

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

**ANADOLU EFES BİRACILIK VE
MALT SANAYİİ ANONİM ŞİRKETİ**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AS OF MARCH 31, 2018**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AS OF MARCH 31, 2018**

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

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018**

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

| | | Unaudited | Audited |
|--|-------|-------------------|-------------------|
| | Notes | March 31, 2018 | December 31, 2017 |
| ASSETS | | | |
| Cash and Cash Equivalents | 5 | 5.523.510 | 5.409.622 |
| Financial Investments | 6 | 8.278 | 88.588 |
| Trade Receivables | | 1.980.707 | 1.530.645 |
| - Trade Receivables Due from Related Parties | 23 | 165.284 | 158.085 |
| - Trade Receivables Due from Third Parties | | 1.815.423 | 1.372.560 |
| Other Receivables | 9 | 55.729 | 103.368 |
| - Other Receivables from Third Parties | | 55.729 | 103.368 |
| Derivative Financial Assets | 8 | 1.030 | 152 |
| Inventories | | 1.882.864 | 1.179.231 |
| Prepaid Expenses | 16 | 609.815 | 499.150 |
| Current Tax Assets | | 134.695 | 115.653 |
| Other Current Assets | 17 | 274.602 | 271.572 |
| - Other Current Assets from Related Parties | | 37.500 | - |
| - Other Current Assets from Third Parties | | 237.102 | 271.572 |
| Current Assets | | 10.471.230 | 9.197.981 |
| Financial Investments | | 839 | 767 |
| Trade Receivables | | 1.325 | 1.212 |
| - Trade Receivables Due from Third Parties | | 1.325 | 1.212 |
| Other Receivables | | 42.739 | 22.338 |
| - Other Receivables from Third Parties | | 42.739 | 22.338 |
| Derivative Financial Assets | 8 | 20.546 | - |
| Investments in Subsidiaries, Joint Ventures and Associates | 10 | 37.345 | 46.309 |
| Investment Property | | 106.128 | 101.894 |
| Property, Plant and Equipment | 11 | 8.726.580 | 7.485.235 |
| Intangible Assets | | 16.576.137 | 12.244.141 |
| - Goodwill | 13 | 5.811.970 | 1.840.808 |
| - Other Intangible Assets | 12 | 10.764.167 | 10.403.333 |
| Prepaid Expenses | 16 | 264.533 | 235.835 |
| Deferred Tax Asset | 21 | 725.399 | 307.406 |
| Other Non-Current Assets | 17 | 41.103 | 47.787 |
| Non-Current Assets | | 26.542.674 | 20.492.924 |
| TOTAL ASSETS | | 37.013.904 | 29.690.905 |

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

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CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

