Code, Competition Law, Tax Laws, and Turkish Code of Obligations.

Stakeholders are able to convey any transaction they consider to be illegitimate or unethical to the Corporate Governance Committee or the Audit Committee via Yaşar Group Ethics Committee. The Audit Committee reviews the complains received regarding the Company's accounting and internal control system and independent audit, and handles the notifications of company employees in relation to the Company's accounting and independent audit, observing the confidentiality principle.

Furthermore, the communication mechanism is established with the Corporate Governance Committee and the Audit Committee also via the processes that provide stakeholder participation in management as discussed under Article 4.2 herein below.

4.2. Stakeholders' Participation in the Company's Management

Stakeholders participate in management through consideration of suggestions and proposals that will help with development in any matter concerning the Company's activities, which are received at the general assembly meetings or through various communication means. For the purpose of securing customer satisfaction with the services rendered by our Company, job descriptions have been spelled out for all employees and related guidelines were formulated and made available for the information of our employees. Our customers and consumers can communicate their requests and complaints, if any, about the Company's services to any level at the Company and they can also convey the same online to our Company. Pınar Su facilitates the access of customers anywhere in Turkey through its web site renewed in 2018 and a single and easy-to-remember Pınar Su Order Line (444 99 00) that can be dialed from all over the country.

To guarantee customer satisfaction, the feedbacks received through Pınar Contact Center, our dealers, customer satisfaction surveys and other channels are evaluated by the Marketing, Total Quality and Production departments, and constant improvements are carried out. Dealer surveys are administered every year with our dealers, who are also our customers, and their problems, if any, are evaluated by the Sales, Marketing and Total Quality departments upon which improvements are made. In order to maximize the quality of the service given to customers and consumers, Pınar Su audits and grades its wide web of dealers via the quality departments within the Company over certification, legal obligations, storage, dispatching standards, and supports dealers with briefings and trainings when necessary. Furthermore, information is exchanged regarding company visits, and efforts are spent to improve our quality and costs. Dealer meetings organized by the Company serve as a tool to convey the opinions and feedback of dealers that have a direct business relationship with the Company to the senior management.

To seek the employees' opinions about various topics, Employee Opinion Surveys are consulted, and the activities to further employee satisfaction and loyalty are carried out on the basis of action plans designed according to survey outcomes. The "Skills Management" program is conducted for the improvement activities of company employees and their career planning processes, and candidate executives for key positions of the Company are determined.

4.3. Human Resources Policy

The fundamental mission of the Company's human resources policy is to ensure the management of human resources who are innovative, who are committed to the principle of total quality, and who contribute towards the Company's competitive advantage by easily adapting to change and development at the Company. The Company did not receive any complaints about discrimination as of 2018.

The Company's basic human resources policies are set forth clearly in the Company's Personnel Regulations, which are issued to all

PINAR SU SANAYİ VE TİCARET A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

non-contract employees against their individual signature. The Personnel Regulations also contain information about working hours, employment principles and processes, termination, and discipline in addition to basic policies. All of our company employees have job descriptions. Performance and rewarding criteria for our white-collar employees are disclosed.

Basic policies:

a) Staffing at the Company is determined according to the criteria of business economics. All employees agree that honorable employment is only possible through productive work.

b) The Company conducts intramural and extramural training programs within the framework of plans that are devised for each level in order to ensure the progression of its employees.

c) The Company is mindful of equality of opportunity in all promotions and appointments throughout its organization. As a matter of principle, appointments are made from among the Company's own personnel.

d) By means of a career planning system in which progression plans are implemented, employees who have potential are provided with the broadest possible opportunities for advancement.

e) Employees' performance is evaluated on the basis of their fulfillment of targets and their competencies.

f) Job descriptions and performance standards are documented for positions at every level from the highest to the lowest and these serve as the basis for employee evaluations.

g) Employee Opinion Surveys are conducted once in two years, seeking employees' views about the working environment, development and career, salaries and fringe benefits, job satisfaction, managers, engagement, corporate reputation, corporate structure and management policies. Improvements are made in line with the feedback that is received in this way.

h) A safe workplace and safe working conditions are matters to which the Company gives great importance. Under the Company's occupational health and safety regulations, all legally mandated measures are taken to prevent occupational risks, ensure health and safety, and eliminate risk and accident factors. An ongoing effort to make improvements is carried out through regularly conducted safety meetings.

i) Our management style is ".... [to] maintain our existence as a company that acts fully respectful of the laws and ethical rules, and embrace total quality philosophy and participatory management."

j) An essential principle at the Company is that all employees will be treated equally and without making any discrimination among them with respect to language, race, color, sex, political beliefs or philosophy, creed, religion, sect, or similar reasons. Due measures have been taken to protect this fundamental constitutional right of employees.

There are no unionized employees at the company.

All employees are kept informed about company procedures, organizational changes, changes in rights and benefits, and other practices and decisions that may affect them by means of regulations and announcements prepared within the framework of the Company's prescribed announcement regulations as well as via the Company intranet and bulletin boards.

4.4. Rules of Ethics and Social Responsibility

In order to fulfill its responsibilities related to public health and the nature, Pınar Su has made it a principle to continually oversee and improve its environmental performance, while integrating with its manufacturers, suppliers and employees in the conduct of its production activities. The Company has been awarded ISO 14000 Environmental Management System Certification. Ongoing efforts are made to keep the environmental impact of the Company's operations remain within prescribed standards and that wastes are disposed of without causing environmental harm. Noise, fume, and other emission-related parameters are measured at regular intervals. PET, Glass, Cardboard, and other packaging waste is recycled via ÇEVKO as per the Environment Ministry regulatory requirements.

Pınar Su generates as much value for society as a whole through the direct and indirect employment opportunities that it creates, its investments, the goods and services that it purchases, and the taxes that it pays, as it does through its products. In addition to those, the Company regards the constant support and contribution it extends to the arts, education, sports and preservation of cultural assets as a vital and integral instrument of its principle of giving back to the community. Pınar Su sponsors activities conducted in fields such as quality, food, R&D and marketing, as well as participation in many fairs and congresses held every year for the development of the sector.

Pınar Children's Painting Competition and Pınar Children's Theater; sponsorship to Pınar Karşıyaka Basketball Team, official beverage sponsorship of Turkish Basketball Association and National Basketball Teams Pınar Newsletter and Yaşam Pınarım magazine are aimed at giving employees and the society an insight into culture, arts, sports and education.

The Company supports education by collaborating with organizations such as Yaşar University and Yaşar Education and Culture Foundation.

The Company conducts its activities within the framework of values which are adhered to by Yaşar Group companies and whose approach to the production of goods and services involves compliance with laws and the rules of ethics, concerns itself with national problems without becoming involved in politics, and values the environment and nature. These values are known to all company employees. A summary version of Yaşar Group Rules of Ethics is publicly available on our Company's website.

PART V – BOARD OF DIRECTORS

5.1. Structure and Formation of the Board of Directors and

Board Members of the Company:

Name Surname	Title	Whether or Not Independent Member	Whether or Not Independent Member	Term
Emine Feyhan YAŞAR	Chairperson	Not Independent Member	Not Executive	1 year
İdil YİĞİTBAŞI	Vice Chairperson	Not Independent Member	Not Executive	1 year
Mustafa Selim YAŞAR	Member	Not Independent Member	Not Executive	1 year
Ali Yiğit TAVAS	Independent Member	Independent Member	Not Executive	1 year
Kemal SEMERCİLER	Independent Member	Independent Member	Not Executive	1 year
Yılmaz GÖKOĞLU	Member	Not Independent Member	Not Executive	1 year
Cengiz EROL	Member	Not Independent Member	Not Executive	1 year

Hüseyin Karamehmetoğlu is the General Manager of the Company. The engagement of company directors in the activities set forth in Articles 395 and 396 of the Turkish Commercial Code is subject to the approval of the General Assembly. With the exception of those activities, there are no other limitations imposed on what Board directors may do and external positions held, if any, are stated in their résumés covered in annual reports. Members of the Board of Directors of our company, which is affiliated to Yaşar Group, may hold seats on the boards of directors of other Group companies, and there may be various transactions by and between these companies that may be considered under the scope of Article 395/1 of the Turkish Commercial Code. However, the parties to such transactions are Group companies only, and necessary permissions are obtained at the general assembly meeting of each relevant company.

The resumes of Board Members are given both in the Company's annual report and on the corporate website. In accordance with the Capital Market legislation, independent Board directors have submitted their declarations of independence to the Corporate Governance Committee that acts as the Nomination Committee and the declarations were published in the annual report.

Two independent member candidates were presented for 2018 to the Corporate Governance Committee that acts as the Nomination Committee. The declarations of independence and resumes of these individuals have been discussed in the Corporate Governance Committee meeting of March 30, 2016 and in the meetings of the Board of Directors, and it has been decided to nominate all of them as independent members. No situations arose that prejudiced independence as of 2018 operating period. There are 2 female members in the board of directors. Hence, the Company has secured a ratio of not less than 25% with respect to the number of women members on the Board of Directors.

5.2. Operating Principles of Activity of the Board of Directors

The operating principles of the Board of Directors are regulated in Article 11 of the Company's articles of incorporation. Accordingly:

"The Board of Directors shall convene as the Company's affairs and operations may require. However, the Board must meet at least monthly.

The Board of Directors meets with the majority of the full number of members and decisions are made by the majority of the members present at the meeting."

The agenda for the Board of Directors meetings are set by the Chairperson of the Board, in consultation with the other Board directors and the General Manager.

The details of the 2018 activities and operating principles of the Board of Directors are provided below

During the reporting period, the Board of Directors convened 56 times. Invitation for the meeting is done by a written request of any Board Member or the Chairperson. Before the meeting, the meeting agenda is sent to the members and the meeting invitation is made. Usually, all members attend the meetings. In 2018 operating period, all decisions were passed with the unanimous vote of the members present in the meeting. The questions raised during the meetings are not entered into record. No board directors have preferential voting and/or veto rights.

5.3. Number, Structure and Independence of the Committees Established under the Board of Directors

The Audit Committee, the Corporate Governance Committee and the Early Detection of Risk Committee have been set up at the Company.

The Corporate Governance Committee fulfills the duties of the Nomination Committee and the Remuneration Committee. When performing their activities, the committees under the Board of Directors adhere to the operating principles that are posted also on the Company website.

The Audit Committee is headed by Ali Yiğit Tavas and its other member is Kemal Semerciler. Both members are non-executive and

PINAR SU SANAYİ VE TİCARET A.Ş. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

independent Board directors. The Audit Committee meets at least on a quarterly basis and holds at least four meetings in one year. Within the scope of the Committee's activities, information has been obtained on operations and internal control systems from company executives and findings related to the audit from independent auditors. The committee supervises the functioning and effectiveness of the company's accounting system, public disclosure of financial information, independent audit and internal control system. It also oversees the selection of the independent audit provider, start of independent audit process and works of the independent audit provider. It notifies the Board of Directors on integrity and accuracy of the annual and interim financial tables which will be publicly disclosed.

Corporate Governance Committee Chairperson is non-executive Independent Board Member Ali Yiğit Tavas, Committee Members are non-executive Board Members Yılmaz Gökoğlu and Cengiz Erol and Investor Relations Department Manager is Onur Öztürk. Corporate Governance Committee meets at least on a quarterly basis and holds at least four meetings in one year. The Corporate Governance Committee establishes whether the Corporate Governance Principles are implemented at the Company, the grounds for non-implementation, if applicable, and the conflicts of interest arising from failure to fully comply with these principles. Corporate Governance Committee oversees the activities of the Investor Relations Department.

Within the scope of the duties of the Nominating Committee, the Corporate Governance Committee works on establishing a transparent system in the fields of identifying, evaluating, training and rewarding candidates for the Board of Directors and determining policies and strategies in this regard. In addition, the Committee evaluates the nominations for independent Board membership including the management and shareholders, taking into consideration whether the candidate bears the independence criteria or not, and presents its relevant assessment to the Board of Directors for approval.

Within the scope of the duties of the Remuneration Committee, the Corporate Governance Committee formulates its proposals regarding the principles for compensating the Board directors and senior executives, in view of the long-term goals of the company.

The Early Detection of Risks Committee is responsible for early detection of risks that may endanger the existence, development and continuity of the company, taking the necessary measures and managing the risk. The Committee is headed by Ali Yiğit Tavas, a non-executive and independent board member, and its members are Cengiz Erol and Yılmaz Gökoğlu, who are non-executive board members.

According to the Corporate Governance Principles, two members of the Audit Committee and the Early Detection of Risk Committee and the head of Corporate Governance Committee should be independent board members. The Manager of the Investor Relations Department was assigned as a member to the Corporate Governance Committee. Since there are two independent members on the Company's Board of Directors, the same member serves on more than one committee under the Board of Directors.

Upon assessment held by Company's Board of Directors, it was determined that all committees of the company are created in accordance with the legislation, activities were effectively conducted in line with working principles created before and published in the Company's web site, periodically enough number of meetings was held during the year and as a result of such meetings; the Audit Committee provided efficiency of auditing company's accounting system and financial details and disclosing them to public and submitted their views, suggestions about this matter to board of directors regularly, that Corporate Audit Committee concluded determinations on strengthening the compliance to Corporate Management Principles and submitted to board of directors with their recommendations, that Early Detection of Risk Committee reviewed early warning systems and models for risks and determined risks.

5.4. Risk Management and Internal Control Mechanism
The Board of Directors essentially supervises risk management and internal control activities through the Early Detection of Risk Committee. In its fulfillment of these functions, the Early Detection of Risk Committee makes use of the findings of the bodies performing certification under the Group Audit and Risk Management Coordinator, independent audit and certified accountancy.

5.5. Strategic Targets of the Company
The board of directors establishes corporate strategies and targets in line with the company's vision, growth and profitability expectations. The principles that will steer these strategies are determined by the senior management and the extent at which the goals are achieved are assessed in the monthly meetings, along with the activities and past performance.

5.6. Financial Benefits
The rights provided to the Board Members are decided at the General Assembly meetings and are publicly disclosed through the minutes of the meetings issued. The Remuneration Policy that describes the remuneration system and implementations for the Company's Board Members and executives with administrative responsibility is available on our website. The Company's annual reports do not present the rights provided to senior executives on an individual basis, but state a cumulative amount.

The Company does not lend money, extend credit, or make available loans under the name personal loans via a third party to any of its directors or executives, nor does it provide guarantee in their favor.

STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE PRINCIPLES NOTICE RELATING FINANCIAL REPORTING IN CAPITAL MARKET NO II-14.1 OF CAPITAL MARKETS BOARD

We declare that according to “Principles Notice Relating Financial Reporting in Capital Market” notice of Capital Market Board (CMB) with no II-14.1, statement of financial position, comprehensive income statement, cash flow statement and statement of changes in equity as well as activity report of board of directors along with the footnotes prepared in accordance with the formats stated by Turkish Accounting Standards/Turkish Financial Reporting Standards (TMS/TFRS) and CMB, prepared by our company, subjected to independent supervision by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and accepted with the Decision of Board of Directors of Pınar Su Sanayi ve Ticaret A.Ş. with date February 28, 2019 and no 2019/10, belonging to financial year of January 1, 2018 - December 31, 2018;

1. Our company examined the reports,

2. Do not contain any deficiency which may result in any misleading situation as of the date when an explanation against the truth in important matters are made within the information which we have within our area of duty and liability in our company,

3. Within the framework of information we have on our duties and responsibilities in our company, the financial statements prepared in accordance with the communiqué reflect the true information on active and passive assets, financial status, profit and loss of the enterprise and our activity report honestly reflects the development and performance of work and financial status of the enterprise, including the significant risks and uncertainties,

In accordance with the CMB’s decision dated January 10, 2019 No. 2/49, the Corporate Governance Compliance Report (“URF”) prepared for the fiscal period January 1, 2018 - December 31, 2018 and the Corporate Governance Information Form (“KYBF”) were examined by us and that these reports were prepared in accordance with the procedures and principles specified in the Corporate Governance Communiqué of CMB no: II-17.1 as well as in the decisions taken,

Best Regards,
PINAR SU SANAYİ VE TİCARET A.Ş.

Onur ÖZTÜRK	Hüseyin KARAMEHMETOĞLU	Kemal SEMERCİLER	Ali Yiğit TAVAS
Financial Affairs And Finance Director	General Manager	Audit Committee Member	Audit Committee Chairman

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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

1. Opinion

We have audited the annual report of Pınar Su Sanayi ve Ticaret A.Ş. (the "Company") for the 1 January - 31 December 2018 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report 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. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 28 February 2019 on the full set financial statements for the 1 January - 31 December 2018 period.

4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

4. Board of Director's Responsibility for the Annual Report (Continued)

b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are als included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Company's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained in the course of audit.

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

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Mehmet Karakurt,
Partner

İstanbul, 28 February 2019

PINAR SU SANAYİ VE TİCARET A.Ş.

FINANCIAL STATEMENTS
AT 1 JANUARY - 31 DECEMBER 2018
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 Sanayi ve Ticaret A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Pınar Su Sanayi ve Ticaret A.Ş. (the "Company"), which comprise the statement of financial position as at 31 December 2018 and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2018, 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.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul-Turkey
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

pwc

Key audit matter	How our audit addressed the key audit matter
Fair value measurements land and land improvements, buildings, machinery and equipment: **(Refer to the Notes 2 and 11)** In accordance with TAS 16, “Property, Plant and Equipment”, land and land improvements, buildings, machinery and equipment are measured at fair value on the financial statements. The fair values of land and land improvements and buildings determined based on valuations by an independent professional valuer as of 31 December 2017. As a result of Company management assessment with another external independent professional valuer, the carrying amount of land and land improvements and buildings are assumed to approximate their fair values as of 31 December 2018 after deducting current year depreciation. On the other hand, the Company management has decided to perform valuation works for all machinery and equipment since the carrying values are substantially different from their fair values as of 31 December 2018 and the fair values of machinery and equipment were determined based on valuations by external independent valuer. According to the valuations performed by external independent valuer as at 31 December 2018, increase in the carrying values of machinery and equipment is amounting to TL28 million, before tax. Increases in the carrying amount arising on the revaluation of machinery and equipment are credited to the revaluation reserve in equity, net of applicable deferred income tax in the financial position. The assessment of the carrying values of property, plant and equipment was a key audit matter since the total amount of property, plant and equipment as of 31 December 2018 represents a significant share of the total assets of the Company, and these valuations include significant estimations and assumptions.	The following audit procedures were addressed in our audit work on the fair value measurement of property, plant, equipment: • We assessed the competency, capability and objectivity of the independent professional valuers who were appointed by Company management, in accordance with relevant audit standards. • The frequency of revaluation was evaluated in accordance with the relevant audit standards by taking into consideration of the conditions and periods set forth in TAS 16. • Estimates and assumptions of the Company management are considered together with our external expert in accordance with the relevant auditing standards to ensure that the carrying values of land, land improvements and buildings as of 31 December 2018 approximate to their fair values. • We checked and confirmed completeness, and reconciled the input data on a sample basis, used by the independent professional valuers with the Company’s records. • In accordance with the provisions of “SIA 620: Use of Work of Expert” standard, we got our 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 related assets in the financial statements in accordance with the relevant accounting financial reporting standards were evaluated.

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables (Refer to the Note 7): Trade receivables amounting to TL29 million from non-related parties as of 31 December 2018 are material to the financial statements. The Company management takes into account the guarantees received from its customers, past collection performance, 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. For 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 reviewed and assessed. • Trade receivables from non-related parties were tested on a sample basis by sending confirmation letters. • The aging of trade receivable balances from non-related parties were analysed. • The subsequent collections were tested on a sample basis. • The guarantee letters received from customers were tested on a sample basis. • Investigations were made to determine whether there were any disputes or lawsuits regarding the collectability of trade receivables from non-related parties, and evaluations of the ongoing lawsuits were obtained from the Company's legal counsellors. • 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 of recoverability of trade receivables from non-related parties in the financial statements with the relevant accounting standards was evaluated.

pwc

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.

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

5. Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 2018 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 2019.

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

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Mehmet Karakurt,
Partner

İstanbul, 28 February 2019

CONTENTS .... PAGE

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

PINAR SU SANAYİ VE TİCARET A.Ş.
STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS)
AT 31 DECEMBER 2018 AND 2017

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

	Notes	31 December 2018	31 December 2017
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	1,381,537	1,616,562
Trade Receivables		34,100,310	28,136,518
- Due From Related Parties	6	5,336,925	3,707,806
- Other Trade Receivables	7	28,763,385	24,428,712
Other Receivables		3,924,569	1,824,808
- Due From Related Parties	6	-	14,358
- Other receivables	8	3,924,569	1,810,450
Inventories	9	17,164,082	10,093,728
Prepaid Expenses		1,841,231	1,503,414
- Prepaid Expenses From Third Parties	10	1,841,231	1,503,414
Other Current Assets		16,363,279	13,832,162
- Other Current Assets From Third Parties	19	16,363,279	13,832,162
TOTAL CURRENT ASSETS		**74,775,008**	**57,007,192**
Non-Current Assets			
Financial Assets	32	4,663,944	4,047,190
Other Receivables		1,800	1,800
- Due From Non Related Parties Other Receivables	8	1,800	1,800
Property, Plant and Equipment	11	210,137,811	181,010,588
- Lands		12,425,000	12,425,000
- Land Improvements		9,546,143	9,840,500
- Buildings		46,566,900	47,769,500
- Machinery and Equipments		122,201,135	92,126,628
- Vehicles		33,288	69,635
- Furniture and Fixtures		18,982,295	18,614,325
- Construction in Progress		383,050	165,000
Intangible Assets	12	4,043,586	2,935,668
- Computer Programmes		4,043,586	2,935,668
Prepaid Expenses		3,621	-
- Prepaid Expenses From Third Parties	10	3,621	-
Deferred Tax Assets	28	-	1,959,521
TOTAL NON - CURRENT ASSETS		**218,850,762**	**189,954,767**
TOTAL ASSETS		**293,625,770**	**246,961,959**

The financial statements at 1 January - 31 December 2018 and for the year then ended have been approved for issue by Board of Directors of Pınar Su Sanayi ve Ticaret A.Ş. on 28 February 2019. The General Assembly and certain regulatory bodies have the authority to make amendments after the publication of statutory financial statements.

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

PINAR SU SANAYİ VE TİCARET A.Ş.