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

| | | Unaudited | Audited |
|---|-------|-------------------|-------------------|
| | Notes | March 31, 2018 | December 31, 2017 |
| LIABILITIES | | | |
| Current Borrowings | 7 | 603.477 | 89.359 |
| - Current Borrowings from Related Parties | 23 | 298.257 | - |
| - Current Borrowings from Third Parties | | 305.220 | 89.359 |
| Current Portion of Non-Current Borrowings | 7 | 3.316.298 | 2.956.119 |
| - Current Portion of Non-Current Borrowings from Related Parties | 23 | 163.549 | - |
| - Current Portion of Non-current Borrowings from Third Parties | | 3.152.749 | 2.956.119 |
| Trade Payables | | 3.146.777 | 1.676.381 |
| - Trade Payables to Related Parties | 23 | 260.868 | 52.423 |
| - Trade Payables to Third Parties | | 2.885.909 | 1.623.958 |
| Employee Benefit Obligations | | 78.616 | 66.362 |
| Other Payables | 9 | 972.424 | 851.122 |
| - Other Payables to Third Parties | | 972.424 | 851.122 |
| Derivative Financial Liabilities | 8 | 1.216 | - |
| Deferred Income | 16 | 50.195 | 33.169 |
| Current Tax Liabilities | | 10.531 | 6.498 |
| Current Provisions | | 133.988 | 115.429 |
| - Current Provisions for Employee Benefits | | 133.023 | 114.532 |
| - Other Current Provisions | | 965 | 897 |
| Other Current Liabilities | 17 | 36.435 | 24.215 |
| Current Liabilities | | 8.349.957 | 5.818.654 |
| Long-Term Borrowings | 7 | 5.673.638 | 5.464.012 |
| - Long-Term Borrowings from Third Parties | | 5.673.638 | 5.464.012 |
| Trade Payables | | 37.260 | 35.180 |
| - Trade Payables to Third Parties | | 37.260 | 35.180 |
| Other Payables | 9 | 348.311 | 347.171 |
| - Other Payables to Third Parties | | 348.311 | 347.171 |
| Deferred Income | 16 | 681 | 1.331 |
| Non-Current Provision | | 125.730 | 124.086 |
| - Non-Current Provision for Employee Benefits | | 125.730 | 124.086 |
| Deferred Tax Liabilities | 21 | 1.945.277 | 1.908.091 |
| Other Non-Current Liabilities | 17 | 163.428 | 165.512 |
| Non-Current Liabilities | | 8.294.325 | 8.045.383 |
| Equity Attributable to Equity Holders of the Parent | | 11.076.739 | 9.972.973 |
| Issued Capital | 14 | 592.105 | 592.105 |
| Inflation Adjustment on Capital | 14 | 63.583 | 63.583 |
| Share Premium (Discount) | 14 | 3.042.134 | 3.042.134 |
| Put Option Revaluation Fund Related with Non-controlling Interests | 14 | 20.763 | 20.275 |
| Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss | 14 | (24.897) | (24.467) |
| - Revaluation and Remeasurement Gain/Loss | | (24.897) | (24.467) |
| Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss | | 2.936.961 | 2.551.826 |
| - Currency Translation Differences | 14 | 2.960.003 | 2.523.057 |
| - Gains (Losses) on Hedge | 14 | (23.042) | 28.769 |
| Restricted Reserves Appropriated from Profits | 14 | 317.921 | 317.921 |
| Other Reserves | 14 | 589.021 | (235.742) |
| Prior Years' Profits or Losses | 14 | 3.645.338 | 3.495.918 |
| Current Period Net Profit or Losses | 14 | (106.190) | 149.420 |
| Non-Controlling Interests | | 9.292.883 | 5.853.895 |
| Total Equity | | 20.369.622 | 15.826.868 |
| TOTAL LIABILITIES | | 37.013.904 | 29.690.905 |

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

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

**CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018**

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

| | Notes | Unaudited | |
|--|-------|------------------------------|------------------------------|
| | | 1 January - 31 March 2018 | 1 January – 31 March 2017 |
| Revenue | 4 | 2.764.121 | 2.425.697 |
| Cost of Sales | | (1.760.848) | (1.556.119) |
| GROSS PROFIT (LOSS) | | 1.003.273 | 869.578 |
| General Administrative Expenses | | (278.054) | (233.722) |
| Sales, Distribution and Marketing Expenses | | (676.655) | (595.514) |
| Other Income from Operating Activities | 18 | 49.081 | 52.547 |
| Other Expenses from Operating Activities | 18 | (32.603) | (33.157) |
| PROFIT (LOSS) FROM OPERATING ACTIVITIES | | 65.042 | 59.732 |
| Investment Activity Income | 19 | 2.762 | 878 |
| Investment Activity Expenses | 19 | (7.933) | (4.738) |
| Income/ (Loss) from Associates | 10 | (9.037) | (1.694) |
| PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE) | | 50.834 | 54.178 |
| Finance Income | 20 | 306.000 | 370.060 |
| Finance Expenses | 20 | (504.306) | (532.748) |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS | | (147.472) | (108.510) |
| Tax (Expense) Income, Continuing Operations | 4 | (170) | (38.694) |
| - Current Period Tax (Expense) Income | | (60.203) | (45.890) |
| - Deferred Tax Income (Expense) | | 60.033 | 7.196 |
| PROFIT/(LOSS) | 4 | (147.642) | (147.204) |
| Profit/(Loss) Attributable to | | | |
| - Non-Controlling Interest | | (41.452) | (62.292) |
| - Owners of Parent | | (106.190) | (84.912) |
| Earnings / (Loss) Per Share (Full TRL) | 22 | (0,1793) | (0,1434) |

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

**CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018**

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

| | Unaudited | |
|--|------------------------------|------------------------------|
| | 1 January – 31 March 2018 | 1 January – 31 March 2017 |
| PROFIT/(LOSS) | (147.642) | (147.204) |
| OTHER COMPREHENSIVE INCOME | | |
| Other Comprehensive Income that will not be Reclassified to Profit or Loss | (430) | (264) |
| Gains (Losses) on Remeasurements Defined Benefit Plans | (550) | (330) |
| Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Other Profit or Loss | 120 | 66 |
| - <i>Deferred Tax Income (Expense)</i> | 120 | 66 |
| Other Comprehensive Income that will be Reclassified to Profit or Loss | 546.772 | 714.976 |
| Currency Translation Differences | 585.867 | 714.321 |
| Other Comprehensive Income (Loss) Related with Cash Flow | 37.588 | 819 |
| Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations (Note 24) | (88.500) | - |
| Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss | 11.817 | (164) |
| - <i>Deferred Tax Income (Expense)</i> | 11.817 | (164) |
| OTHER COMPREHENSIVE INCOME (LOSS) | 546.342 | 714.712 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | 398.700 | 567.508 |
| Total Comprehensive Income Attributable to | | |
| - <i>Non-Controlling Interest</i> | 120.185 | 100.122 |
| - <i>Owners of Parent</i> | 278.515 | 467.386 |

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Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018**

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

| | Issued Capital | Inflation Adjustment on Capital | Share Premium/Discount | Put Option Revaluation Fund Related with Non-controlling Interests | Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss | Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss | Retained Earnings | | | | | Equity Attributable to Equity Holders of the Parent | Non-Controlling Interests | Total Equity | |
|--|--|---------------------------------|------------------------|--|--|--|-------------------------|---|----------------|--------------------------------|-----------------------------------|---|---------------------------|--------------|------------|
| | | | | | Revaluation and Remeasurement Gain/ (Loss) (**) | Currency Translation Differences | Gains (Losses) on Hedge | Restricted Reserves Appropriated from Profits | Other Reserves | Prior Years' Profits or Losses | Current Period Net Profit or Loss | | | | |
| Previous period (1 January – 31 March 2017) | Beginning Balances | 592.105 | 63.583 | 3.137.684 | 19.923 | (20.249) | 1.783.517 | 58.325 | 303.414 | (235.742) | 3.630.736 | (70.795) | 9.262.501 | 5.554.521 | 14.817.022 |
| | Transfers | - | - | - | - | - | - | - | - | - | (70.795) | 70.795 | - | - | - |
| | Total Comprehensive Income (Loss) | - | - | - | - | (264) | 552.300 | 262 | - | - | - | (84.912) | 467.386 | 100.122 | 567.508 |
| | - Profit (Loss) | - | - | - | - | - | - | - | - | - | - | (84.912) | (84.912) | (62.292) | (147.204) |
| | - Other Comprehensive Income (Loss) | - | - | - | - | (264) | 552.300 | 262 | - | - | - | - | 552.298 | 162.414 | 714.712 |
| | Dividends | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Increase (Decrease) from Other Changes (*) | - | - | - | (895) | - | - | - | - | - | - | - | (895) | 895 | - |
| | Ending Balances | 592.105 | 63.583 | 3.137.684 | 19.028 | (20.513) | 2.335.817 | 58.587 | 303.414 | (235.742) | 3.559.941 | (84.912) | 9.728.992 | 5.655.538 | 15.384.530 |
| Current Period (1 January – 31 March 2018) | Beginning Balances | 592.105 | 63.583 | 3.042.134 | 20.275 | (24.467) | 2.523.057 | 28.769 | 317.921 | (235.742) | 3.495.918 | 149.420 | 9.972.973 | 5.853.895 | 15.826.868 |
| | Transfers | - | - | - | - | - | - | - | - | - | 149.420 | (149.420) | - | - | - |
| | Total Comprehensive Income (Loss) | - | - | - | - | (430) | 436.946 | (51.811) | - | - | - | (106.190) | 278.515 | 120.185 | 398.700 |
| | - Profit (Loss) | - | - | - | - | - | - | - | - | - | - | (106.190) | (106.190) | (41.452) | (147.642) |
| | - Other Comprehensive Income (Loss) | - | - | - | - | (430) | 436.946 | (51.811) | - | - | - | - | 384.705 | 161.637 | 546.342 |
| | Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control (***) | - | - | - | - | - | - | - | - | 824.763 | - | - | 824.763 | (824.763) | - |
| | Acquisition or Disposal of a Subsidiary (***) | - | - | - | - | - | - | - | - | - | - | - | - | 4.144.054 | 4.144.054 |
| | Increase (Decrease) from Other Changes (*) | - | - | - | 488 | - | - | - | - | - | - | - | 488 | (488) | - |
| Ending Balances | 592.105 | 63.583 | 3.042.134 | 20.763 | (24.897) | 2.960.003 | (23.042) | 317.921 | 589.021 | 3.645.338 | (106.190) | 11.076.739 | 9.292.883 | 20.369.622 | |