STATEMENTS OF FINANCIAL POSITIONS (BALANCE SHEETS) AT 31 DECEMBER 2018 AND 2017

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

	Notes	31 December 2018	31 December 2017
LIABILITIES			
Current Liabilities			
Short Term Borrowings		38,018,139	20,043,521
- Short Term Borrowings to Non-Related Parties	15	38,018,139	20,043,521
- Bank Loans	38,018,139	20,043,521	
Short-Term Portion of Long-Term Borrowings		45,678,841	25,606,934
- Short-Term Portion of Long-Term Borrowings	15	45,678,841	25,606,934
- Bank Loans	45,678,841	25,606,934	
Trade Payables	56,471,503	44,014,871	
- Due to Related Parties	6	1,601,967	1,409,561
- Other Payables to Non-Related Parties	7	54,869,536	42,605,310
Payables Related to Employee Benefits	17	910,229	785,863
Other Payables	16,534,081	11,333,891	
- Due to Related Parties	6	5,909,116	2,657,575
- Other Payables to Non-Related Parties	8	10,624,965	8,676,316
Deferred Income	763,902	1,042,091	
- Deferred Income from Third Parties	10	763,902	1,042,091
Short-Term Provisions	1,640,577	1,252,959	
- Provisions for Employee Benefits	17	288,636	327,859
- Other Short-Term Provisions	16	1,351,941	925,100
TOTAL CURRENT LIABILITIES		**160,017,272**	**104,080,130**
Non - Current Liabilities			
Long-Term Borrowings	56,557,499	67,665,751	
- Long-Term Borrowings to Non-Related Parties	15	56,557,499	67,665,751
- Bank Loans	56,557,499	67,665,751	
Trade Payables	7,233,552	9,030,741	
- Due From Non Related Parties	7	7,233,552	9,030,741
Long-Term Provisions	2,596,372	2,197,488	
- Provisions for Employee Termination Benefits	17	2,596,372	2,197,488
Deferred Tax Liabilities	28	2,723,348	-
TOTAL NON - CURRENT LIABILITIES		**69,110,771**	**78,893,980**
TOTAL LIABILITIES		**229,128,043**	**182,974,110**
EQUITY			
Equity Attributable to Owners of Parent		**64,497,727**	**63,987,849**
Share Capital	20	44,762,708	44,762,708
Adjustment to Share Capital	20	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		62,112,510	40,482,677
- Gains on revaluation and remeasurement		60,524,257	40,482,677
- Revaluation of property, plant and equipment	11	62,735,634	42,377,009
- Actuarial loss arising from defined benefit plans	17	(2,211,377)	(1,894,332)
- Revaluation or classification earnings of assets at fair value through other comprehensive income	32	1,588,253	-
Other accumulated comprehensive income (loss) that will be reclassified to profit or loss		-	1,075,488
- Gains on Remeasuring and/or Reclassification	32	-	1,075,488
- Gains on remeasuring and/or reclassification of Available-for-sale financial assets		-	1,075,488
Restricted Reserves	20	4,180,008	4,180,008
- Legal Reserves		4,180,008	4,180,008
Accumulated Losses		(36,281,924)	(18,598,912)
Loss for the Year		(22,077,329)	(19,715,874)
TOTAL EQUITY		**64,497,727**	**63,987,849**
TOTAL LIABILITIES AND EQUITY		**293,625,770**	**246,961,959**

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

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

PINAR SU SANAYİ VE TİCARET A.Ş.

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2018 AND 2017

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

	Notes	1 January- 31 December 2018	1 January- 31 December 2017
PROFIT (LOSS)			
Revenue	21	234,185,150	198,291,944
Cost of Sales (-)	21	(136,755,196)	(111,128,901)
GROSS PROFIT		**97,429,954**	**87,163,043**
General Administrative Expenses (-)	22	(20,318,266)	(20,789,733)
Marketing Expenses(-)	22	(74,079,879)	(67,472,185)
Other Operating Income	23	7,748,323	2,419,143
Other Operating Expenses (-)	23	(4,429,501)	(3,226,976)
OPERATING PROFIT/ (LOSS)		**6,350,631**	**(1,906,708)**
Income from Investment Activities	24	405,575	548,023
Expense from Investment Activities (-)	24	(711,420)	(339,367)
OPERATING PROFIT/ (LOSS) BEFORE FINANCIAL EXPENSE		**6,044,786**	**(1,698,052)**
Financial Income	26	783,356	516,407
Financial Expenses (-)	26	(29,845,202)	(18,765,325)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**(23,017,060)**	**(19,946,970)**
Tax Income of Continuing Operations		939,731	231,096
- Deferred Tax Income	28	939,731	231,096
LOSS FROM CONTINUING OPERATIONS		**(22,077,329)**	**(19,715,874)**
LOSS FOR THE PERIOD		**(22,077,329)**	**(19,715,874)**
Loss per Share			
- Loss Per 1 KR Number of 100 Shares From Continuing Operations	29	(0,4932)	(0,4405)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/ expense not to be reclassified to profit or loss		**22,587,207**	**19,912,137**
- Loses on remeasurements of defined benefit plans	17	(396,306)	(1,055,091)
- Gains on revaluation of property, plant and equipment	11	27,989,359	25,994,294
- Revaluation earnings of assets recorded at fair value through other comprehensive income	32	616,754	-
- Effect of change in tax rate		-	(289,768)
- Taxes for Other Comprehensive Expense not to be Reclassified to Profit or Loss		(5,622,600)	(4,737,298)
- Gains on revaluation of property, plant and equipment, tax effect		79,261	211,018
- Losses on remeasurements of defined benefit plans, Tax effect	32	(103,989)	-
Losses on revaluation of property, plant and equipment, tax effect		(5,597,872)	(4,948,316)
Other Comprehensive Income/ Expense to be Reclassified to Profit or Loss		**-**	**206,893**
- Losses on remeasuring and/or reclassification on available-for-sale financial assets	32	-	(2,358)
- Losses on remeasuring and/or reclassification on available-for-sale financial assets		-	(2,358)
- Taxes for Other Comprehensive Income/ Expense to be Reclassified to Profit or Loss	32	-	209,251
- Losses on revaluation and/or reclassification of vailable-for-sale financial assets, Tax effect		-	209,251
OTHER COMPREHENSIVE INCOME		**22,587,207**	**20,119,030**
TOTAL COMPREHENSIVE INCOME		**509,878**	**403,156**

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

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

PINAR SU SANAYİ VE TİCARET A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AT 31 DECEMBER 2018 AND 2017

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

	Notes	1 January - 31 December 2018	1 January- 31 December 2017
CASH FLOWS FROM OPERATING ACTIVITIES		**8,929,223**	**(1,637,594)**
Loss for the year		(22,077,329)	(19,715,874)
- Loss from Continuing Operations		(22,077,329)	(19,715,874)
Adjustments Related to Reconciliation		**43,847,038**	**31,174,593**
Adjustments for depreciation and amortisation expense	11.12	14,288,302	13,952,387
Adjustments for Impairment loss		335,922	719,479
- Adjustments for Impairement loss of receivables	7	335,922	710,072
- Adjustments for Impairement on fixed assets	11	-	9,407
Adjustments for provisions		1,207,792	393,049
- Adjustments for provisions related with employee benefits	17	780,951	492,116
- Adjustments for (Reversal of) other provisions	16	426,841	(99,067)
Adjustment for dividend income		(164,421)	(285,800)
Adjustments for interest expense and interest gain		22,565,967	13,681,833
-Adjustments for interest income	23.24.26	(1,022,424)	(505,912)
Adjustments for interest expense	23.26	23,588,391	14,187,745
Adjustments for unrealized foreign currency translation differences		6,134,775	2,791,677
Adjustments for tax income	28	(939,731)	(231,096)
Adjustments for losses arised from sale of fixed assets	24	418,432	153,064
Adjustments for losses arised from sale of tangible assets		418,432	153,064
Changes in working capital		**(12,062,109)**	**(11,373,957)**
Adjustments related to increase in trade receivables		(5,518,159)	(7,057,396)
- Increase in trade receivables from related parties		(858,731)	(427,998)
- Increase in trade receivables from non-related parties		(4,659,428)	(6,629,398)
Adjustments for increase in other receivables with operations		(4,630,878)	(2,367,708)
- Decrease in other related party receivables related with operations		14,358	31,592
- Increase in other non-related party receivables related with operations		(4,645,236)	(2,399,300)
Adjustments for (increase)/ decrease in inventories		(7,070,354)	897,114
Adjustments for increase/ (decrease) in trade payable		3,743,109	(3,582,309)
- Increase in trade payables to related parties		150,640	374,801
- Increase/ (decrease) in trade payables to non-related parties		3,592,469	(3,957,110)
Increase in prepaid expenses		(341,437)	(694,351)
Increase in payables related to employee benefits		124,366	515,063
Adjustments for increase in other operating payables		1,948,649	860,875
- Increase in other operating payables to non-related parties		1,948,649	860,875
(Decrease)/ increase in deferred income		(278,189)	13,671
Adjustments for Other (Decrease)/ Increase in Working Capital		(39,216)	41,084
- Increase in Other Payables Related with Operations		(39,216)	41,084
Cash Flows from Operating Activities		**9,707,600**	**84,762**
Payments related with provisions for employee benefits		(778,377)	(1,722,356)
CASH FLOWS FROM INVESTING ACTIVITIES		**(15,765,671)**	**(19,138,635)**
Cash outflows from subsidiaries and/ or joint ventures shares acquired or capital increase	32	-	(353,694)
Cash inflows from sales of fixed assets		543,687	1,116,163
- Cash inflows from sales of tangible assets		543,687	1,116,163
Cash outflows due to purchase of fixed assets		(17,496,203)	(20,692,816)
- Cash outflows due to purchase of tangible assets	11	(15,983,351)	(19,587,175)
- Cash outflows due to purchase of intangible assets	12	(1,512,852)	(1,105,641)
Interest received	23.24.26	1,022,424	505,912
Dividend received	24	164,421	285,800
CASH FLOWS FROM FINANCING ACTIVITIES		**6,601,423**	**19,116,996**
Cash inflows from financial borrowings		75,154,030	55,600,704
- Cash inflows from loans		75,154,030	55,600,704
Cash outflows from financial liabilities		(44,562,268)	(24,535,467)
- Paybacks of borrowings		(44,562,268)	(24,535,467)
Increase in non-trade payables due to related parties		3,251,541	2,402,788
Interest paid		(27,241,880)	(14,351,029)
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		**(235,025)**	**(1,659,233)**
Net Decrease in Cash and Cash Equivalents		**(235,025)**	**(1,659,233)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5**	**1,616,562**	**3,275,795**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**1,381,537**	**1,616,562**

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

PINAR SU SANAYİ VE TİCARET A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2018 AND 2017

(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
Prior year						
1 January- 31 December 2017						
Balances at beginning	**44,762,708**	**11,713,515**	**88,239**	**23,272,463**	**(1,050,259)**	**-**
Transfers	-	-	-	(1,651,664)	-	-
Total comprehensive income	-	-	-	20,756,210	(844,073)	-
- Loss for the year	-	-	-	-	-	-
- Other comprehensive expense	-	-	-	20,756,210	(844,073)	-
Balances at closing	**44,762,708**	**11,713,515**	**88,239**	**42,377,009**	**(1,894,332)**	**-**
Current year						
1 January- 31 December 2018						
Balances at beginning	**44,762,708**	**11,713,515**	**88,239**	**42,377,009**	**(1,894,332)**	**-**
Classifications on Mandatory Changes in Accounting Policies (Note 2)	**-**	**-**	**-**	**-**	**-**	**1,075,488**
- Adjustments related to required Required changes in TFRS 9	-	**-**	**-**	**-**	**-**	1,075,488
Balances at beginning (restatemented)	**44,762,708**	**11,713,515**	**88,239**	**42,377,009**	**(1,894,332)**	**1,075,488**
Transfers	-	-	-	(2,032,862)	-	-
Total comprehensive income	-	-	-	22,391,487	(317,045)	512,765
- Loss for the year	-	-	-	-	-	-
- Other comprehensive income	-	-	-	22,391,487	(317,045)	512,765
Balances at closing	**44,762,708**	**11,713,515**	**88,239**	**62,735,634**	**(2,211,377)**	**1,588,253**

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

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

PINAR SU SANAYİ VE TİCARET A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2018 AND 2017

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

	Other comprehensive income/ (expense) to be classified to profit or loss				
	Revaluation and/or Reclassification Adjustment of Available for Sale Financial Assets	Restricted Reserves	Accumulated Lossess	Loss for the Period	Total Equity
	868,595	**4,180,008**	**(766,366)**	**(19,484,210)**	**63,584,693**
	-	-	(17,832,546)	19,484,210	-
	206,893	-	-	(19,715,874)	403,156
	-	-	-	(19,715,874)	(19,715,874)
	206,893	-	-	-	20,119,030
	1,075,488	**4,180,008**	**(18,598,912)**	**(19,715,874)**	**63,987,849**
	1,075,488	**4,180,008**	**(18,598,912)**	**(19,715,874)**	**63,987,849**
	(1,075,488)	**-**	**-**	**-**	**-**
	(1,075,488)	**-**	**-**	**-**	**-**
	-	**4,180,008**	**(18,598,912)**	**(19,715,874)**	**63,987,849**
	-	-	(17,683,012)	19,715,874	-
	-	-	-	(22,077,329)	509,878
	-	-	-	(22,077,329)	(22,077,329)
	-	-	-	-	22,587,207
	-	**4,180,008**	**(36,281,924)**	**(22,077,329)**	**64,497,727**

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Pınar Su Sanayi ve Ticaret A.Ş. (the "Company") is engaged in the production of bottled water 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).

The Company's 32.31% (31 December 2017: 32.31%) of shares are quoted on the "Borsa Istanbul" ("BIST"). The ultimate parent of the Company is Yaşar Holding A.Ş ("Yaşar Holding") with 58.00% of shares of the Company (2017: 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 Desa - Otak Kazan Üretimi Apt. No: 262
Bornova/ İzmir

The average number of personnel employed during the period at the Company is 422 (2017: 461).

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Financial Reporting Standards

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 2 June 2016 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 interms of Turkish Lira ("TL") which is the functional currency of the Company.

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

2.1.1 Financial Reporting Standards (Continued)

With the decision taken on 17 March 2005, numbered 11/367, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the POA, has not been applied in the financial statements for the accounting year starting from 1 January 2005.

2.2 Amendments in Accounting Policies, Comparative Informations and Correction of Prior Year Financial Statements

2.2.1 Amendments in Turkish Financial Reporting Standards

a) Standards, Amendments and TFRSIs applicable to 31 December 2018 year ends:

- **TFRS 9, 'Financial instruments';** effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The effects of the standard change are explained in Note 2.2.2.1.2.

- **TFRS 15, 'Revenue from contracts with customers';** effective from annual periods beginning on or after 1 January 2018. TFRS 15, 'Revenue from contracts with customers' is a converged standard from the TASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The effects of the standard change are explained in Note 2.2.2.1.1.

- **Amendment to TFRS 15, 'Revenue from contracts with customers'**, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The TASB has also included additional practical expedients related to transition to the new revenue standard. The effects of the standard change are explained in Note 2.2.2.1.1.

- **Annual improvements 2014-2016;** effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:

    - TFRS 1, 'First time adoption of TFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10.

    - TAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

- **TFRSI 22, 'Foreign currency transactions and advance consideration';** effective from annual periods beginning on or after 1 January 2018. This TFRSI addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

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

2.2.1 Amendments in Turkish Financial Reporting Standards (Continued)

b) New standards, amendments and interpretations issued and effective as of 31 December 2018 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 2018:

- **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 plans not to use the simplified migration application and to rearrange the comparable amounts for the year prior to the first implementation. Thus, all usage right assets will be measured in the amount of leasing debts (adjusted for prepaid or accrued rental costs). As of the date of this report, the Company continues to work on the effects of TFRS 16 on its financial statements. The Company's operations as lessor are unimportant.

- **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.

- **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.

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

2.2.1 Amendments in Turkish Financial Reporting Standards (Continued)

- **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.

- **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.

The Company will evaluate the effects of the above amendments on its operations and apply them from the effective date. As of December 31, 2018, the standards and amendments that have been published but not yet effective and not related to the Company's operations have not been stated above.

2.2.2 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 2018 on a comparative basis with balance sheet at 31 December 2017; and statements of comprehensive income, cash flows and changes in equity for the period of 1 January - 31 December 2018 on a comparative basis with financial statements for the period of 1 January - 31 December 2017.

The Company has applied consistent accounting policies in the financial statements of the Company for the periods presented and has no material changes in the accounting policies and estimates in the current period. Accounting policies and their effects on TFRS 9 and 15 Note 2.2.2.1.1 and Note 2.2.2.1.2.

2.2.2.1 Summary of Significant Accounting Policies

2.2.2.1.1 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.

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

2.2.2.1.1 Revenue Recognition (Continued)

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.

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) The customer has the significant risks and rewards of ownership of the asset,
e) The customer has accepted the asset.

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

2.2.2.1.1 Revenue Recognition (Continued)

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.

The Company recognizes a refund liability in the condensed interim financial information if the entity receives consideration from a customer and expects to refund some or all of that consideration to the customer. A refund liability is measured at the amount of consideration received for which the entity does not expect to be entitled and recognised as advances received on the financial position. The refund liability is updated at the end of each reporting period for changes in circumstances.

First time adoption of TFRS 15 Revenue from customer contracts "standard

TFRS 15 'Revenue from contracts with customers', effective from annual periods beginning on or after 1 January 2018, replacing TAS 18 "Revenue". TFRS 15, "Revenue from contracts with customers" is a converged standard from the TASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

2.2.2.1.2 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.

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

2.2.2.1.2 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. As of 31 December 2018, the Company does not have any financial assets that it has measured at cost. In this context, the Company has recognized all of its financial assets at fair value in the financial statements.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

	According to TAS 39 previous classification	According to TFRS 9 new classification
Financial Assets		
Cash and cash equivalents	Loans and receivables	Amortised cost
Financial Investment	Available-for-sale financial assets	Fair value difference reflected in other comprehensive income
Trade receivable	Loans and receivables	Amortised cost
Other receivable	Loans and receivables	Amortised cost

	According to TAS 39 previous classification	According to TFRS 9 new classification
Financial Liabilities		
Financial payable	Amortised cost	Amortised cost
Trade payable	Amortised cost	Amortised cost
Other payable	Amortised cost	Amortised cost

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

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

2.2.2.1.2 Financial assets (Continued)

First time adoption of TFRS 9 - Financial Instruments

The Company has applied TFRS 9 "Financial Instruments" as the first application date of
1 January 2018, replacing TAS 39. It includes requirements for the classification and measurement of financial assets and liabilities, as well as the expected credit risk model that will replace the currently used impairment loss model. The transition effect of the standard is accounted for by the simplified method. Based on this method, the Company has recorded the cumulative effect on the initial transition to TFRS 9 to the accumulated losses. Therefore, as of 31 December 2018 there is no need to revise the financial statements of the previous years which were presented in accordance with TAS 39.

The effects of the mentioned classification on financial statements as of 31 December 2018 are as follows

Finansal Investment- 1 January 2018	**Notes**	**Available ready financial assets**	**Fair Value through other comprehensive income profit or loss**	**Total Effects**
Closing balance - 31 December 2017 - TAS 39		4,047,190	-	4,047,190
Fair value through other comprehensive income/profit or loss	32	(4,047,190)	4,047,190	-
Opening balance - 1 January 2018 - IFRS 9		-	4,047,190	4,047,190

Finansal Investment - 1 January 2018	**Revaluation and /or Classification of Financial Investments Gain (Losses) Fund**	**Assets Recorded in Other Comprehensive Income of Fair value Fund**	**Total Effects**
Closing balance - 31 December 2017 - TAS 39	1,075,488	-	1,075,488
Financial investments' valuation or classification Gains/ losses from the fund of fair value difference reffering to Other comprehensive income assets's Classification or value fund	(1,075,488)	1,075,488	-
Opening balance - 1 January 2018 - IFRS 9	-	1,075,488	1,075,488

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

2.2.2.1.2 Financial assets (Continued)

The Company's management has evaluated the financial investments of the Company as of 1 January 2018 and has included the financial instruments and related equity funds. TFRS 9 is classified according to categories. As a result of this classification, the difference between the carrying amount of the financial assets carried at cost and the fair value at the beginning of the first application date is recorded in the related fund under shareholders' equity.

2.2.2.1.3 Change in the useful lives of tangible assets

The Company has reviewed its useful lives of property, plant and equipment and the useful lives of a group of machinery and equipment has been revised as of 1 January 2018. As a result of this change, the depreciation expense calculated as TRY1,038,048 for the year 2018 less than the amount to be calculate according to the previous useful lives.

2.3 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of the financial statements are summarized below:

2.3.1 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).

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 2017 and machinery and equipment as of 31 December 2018 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).

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.

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

2.3.2 Property, plant and equipment (Continued)

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 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;

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

Subsequent costs are included in the asset's carrying value recognised as seperate 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.

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.

2.3.3 Intangible assets

Intangible assets have finite useful lives and mainly comprise acquired rights. They are recorded at acquisition cost and amortised on a straight-line basis over their estimated useful lives for a period of six years from the date of acquisition (Note 12). Costs associated with maintaining computer software programs are recognized as an expense when incurred. Gain or losses on disposals or on impairments of intangible assets with respect to their amounts are included in the related income and expense accounts.

Residual values of intangible assets are deemed as negligible. Intangible assets 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, intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use.

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

2.3.4 Impairment of assets

Impairment of financial assets:

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.3.5 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 26). If the borrowings mature within 12 months, then they are classified in current liabilities, otherwise they are classified in non-current liabilities (Note 15).

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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.

2.3.6 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.

2.3.7 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 29). 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.

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

2.3.8 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.

2.3.9 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 16).

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.

i. *Employee Benefits/Termination Benefit*

Provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Company arising from the retirement of the employees calculated in accordance with the Turkish Labour Law. In accordance with existing social legislation and Turkish Labor Law in Turkey, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated due to retirement or for reasons other than resignation or misconduct and who has completed at least one year of service. Provision is made for the present value of the defined benefit obligation calculated using the projected unit credit method. All actuarial gains and losses are recognised in other comprehensive income in the statements of comprehensive income.

ii. *Bonus Provision*

The Company recognizes a liability and an expense for bonus and profit-sharing for the management and board of directors, based on a formula that takes into consideration the profit attributable to the shareholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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

2.3.10 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).

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.

2.3.11 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.

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

2.3.11 Trade Receivables (Continued)

The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. Also, 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. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Company measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Company and its expectations for the future indications.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the collection amount is decreased from the doubtful receivable provisions and recorded as other income from operating activities.

2.3.12 Trade Payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.3.13 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management that takes strategic decisions.

The key management of the Company regularly monitor and review the operational results based on the main products' performances in domestic and foreign markets. However, as the nature of the products, production processes, type of customers, distribution methods and regulatory environment for the operations of the Company are identical, and the operations performed in foreign markets is not material, segment reporting is not applicable.

2.3.14 Taxation on income

Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. To the extent that deferred income tax assets will not be utilised, the related amounts have been deducted accordingly (Note 28).

Many related transactions and calculations that are not finalized with final tax amounts are made during the normal workflow, and such cases require the use of significant considerations in determining the provision for income tax).The Company records the tax liabilities incurred by the supplementary tax that are estimated to be paid as a result of taxable events.

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

2.3.14 Taxation on income (Continued)

Deferred income tax income or expense is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In case, when the tax is related to items recognized directly in equity and other comprehensive income, the tax is also recognized in equity and other comprehensive income.

Deferred income tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will be reversed, using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled as of the balance sheet date.

Deferred income tax assets or liabilities are reflected to the financial statements to the extent that they will provide an increase or decrease in the taxes payable for the future periods where the temporary differences will be reversed. Deferred income tax liabilities are recognized for all taxable temporary differences, where deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. To the extent that deferred income tax assets will not be utilized, the related amounts have been deducted accordingly. In this framework, the Company has not recorded any portion of the financial losses that it could benefit from in the future due to the fact that future use of these assets is not probable. On the other hand, the Company has reflected the deferred tax assets resulting from the investment incentive certificate as of 31 December 2018 in the financial statements as it is highly probable that the future taxable profits will be utilized. Where the ultimate tax consequences arising from these matters differ from the amounts initially recorded, these differences could affect income tax provision and deferred tax liabilities in the periods in which they are set (Note 28).

2.3.15 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.

2.3.16 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.

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

2.3.17 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).

2.4 Significant accounting assessments, estimates and assumptions

The preparation of the financial statements requires the measurement of assets and liabilities reported as of the balance sheet date, disclosure of contingent assets and liabilities and the use of estimates and assumptions that may affect 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 current events and transactions, actual results may differ from the assumptions. The Company's significant accounting assumptions and estimates include:

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

Revaluations are performed with the sufficient regularity to ensure that the carrying amounts of the revalued property, plant and equipment and investment properties do not differ materially from that which would be determined using fair value at the end of the reporting periods. The frequency of the revaluation depends upon the changes in the fair values of the items of property, plant and equipment. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required and revaluation is performed for entire class of revalued item simultaneously. Besides, for items of property, plant and equipment with only insignificant changes in fair value frequent revaluations and fair value measurements are considered unnecessary.

Due to the fact that the machinery and equipments are mainly imported as a result of the evaluations made by the Company, the Company decided that there may be significant changes due to the changes in the market data taken into consideration in the cost approach method and the carried values will not converge to their fair values as of 31 December 2018. In this context, machinery and equipments have been valued by external independent valuers namely TSKB Gayrimenkul Değerleme A.Ş., fair value of assets accounted in the financial statements.

In addition, land and land improvement, buildings are stated at fair value less accumulated depreciation, based on valuations by external independent valuers namely TSKB Gayrimenkul Değerleme A.Ş. as of December 31, 2017 which approximates to fair value of these assets as of 31 December 2018.

As of 31 December 2018, the details of the methods and assumptions used for valuations of machinery and equipments are as follows.

- Revaluation of investment property was based on the method of reference by considering highest and best use approach.

- Regarding the valuation of the machinery and equipment, technologic conditions, actual depreciation, commercial attributes and industrial positions as well as demounting and assembling costs were taken into account. Whenever a fully integrated industrial plant was in discussion, the revaluation work was performed based on all the active and functioning assets in the integrated plant rather than taking as basis the data for the second-hand market within the scope of the valuation of the machinery and equipment. Such machinery and equipment were reviewed and assessed by their line.

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

2.4 Significant accounting assessments, estimates and assumptions (Continued)

The values that may occur during the 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.

ii) **Trade receivables and impairment**

The Company management takes into consideration the guarantees received from customers, past collection performances, maturity analysis, disputes or claims related to receivables or lawsuits when evaluating the recoverability of such trade receivables. The determination of the doubtful receivables as well as the provision amounts for these receivables as a result of all these evaluations include management's assumptions and estimates.

2.5 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.

2.6 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.

NOTE 3 - INTERESTS IN OTHER ENTITIES

See Note 32.

NOTE 4 - SEGMENT REPORTING

See 2.3.13.

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

NOTE 5 - CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash in hand	15,641	6,094
Banks	861,141	199,668
- Demand deposits	311,141	199,668
- Turkish Lira	311,141	199,668
- Time deposits	550,000	-
- Turkish Lira	550,000	-
Other	504,755	1,410,800
	1,381,537	**1,616,562**

As of 31 December 2018 the company has time deposit less than one week with an 18% weighted interest rate in TRY.Other cash and cash equivalents includes the credit cards slips with an average term of 30 days (2017: 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 2018 and 2017 are as follow

i) *Balances with related parties:*

a) Trade receivables from related parties:

	31 December 2018	31 December 2017
Yaşar Dış Ticaret A.Ş. ("YDT")	4,428,299	3,060,943
Çamlı Yem Besicilik San. ve Tic. A.Ş.	685,352	337,996
DYO Boya Fabrikaları Sanayi ve Ticaret A.Ş. ("DYO Boya")	125,919	16,422
Other	97,355	292,445
	5,336,925	**3,707,806**

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 2018, due from related parties amounting to TRY653,102 (2017: TRY2,126,628) were overdue for a period of 3 months (2017: 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.

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

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

b) Other receivables from related parties:

	31 December 2018	31 December 2017
Viking Kağıt	-	14,358
	-	**14,358**

c) Trade payables to related parties:

Yaşar Holding	836,951	977,739
Yaşar Birleşik Pazarlama Dağıtım Turizm ve Ticaret A.Ş. ("YBP")	484,523	125,923
Desa Enerji	16,896	94,009
Other	263,597	211,890
	1,601,967	**1,409,561**

The effective weighted average interest rate applied to due to related parties is 27.17% p.a. as of 31 December 2018 (2017: 13.72%) due to related parties mature mainly within 2 month (2017: 2 month).

d) Other payables to related parties:

Yaşar Holding	5,694,745	2,509,640
YBP	210,335	143,899
Other	4,036	4,036
	5,909,116	**2,657,575**

As of 31 December 2018 other short term payables due to related parties have a 26,15 percent weighted interest rate annualy. (2017: 15%).

ii) Transactions with related parties:

a) Product sales:

	1 January - 31 December 2018	1 January - 31 December 2017
YDT	23,631,283	17,710,073
Other	1,733,795	1,416,526
	25,365,078	**19,126,599**

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

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

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

b) Service sales:

	1 January - 31 December 2018	1 January - 31 December 2017
Desa	324,685	259,288
YDT	255,095	264,385
Viking Kağıt ve Selüloz A.Ş. ("Viking Kağıt")	22,543	60,998
Other	47,182	116,608
	649,505	**701,279**

c) Service purchases:

Yaşar Holding	3,751,397	3,398,683
Yaşar Bilgi İşlem ve Ticaret A.Ş. ("Yaşar Bilgi İşlem")	2,069,708	1,641,613
YDT	1,274,887	997,121
Desa	1,207,045	525,653
YBP	407,577	325,887
Bintur Turizm ve Catering Hizmetleri A.Ş. ("Bintur")	210,450	278,080
Other	655,618	442,548
	9,576,682	**7,609,585**

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.

d) Finance expenses:

Yaşar Holding	486,702	336,035
YBP	372,144	259,364
YDT	241,600	91,340
	1,100,446	**686,739**

e) Other income from operations:

YDT	2,083,176	529,712
Other	157,600	75,821
	2,240,776	**605,533**

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

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

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

	1 January - 31 December 2018	1 January - 31 December 2017
f) Other expense from operations:		
YDT	654,713	111,454
YBP	148,480	-
Yaşar Holding	115,981	30,061
Other	78,750	13,395
	997,924	**154,910**

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

g) Tangible and intangible asset purchases:

Yaşar Bilgi İşlem	891,809	987,140
Yaşar Holding	9,789	33,402
Other	164,476	225,566
	1,066,074	**1,246,108**

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

h) Dividend income

Desa Enerji	241,154	285,800
	241,154	**285,800**

i) Bails received:

Bails received are mainly related with the bails provided by YDT, a Yaşar Group company, for repayment of borrowings obtained from a domestic financial institution amounting to TRY99,485,751 and EUR2,046,500 , equivalent of 111,822,053 TL as of 31 December 2018 (2017: TRY75,358,535 and EUR2,951,719 equivalent of TRY88,687,021).

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:

	31 December 2018	31 December 2017
Short-term employee benefits	1,882,144	1,941,532
Other long-term benefits	24,694	39,537
	1,906,838	**1,981,069**

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

	31 December 2018	31 December 2017
a) Short - term trade receivables		
Customer current accounts	23,935,172	18,618,117
Cheques and notes receivables	8,162,205	8,808,665
Provision for doubtful receivables	(3,333,992)	(2,998,070)
	28,763,385	**24,428,712**

At 31 December 2018, the effective weighted average interest rate applied to short-term trade receivables is 23.49% p.a. (2017: 14.06%).

The aging of trade receivables as of 31 December 2018 and 2017 are as follow:

Overdue	4,877,510	3,164,187
0 - 30 days	8,559,503	6,162,839
31 - 60 days	10,251,374	8,882,336
61 - 90 days	3,893,252	4,215,066
91 days and over	1,181,746	2,004,284
	28,763,385	**24,428,712**

The aging of overdue receivables as of 31 December 2018 and 2017 are as follow:

0 - 90 days	4,796,020	2,952,722
91 - 180 days	81,490	211,465
	4,877,510	**3,164,187**

As of 31 December 2018, trade receivables of TRY4,877,510 (2017: TRY3,164,187) were past due and the Company holds collateral amounting to TRY2,463,676 (2017: TRY1,154,273).

The aging of overdue receivables as of 31 December 2018 and 2017 are as follow:

	2018	2017
1 January	**(2,998,070)**	**(2,287,998)**
Charged to the statement of comprehensive income (Note 23.b)	(958,425)	(1,512,403)
Collections (Notes 23.a)	622,503	802,331
31 December	**(3,333,992)**	**(2,998,070)**

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 2018	31 December 2017
Supplier current accounts	54,869,536	42,605,310
	54,869,536	**42,605,310**

As of 31 December 2018, the effective weighted average interest rates applied to denominated payables are 23.49% p.a. (2017: 14.08%) Trade payables mature within 2 months. (2017: 2 months).

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

Supplier non - current accounts	7,233,552	9,030,741
	7,233,552	**9,030,741**

Long term trade payables consist of the payables to supplier due to machine purchases related to the packaged spring water filling facility in Bursa. As of 31 December 2018 long term trade payables due ton on-related parties are mostly in Euro currency and have a weigthed interest rate of %1.05 annually (2017: %1.05).

The redemption schedules of long-term trade payables as of 31 December 2018 are as follow

	31 December 2018	31 December 2017
2019 year	-	3,612,400
2020 year	4,915,834	3,612,400
2021 year	2,317,718	1,805,941
	7,233,552	**9,030,741**

Long term trade payables consist of payables due to property, plant and equipment purchases amounting to EUR1,999,992 (2017: EUR1,999,943).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

a) Other short - term receivables

	31 December 2018	31 December 2017
Value added tax ("VAT") receivables	3,751,777	1,678,116
Deposits and guarantees given	81,637	79,579
Other	91,155	52,755
	3,924,569	**1,810,450**

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES (Continued)

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

	31 December 2018	31 December 2017
Deposits and guarantees given	1,800	1,800
	1,800	**1,800**

c) Other payables due to non-related parties

	31 December 2018	31 December 2017
Deposits and guarantees receivable	10,015,051	8,176,216
Taxes and funds payables	604,167	500,100
Other	5,747	-
	10,624,965	**8,676,316**

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 2018	31 December 017
Raw materials	7,222,784	3,431,165
Pallete and viols	4,351,055	3,999,103
Finished goods	3,964,430	2,012,562
Other	1,625,813	650,898
	17,164,082	**10,093,728**

Cost of inventories recognized as expense and included in cost of sales amounted to TRY95,849,478 (2017: TRY72,384,925) (Note 18). 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.

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

NOTE 10 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2018	31 December 2017
a) Short term prepaid expenses		
Prepaid expenses	1,835,602	1,501,264
Order advances given	5,629	2,150
	1,841,231	**1,503,414**
b) Long term term prepaid expenses		
Prepaid expenses	3,208	-
Advances given	413	-
	3,621	**-**
c) Deferred income		
Advances received	763,902	1,042,091
	763,902	**1,042,091**

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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/ revalued value:							
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 TL 16,796,194 (2017: 9,200,530 TL).

An important part of the Company's additions to tangible assets and investments made in 2018 is composed of the carbonated beverage investment in Madran and the purchase of refrigerated cupboards.

(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 2017 was as follows

	1 January 2017	Additions	Disposals	Transfers	Netting of Accumulated Depreciation Before Valuation	Revaluation Increase Decrease (*)	31December 2017
Cost:							
Land	8,119,570	1,800,000	-	-	-	2,505,430	12,425,000
Buildings and land improvements	54,332,237	3,399,941	-	-	(3,956,827)	3,834,649	57,610,000
Machinery and equipment	76,269,050	7,679,092	(4,268,614)	984,182	(8,181,890)	19,644,808	92,126,628
Motor vehicles	219,019	-	(2,681)	-	-	-	216,338
Furniture and fixtures	34,203,135	6,543,142	(2,193,893)	-	-	-	38,552,384
Construction in progress	984,182	165,000	-	(984,182)	-	-	165,000
	174,127,193	**19,587,175**	**(6,465,188)**	**-**	**(12,138,717)**	**25,984,887**	**201,095,350**
Accumulated depreciation:							
Buildings and land improvements	(1,533,404)	(2,423,423)	-	-	3,956,827	-	-
Machinery and equipment	(4,917,783)	(7,226,464)	3,962,357	-	8,181,890	-	-
Motor vehicles	(105,514)	(43,870)	2,681	-	-	-	(146,703)
Furniture and fixtures	(17,029,492)	(4,139,490)	1,230,923	-	-	-	(19,938,059)
	(23,586,193)	**(13,833,247)**	**5,195,961**	**-**	**12,138,717**	**-**	**(20,084,762)**
Net book value	**150,541,000**						**181,010,588**

(*) Machinery plant and equipments realized TRY19,654,215 value increase and TRY9,407 value decrease. The amount related to the revaluation impairment is accounted in the income statement.

The Company classifies polycarbonate and glass demijohn together with baskets as tangible assets and their carrying value is TRY9,200,530 (2017: TL8,009,363)

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)

Current year's depreciation and amortisation charges were allocated to cost of production by TRY9,721,772 (2017: TRY9,700,004) to selling and marketing expenses by TRY2,771,546 (2017: TRY2,601,199) (Not 22.b) and to general and administrative expenses by TRY1,794,984 (31 December 2017: TRY1,651,184) (Note 22.a)

Movements in revaluation reserve related to land, buildings, land improvements, machinery and equipment as of 31 December 2018 and 2017 were as follows:

	2018	2017
1 January	**42,377,009**	**23,272,463**
Depreciation on revaluation reserve transferred to retained earnings-net	(2,142,689)	(1,582,101)
Increase in revaluation reserve of land, land improvements and buildings - net	-	5,322,606
Increase in revaluation reserve of machinery and equipment- net	22,391,487	15,723,372
Disposal from revaluation reserve due to sales of property, plant and equipment - net	109,827	(69,563)
Change in tax rates	-	(289,768)
31 December	**62,735,634**	**42,377,009**

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 2018 and 2017 are as follow:

31 December 2018:	**Land**	**Building and land improvements**	**Machinery and equipment**
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**
31 December 2017:			
Cost	4,124,212	47,429,071	111,137,180
Less: Accumulated depreciation	-	(6,941,163)	(46,959,889)
Net book value	**4,124,212**	**40,487,908**	**64,177,291**

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

PINAR SU SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2018

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

NOTE 12 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated amortisation for the periods 1 January - 31 December 2018 and 2017 were as follow

	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**

	1 January 2017	Additions	Transfers	31 December 2017
Costs:				
Rights	1,989,960	118,501	2,411,180	4,519,641
Continuing computer software	1,424,040	987,140	(2,411,180)	-
Accumulated amortisation	(1,464,833)	(119,140)	-	(1,583,973)
Net book value	**1,949,167**	**986,501**	-	**2,935,668**

NOTE 13 - IMPAIRMENT IN ASSETS

Please see Note 11.

NOTE 14 - GOVERNMENT GRANTS AND INCENTIVES

The Company is entitled an investment incentive of TRY56,743,546 which includes TRY14,433,546 related with the Ministry of the Economy programme supporting production of non-alcoholic beverages, sparkling water, and spring water,in 2013, TRY8,308,639 received in 2015 and an additional incentive of TRY28,691,361 received in 2016, TRY5,310,000 and had deferred tax assets of TRY9,498,709 (31 December 2017: TRY8,436,709). 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, respectively (Note 28).

NOTE 15 - BORROWINGS AND BORROWING COSTS

	31 December 2018	31 December 2017
Short term loans	38,018,139	20,043,521
Short term portion of long term loans	45,678,841	25,606,934
Short Term Borrowings	**83,696,980**	**45,650,455**
Long Term Borrowings	**56,557,499**	**67,665,751**
Total Borrowings	**140,254,479**	**113,316,206**

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

NOTE 15 - BORROWINGS AND BORROWING COSTS

	Effective weighted average interest rate p.a. (%)		Original currency		TL equivalent	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Short term borrowings:						
Borrowings TRY (*)	26.50	15.33	38,018,139	20,043,521	38,018,139	20,043,521
Short term portion of long term borrowings:						
Borrowings TRY (**)	15.80	13.17	45,678,841	25,311,705	45,678,841	25,311,705
Borrowings EUR (***)	-	4.75	-	65,381	-	295,229
Total short term borrowings					**83,696,980**	**45,650,455**
Long term borrowings:						
Borrowings TRY (**)	15.02	14.22	56,557,499	67,665,751	56,557,499	67,665,751
Total long term borrowings					**56,557,499**	**67,665,751**

(*) As of 31 December 2018, TRY denominated short-term bank borrowings consist of borrowings with spot loans fixed interest rates of 26.50% p.a. (2017: Interest rates of 15.33% p.a.)

(**) As of 31 December 2018, TL borrowings amounting TRY99,793,023 with spot loans fixed interest rate 15.41% p.a., TRY2,443,317 denominated bank borrowings consist of semi-annually repricing floating interest rate TRLIBOR+2.70% p.a (2017: borrowings amounting TRY88,234,218 with spot loans fixed interest rate 13.86% p.a., TRY4,743,238 denominated bank borrowings consist of semi-annually repricing floating interest rate TRLIBOR+2.70% p.a.).

(***) As of 31 December 2017, EUR denominated short-term portion of long-term bank borrowings and long-term bank borrowings consist of borrowings with fixed interest rates of 4.75% p.a.

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

NOTE 15 - BORROWINGS AND BORROWING COSTS (Continued)

The redemption schedule of long-term bank borrowings at 31 December 2018 and 2017 are as follow:

	31 December 2018	31 December 2017
2019 year	-	44,663,805
2020 year	33,052,500	10,608,054
2021 year	15,246,348	10,801,902
2022 year	6,036,429	1,591,990
2023 year	2,222,222	-
	56,557,499	**67,665,751**

As of 31 December 2018 and 2017, 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:

	3 months to 1 year	Total
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**
31 December 2017:		
Borrowing with variable interest rates	4,743,238	4,743,238
Borrowings with fixed interest rates	-	108,572,968
	4,743,238	**113,316,206**

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

	Carrying amount		Fair value	
	31 December 2018	**31 December 2017**	**31 December 2018**	**31 December 2017**
Bank borrowings	140,254,479	113,316,206	145,856,015	115,879,579

The fair values are based on cash flows discounted using the rate of 18.07% p.a. for TL denominated bank borrowings, respectively (31 December 2017: 2.00% p.a. and 13.04% p.a. for EUR denominated bank borrowings and TL denominated bank borrowings, respectively).

For the period 1 January - 31 December 2018 and 2017 the carrying amount of net borrowings are as follows:

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

NOTE 15 - BORROWINGS AND BORROWING COSTS (Continued)

	2018	2017
1 January	**111,699,644**	**79,240,612**
Cash inflows from loans	75,154,030	55,600,704
Cash outflows from paybacks of borrowings	(44,562,268)	(24,535,467)
Foreign currency translation difference	-	(102,154)
Effect of accrual of interest	(3,653,489)	(163,284)
Effect of change in cash and cash equivalents	235,025	1,659,233
31 December	**138,872,942**	**111,699,644**

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2018	31 December 2017
a) Other short - term provisions:		
Provision of advertising and promotion	876,251	837,010
Provisions for litigation (*)	275,773	-
Other	199,917	88,090
	1,351,941	**925,100**

(*) As of 31 December 2018, the provisions related to the lawsuits filed against the Company by the employees who quit their job.

The movement of water fee charged by Aydın Bozdoğan Municipality, which is subject to the is as below for the periods between 1 January- 31 December 2018 and 2017:

	2018	2017
1 January	-	-
Increase in period (Note 18)	1,541,991	2,211,295
Paid	(1,541,991)	(2,211,295)
31 December	-	-

Aydın Bozdoğan Municipality charged a total of TRY1,541,991 to the Company as the spring water fee in return for services rendered in line with Article 63 of the Law on Municipal Revenues within 2018 and this amount is paid by the Company during the year 2018. As of 30 July 2015, Company's Aydın Bozdoğan spring water usage right has been renegotiated and usage right expanded for 5 years.

b) Guarantees given:

Letters of guarantee	14,025,336	12,611,407
	14,025,336	**12,611,407**

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

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The collaterals, pledges and mortgages ("CPM") position of the Company for the years ended 31 December 2018 and 2017 were as follow:

	31 December 2018			31 December 2017		
	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	14,025,336	14,025,336	TL	12,611,407	12,611,407
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			-	-		-
-						
			14,025,336			**12,611,407**
The ratio of total amount of other CPM to Equity			%0			%0

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

NOTE 16 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2018	31 December 2017
c) Guarantees received:		
Bails	99,485,751	88,687,021
Letters of guarantee	39,852,140	31,897,925
Mortgages	7,294,874	8,031,874
Guarantee notes	3,206,502	4,676,502
Guarantee cheques	755,000	1,355,000
Other	5,648,708	1,382,728
	156,242,975	**136,031,050**

Guarantees are mainly received from customers.

Guarantees received and guarantees given are used in bank loans provided by the Company, the bills are limited with the matuirty of these loans.

NOTE 17 - EMPLOYEE BENEFITS

	31 December 2018	31 December 2017
a) Payables for employee benefits		
Social security premiums	910,042	785,643
Payables to employees	187	220
	910,229	**785,863**
b) Short - term provisions for employee benefits		
Management bonus accrual	220,000	220,000
Seniority incentive bonus	68,636	107,859
	288,636	**327,859**
c) Long - term provisions for employee benefits		
Provision for employment termination benefits	2,356,931	2,010,185
Seniority incentive bonus	239,441	187,303
	2,596,372	**2,197,488**

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

NOTE 17 - 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 TRY5,434.42 (2017: TRY4,732.48) for each year of service as of 31 December 2018.

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. The maximum amount of TRY6,017.60 which is effective from 1 January 2019 (1 January 2018: TRY5,001.76) 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 2018	**31 December 2017**
Discount rate (p.a) (%)	5.00	4.50
Probability of retirement (%)	95.60	96.71

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

	2018	**2017**
1 January	**2,010,185**	**2,165,616**
Interest costs	388,422	231,171
Actuarial loss	396,306	1,055,091
Current service cost	340,395	280,663
Paid during the year	(778,377)	(1,722,356)
31 December	**2,356,931**	**2,010,185**

The total of interest cost and current service cost amounting to TRY728,817 (2017: TRY511,834 were allocated to general administrative expenses for TRY340,395 (Note 22) and to financial expense for TRY388,422 (Note 26).

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

NOTE 18 - EXPENSES BY NATURE

	1 January- 31 December 2018	1 January- 31 December 2017
Raw material, direct material and finished goods	87,856,831	63,945,556
Transportation and export	35,285,775	35,053,142
Personnel	23,831,570	21,170,930
Depreciation and amortisation	14,288,302	13,952,387
Outsourced services	13,413,805	12,431,347
Advertising	9,775,017	9,682,494
Rent	8,651,642	8,151,949
Merchandise goods	7,992,647	8,439,369
Energy	6,549,976	5,718,476
Maintenance	5,679,512	4,598,187
Consultancy	4,203,452	3,207,132
Fee of mineral resource	1,541,991	2,211,295
Communication	543,544	476,314
Travel	468,192	550,260
Employment termination benefits	340,395	511,834
Representation	338,113	338,619
Other	10,392,577	8,951,528
	231,153,341	**199,390,819**

NOTE 19 - OTHER ASSETS AND LIABILITIES

	31 December 2018	31 December 2017
Other current asssets		
VAT receivable	16,265,691	13,820,201
Other	97,588	11,961
	16,363,279	**13,832,162**

NOTE 20 - 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 2018 and 2017 is as follows:

	31 December 2018	31 December 2017
Registered share capital (historical values)	50,000,000	50,000,000
Paid-in share capital with nominal value	44,762,708	44,762,708

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

PINAR SU SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
BETWEEN 1 JANUARY - 31 DECEMBER 2018

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

NOTE 20 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

The compositions of the Company's share capital at 31 December 2018 and 2017 were as follow:

	31 December 2018		31 December 2017	
Share owners	**Share (%)**	**Share amount (TL)**	**Share (%)**	**Share amount (TL)**
Yaşar Holding	58.00	25,961,414	58.00	25,961,414
Halka açık kısım	32.31	14,463,978	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 TRY11,713,515 (2017: TRY11,713,515) 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 (2017: 4,476,270,800) units of shares with a face value of Kr1 each as of 31 December 2018.

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 TRY4,180,008(2017: TRY4,180,008) as of 31 December 2018. The unrestricted extraordinary reserves the Company amount to TRY11,673,135 (2017: TRY11,673,135), and classified in the retained earnings.

NOTE 20 - 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 legistlations. 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 CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
BETWEEN 1 JANUARY - 31 DECEMBER 2018

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

NOTE 21 - REVENUE

	1 January - 31 December 2018	1 January - 31 December 2017
Domestic sales	343,284,584	310,625,478
Export sales	32,762,495	22,203,627
Trade goods sales	10,169,476	11,359,110
Gross sales	**386,216,555**	**344,188,215**
Less: Discounts	(147,994,236)	(143,826,156)
Return	(4,037,169)	(2,070,115)
Net sales	**234,185,150**	**198,291,944**
Cost of sales	**(136,755,196)**	**(111,128,901)**
Gross Profit	**97,429,954**	**87,163,043**

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLING AND DISTRIBUTION EXPENSES

	1 January - 31 December 2018	1 January - 31 December 2017
a) General administrative expenses:		
Personnel	6,513,261	6,904,669
Outsourced services	5,740,247	5,574,716
Consultancy	3,033,490	2,184,040
Depreciation and amortisation	1,794,984	1,651,184
Energy	496,749	493,173
Rent	495,366	1,048,163
Employment termination benefit	340,395	511,834
Representation	285,496	312,625
Travel	182,768	337,477
Communication	160,370	182,333
Other	1,275,140	1,589,519
	20,318,266	**20,789,733**

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

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLING AND DISTRIBUTION EXPENSES (Continued)

	1 January - 31 December 2018	1 January - 31 December 2017
b) Marketing, selling and distribution expenses:		
Transportation and export expenses	35,285,775	35,053,142
Personnel	10,284,284	6,945,850
Advertising	9,775,017	9,682,494
Oursourced services	4,984,538	4,376,500
Rent	3,692,606	3,184,665
Amortization and depreciation cost	2,771,546	2,601,199
Export commission	2,403,238	1,742,501
Maintenance	1,302,348	989,149
Energy	1,269,289	897,540
Consultancy	1,169,962	1,023,092
Other	1,141,276	976,053
	74,079,879	**67,472,185**

NOTE 23 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January - 31 December 2018	1 January - 31 December 2017
a) Other income from operating activities		
Foreign exchange gain arising from commercial activities	5,211,529	850,098
Reversal of provision for impairment of receivables	622,503	802,331
Interest income due to time difference	536,643	395,633
Unearned financial income	126,946	147,174
Other	1,250,702	223,907
	7,748,323	**2,419,143**
b) Other expense from operating activities:		
Foreign exchange loss arising from commercial activities	(1,290,852)	(820,768)
Provision for doubtful receivables	(958,425)	(1,512,403)
Unearned financial expense	(397,299)	(276,432)
Provision expense for lawsuits	(275,773)	-
Fees and aid	(68,825)	(104,540)
Maturity difference interest expenses	(46,302)	-
Other	(1,392,025)	(512,833)
	(4,429,501)	**(3,226,976)**

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

NOTE 24 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2018	1 January - 31 December 2017
a) Income from investment activities:		
Gain on sale of property plant and equipment	241,154	155,843
Dividend income	164,421	285,800
Other	-	106,380
	405,575	**548,023**
b) Expense from investment activities:		
Loss on sale of property plant and equipment	(659,586)	(308,907)
Other	(51,834)	(30,460)
	(711,420)	**(339,367)**

NOTE 25 - EXPENSES BY NATURE

Please see Note 18.

NOTE 26 - FINANCIAL INCOME AND EXPENSE

	1 January - 31 December 2018	1 January - 31 December 2017
Interest expense	646,020	3,899
Foreign exchange loss	137,336	496,811
Bail income	-	15,697
	783,356	**516,407**
Interest expense	(23,542,089)	(14,187,745)
Foreign exchange loss	(3,886,633)	(3,417,933)
Interest expense on employee benefit termination	(388,422)	-
Bank commissions and overdue charges	(2,028,058)	(1,159,647)
	(29,845,202)	**(18,765,325)**

NOTE 27 - ANALYSIS OF OTHER COMPREHENSIVE INCOME

Please see Statements of Income and Other Comprehensive Income.

NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES

In Turkey, the corporation tax rate of the fiscal year 2018 is 22% (31 December 2017: 20%). Corporation tax is payable at a rate of 20% on the total income of the Company after adjusting for certain disallowable expenses, exempt income (exemption for participation in subsidiaries, exemption for investment incentive allowance etc.) and allowances (such as research and development expenditure allowances). No further tax is payable unless the profit is distributed (except for withholding tax at the rate of 19,8% (31 December 2017: 19,8%), calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61).

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 2017: 15%,). An increase in capital via issuing bonus shares is not considered profit distribution and thus does not incur with holding tax.

Corporations are required to pay advance corporation tax quarterly at the rate of 22% (2017: 20%) on their corporate income. Advance tax is is declared by 14th (2017: 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.

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.

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

PINAR SU SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD
BETWEEN 1 JANUARY - 31 DECEMBER 2018

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

NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES (Continued)

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.

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 2018 and 2017 are summarised as follow:

	31 December 2018	31 December 2017
Deferred tax income	939,731	231,096
Taxation on income	**939,731**	**231,096**

Reconciliation of taxation on income is as follows:

Loss before tax	**(23,017,060)**	**(19,946,970)**
Tax calculated at rates applicable to the loss	5,063,753	3,989,394
Tax losses for which no deferred income tax asset was recognized	(4,576,713)	(3,887,777)
Deductable incomes	9,218	57,150
Non-deductable expenses	(227,712)	(299,404)
The effect of tax rate change	-	119,180
Additional deferred tax asset calculated on investment incentive	1,062,000	-
Other	(390,815)	252,553
Taxation on income	**939,731**	**231,096**

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

NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND TAX LIABILITIES) (Continued)

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. (2017: %20).

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%.

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of 31 December 2018 and 2017 were as follows

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Revaluation of land, land improvements, buildings, machinery and equipment	77,305,701	51,959,229	(14,570,067)	(9,582,220)
Difference between carrying value (excluding revaluation reserve) and tax bases of property, plant and equipment and intangible assets	3,919,768	3,782,391	(782,076)	(760,021)
Deducted accumulated loss	(8,980,338)	(12,899,995)	1,833,889	2,698,980
Deduction of investment incentive (*)	(56,743,546)	(51,433,546)	9,498,709	8,436,709
Provision for employment termination benefits	(2,356,931)	(2,010,185)	471,386	402,037
Difference between carrying value and tax bases of available-for-sale investments	(2,121,281)	(2,738,035)	463,412	567,401
Other	(1,806,995)	(983,175)	361,399	196,635
Deferred tax assets/ (liabilities) - net			**(2,723,348)**	**1,959,521**

(*) (31 December 2017: TL 8,436,709) deferred tax asset The contribution of the Ministry of Economy to investment incentives is 20% for 2013, 15% for 2015 and 2016 and 20% for 2018, respectively. (Note 14).

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

1 January	**1,959,521**	**6,546,240**
Credited to statement of comprehensive income	939,731	231,096
Charged to actuarial loss arising from defined benefit plans	79,261	211,018
Charged to fair value reserve of available-for-sale investments	(103,989)	209,251
Revaluation of property, plant and equipment	(5,597,872)	(4,948,316)
Change in tax rates	-	(289,768)
31 December	**(2,723,348)**	**1,959,521**

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

NOTE 28 - 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 2018	31 December 2017
2018	-	2,749,141
2019	-	1,440,945
2020	1,824,065	1,758,959
2021	2,812,797	2,678,365
2022	4,343,476	4,272,585
	8,980,338	**12,899,995**

Years of expiration of tax losses carried forward over which no deferred income tax assets were not recognised as of 31 December 2018 and 2017 are as follows:

Expiration years	31 December 2018	31 December 2017
2018	-	159,159
2020	1,440,945	65,106
2021	11,294,456	25,536,142
2022	3,865,188	12,104,464
2023	16,871,007	-
	33,471,596	**37,864,871**

NOTE 29 - 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 2018	1 January- 31 December 2017
Net loss for the year	A	(22,077,329)	(19,715,874)
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**	**(0,4932)**	**(0,4405)**

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

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

NOTE 30 - EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

The foreign exchange risk of the Company is presented in Note 33.c.i..

NOTE 31 - REPORTING IN HYPERINFLATIONARY ECONOMIES

With the decision taken on 17 March 2005, numbered 11/367, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies", issued by the POA, has not been applied in the financial statements for the accounting year starting from 1 January 2005.

NOTE 32 - FINANCIAL INSTRUMENTS

The breakdown of available-for-sale investments for the years ended 31 December 2018 and 2017 are as follows:

	31 December 2018	31 December 2017
Financial assests at fair value through other comprehensive income	4,663,944	-
Available for sale investments	-	4,047,190
	4,663,944	**4,047,190**

	31 December 2018		31 December 2017	
	Carrying amount (TL)	Share (%)	Carrying amount (TL)	Share (%)
Desa Enerji	2,733,236	6.07	2,604,155	6.07
YDT	1,148,862	1.76	590,111	1.76
Viking Kağıt	781,846	1.69	852,924	1.69
	4,663,944		**4,047,190**	

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.

The discount and growth rates used in discounted cash flow models as at 31 December 2018 and 2017 are as follows

	Discount rate		Growth rate	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
YDT	23.28%	18.30%	1%	1%
Desa Enerji	22.68%	17,70%	0%	0%

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

NOTE 32 - FINANCIAL INSTRUMENTS (Continued)

Movements of available-for-sale investments in 2018 and 2017 are as follows:

	2018	2017
1 January	**4,047,190**	**3,695,854**
Participation of Viking Kağıt capital increase	-	353,694
Fair value (decrease)/ increase:		
Viking Kağıt	(71,078)	110,845
Desa Enerji	129,081	(123,277)
YDT	558,751	10,074
31 December	**4,663,944**	**4,047,190**

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

1 January	**1,075,488**	**868,595**
Increase/ (decrease) in fair value	616,754	(2,358)
Deferred income tax on fair value reserves of available-for-sale investments (Note 28)	(103,989)	209,251
31 December	**1,588,253**	**1,075,488**

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 33 - 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.

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

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 2018 and 2017:

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

NOTE 33 - 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 receivables.

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2017:	**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)	**3,707,806**	**24,428,712**	**14,358**	**1,810,450**	**1,610,468**	**31,571,794**
- The part of maximum credit risk covered with guarantees	-	23,984,456	-	-	-	23,984,456
A. Net book value of financial assets not due or not impaired	1,581,178	21,264,525	14,358	1,810,450	1,610,468	26,280,979
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)	2,126,628	3,164,187	-	-	-	5,389,135
- The part covered by guarantees etc	-	1,154,273	-	-	-	1,154,273
D. Net book value of assets impaired		-	-	-	-	-
- Past due (gross book value)	-	2,998,070	-	-	-	2,998,070
- Impairment amount (-)	-	(2,998,070)	-	-	-	(2,998,070)
- 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 receivables.

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

	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	-	4,175,503
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**

	Receivables		
31 December 2017	**Trade Receivables**	**Other Receivables**	**Total**
1 - 30 days overdue	2,755,369	-	2,755,369
1 - 3 months overdue	2,162,571	-	2,162,571
3 - 12 months overdue	372,875	-	372,875
The part covered by guarantees	(1,154,273)	-	(1,154,273)
	5,290,815	**-**	**5,290,815**

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.

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

The Company's liquidity analysis in respect of categories of financial liabilities as of 31 December 2018 and 2017 are as follows:

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**

31 December 2017:

	Book value	Total cash outflows per a agreement (=I+II+III)	Less than 3 months (I)	3 - 12 months (II)	1 - 5 years (III)
Due dates with respect to contrats:					
Contract terms					
Bank borrowings	113,316,206	136,014,311	14,669,494	40,891,651	80,453,166
Trade payables	53,045,612	53,437,816	38,632,140	5,564,964	9,240,712
Other payables	11,333,891	11,333,891	11,333,891	-	-
	177,695,709	**200,786,018**	**64,635,525**	**46,456,615**	**89,693,878**

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 CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PINAR SU SANAYİ VE TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN 1 JANUARY - 31 DECEMBER 2018

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

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

	Foreign Currency Position							
	31 December 2018				31 December 2017			
	TL Equivalent	USD	EUR	Other TL Equivalent	TL Equivalent	USD	EUR	Other TL Equivalent
1. Trade Receivables	4,205,305	125,684	428,890	958,746	2,669,149	155,207	328,045	602,437
2a. Monetary Financial Assets (Cash, Bank accounts included)	-	-	-	-	-	-	-	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	13,864	-	2,300	-	3,051	-	676	-
4. Current Assets (1+2+3)	**4,219,169**	**125,684**	**431,190**	**958,746**	**2,672,200**	**155,207**	**328,721**	**602,437**
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)	**4,219,169**	**125,684**	**431,190**	**958,746**	**2,672,200**	**155,207**	**328,721**	**602,437**
10. Trade Payables	25,766,470	3,664,139	929,405	887,346	6,379,159	21,571	1,322,617	325,520
11. Financial Liabilities	-	-	-	-	295,229	-	65,381	-
12a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
12b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
13. Short Term Liabilities (10+11+12)	**25,766,470**	**3,664,139**	**929,405**	**887,346**	**6,674,388**	**21,571**	**1,387,998**	**325,520**
14. Trade Payables	7,233,552	-	1,199,992	-	9,240,971	-	2,046,500	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Monetary Other Liabilities	-	-	-	-	-	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-	-	-	-	-	-
17. Long Term Liabilities (14+15+16)	**7,233,552**	**-**	**1,199,992**	**-**	**9,240,971**	**-**	**2,046,500**	**-**
18. Total Liabilities (13+17)	**33,000,022**	**3,664,139**	**2,129,397**	**887,346**	**15,915,359**	**21,571**	**3,434,498**	**325,520**
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)	**(28,780,853)**	**(3,538,455)**	**(1,698,207)**	**71,400**	**(13,243,159)**	**133,636**	**(3,105,777)**	**276,917**
21. Net Foreign Currency Asset/ (Liability) Position of Monetary Items (UFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(28,794,717)**	**(3,538,455)**	**(1,700,507)**	**71,400**	**(13,246,210)**	**133,636**	**(3,106,453)**	**276,917**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging					**-**	**-**	**-**	**-**
23. Export	**33,613,496**	**797,564**	**2,020,573**	**17,237,576**	**22,203,627**	**1,032,520**	**1,838,357**	**10,007,966**
24. Import	**2,219,301**	**-**	**368,165**	**-**	**2,999,133**	**-**	**664,186**	**-**

NOTE 33 - 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 TRY:				
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 TRY:				
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 TRY				
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**

The Company does not hedge foreign currency denominated liabilities by using hedge instruments.

NOTE 33 - NATURE AND LEVEL OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2017	**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	50,406	(50,406)	50,406	(50,406)
2- The part of USD risk hedged (-)	-	-	-	-
3- USD Effect - net (1+2)	**50,406**	**(50,406)**	**50,406**	**(50,406)**
Change of EUR by 10% against TL:				
4- Asset/ Liability denominated in EUR	(1,402,719)	1,402,719	(1,402,719)	1,402,719
5- The part of EUR risk hedged (-)	-	-	-	-
6- EUR Effect - net (4+5)	**(1,402,719)**	**1,402,719**	**(1,402,719)**	**1,402,719**
Change of other currencies by 10% against TL :				
7- Assets/ Liabilities denominated in other foreign currencies	27,692	(27,692)	27,692	(27,692)
8- The part of other foreign currency risk hedged (-)	-	-	-	-
9- Other Foreign Currency Effect - net (7+8)	**27,692**	**(27,692)**	**27,692**	**(27,692)**
TOTAL (3+6+9)	**(1,324,621)**	**1,324,621**	**(1,324,621)**	**1,324,621**

The Company does not hedge foreign currency denominated liabilities by using hedge instruments.

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

NOTE 33 - 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 2018	**31 December 2017**
Financial instruments with fixed interest rate		
Financial assets	38,026,679	29,963,126
Financial liabilities	218,050,298	172,952,471
Financial instruments with floating interest rate		
Financial liabilities	2,443,317	4,743,238

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 2018	**31 December 2017**
Total financial liabilities	140,254,479	113,316,206
Less: Cash and cash equivalents (Note 5)	(1,381,537)	(1,616,562)
Net debt	138,872,942	111,699,644
Total equity	64,497,727	63,987,849
Debt/ equity ratio	**%215**	**%175**

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

NOTE 34 - 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 15.

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 2018 and 2017:

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**

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

NOTE 34 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (Continued)

31 December 2017

	Level 1	Level 2	Level 3 (*)	Total
Available-for-sale investments	852,924	-	3,194,266	4,047,190
Total assets	**852,924**	**-**	**3,194,266**	**4,047,190**

(*) Please see Note 32 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 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**

31 December 2017

	Level 1	Level 2	Level 3	Total
Property, Plant and Equipment:				
Land	-	12,425,000	-	12,425,000
Buildings and land improvements	-	57,610,000	-	57,610,000
Machinery and equipment	-	92,126,628	-	92,126,628
Total assets	-	**162,161,628**	-	**162,161,628**

NOTE 35 - SUBSEQUENT EVENTS

None.

....

INFORMATION FOR INVESTORS

Investor Relations

Pınar Su Sanayi ve Ticaret A.Ş. shares are traded at Borsa İstanbul Main Market under the ticker symbol PINSU.

Initial Public Offering Date: 28.08.1987 (Date of First Transaction)

Ordinary General Assembly Meeting
As per the resolution by the Board of Directors of Pınar Su Sanayi ve Ticaret A.Ş., the Company's Ordinary General Assembly Meeting will be held on March 28, 2019, Thursday at 10:00 at Yunus Emre Mah. Kemalpaşa Cad. No: 317 Bornova/IZMIR.

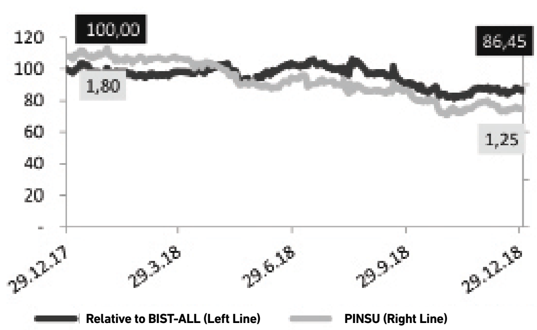
Profit Distribution Policy
The general profit distribution policy of Pınar Su Sanayi ve Ticaret A.Ş. is publicly disclosed available at the investor relations page of the Company's corporate web site (www.pinar.com.tr) in Turkish and English.

Since the company showed a loss as a result of its 2018 operations, the Board of Directors resolved at the Board Meeting dated March 1, 2019 not to distribute profits is to be submitted to the approval of the Ordinary General Assembly.

Investor Relations
Pınar Su Sanayi ve Ticaret A.Ş.
Investor Relations Department
Akdeniz Mah. Şehit Fethi Bey Cad. No.120/101 Konak - İzmir
Phone: +90 (232) 495 00 00
Fax: +90 (232) 484 17 89
E-mail: investorrelations@pinarsu.com.tr

To access Pınar Su investor relations web site:

Pınar Su Share Performance (Compared to BIST ALL Index)



PINAR