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

(**) Gains (Losses) on Remeasurements of Defined Benefit Plans.

(***) Changes related to Business Combinations (Note 3)

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

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018**

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

| | Notes | Unaudited | |
|---|-------|------------------------------|------------------------------|
| | | 1 January- March 31, 2018 | 1 January- March 31, 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | 107.612 | 100.645 |
| Profit/ (Loss) for the Period | | (147.642) | (147.204) |
| Adjustments to Reconcile Profit (Loss) | | 490.080 | 453.883 |
| Adjustments for Depreciation and Amortization Expense | 4 | 238.062 | 231.084 |
| Adjustments for Impairment Loss (Reversal) | 26 | 9.349 | 4.414 |
| Adjustments for Provisions | 26 | 19.735 | 19.050 |
| Adjustments for Interest (Income) Expenses | 26 | 47.308 | 33.286 |
| Adjustments for Unrealised Foreign Exchange Losses (Gains) | | 167.999 | 123.736 |
| Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments | | - | (255) |
| Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method | 10 | 9.037 | 1.694 |
| Adjustments for Tax (Income) Expenses | | 170 | 38.694 |
| Other Adjustments for Non-Cash Items | 20 | 165 | 165 |
| Adjustments for Losses (gains) on Disposal of Non-Current Assets | 19 | (1.655) | 2.015 |
| Other Adjustments to Reconcile Profit (loss) | | (90) | - |
| Change in Working Capital | | (178.769) | (159.368) |
| Adjustments for Decrease (Increase) in Accounts Receivables | | (192.893) | (433.075) |
| Adjustments for Decrease (Increase) in Other Receivables Related with Operations | | (28.999) | (74.766) |
| Adjustments for Decrease (Increase) in Inventories | | (421.081) | (232.053) |
| Adjustments for increase (decrease) in Trade Accounts Payable | | 490.336 | 401.805 |
| Adjustments for increase (decrease) in Other Operating Payables | | (26.132) | 178.721 |
| Cash Flows from (used in) Operations | | 163.669 | 147.311 |
| Payments Related with Provisions for Employee Benefits | | (11.027) | (9.822) |
| Income Taxes (Paid) Return | | (45.030) | (36.844) |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | (269.756) | (217.329) |
| Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures | 10 | - | (17.845) |
| Proceeds from Sales of Property, Plant, Equipment | | 6.153 | 4.465 |
| Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets | | (294.703) | (203.949) |
| Other inflows (outflows) of cash | 26 | 18.794 | - |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES | | 137.616 | (17.889) |
| Proceeds from Borrowings | 7 | 357.618 | 363.894 |
| Repayments of Borrowings | 7 | (311.583) | (412.310) |
| Income (Loss) from Cash Flow Hedge | | 17.339 | 359 |
| Interest Paid | 7 | (72.002) | (7.551) |
| Interest Received | | 65.934 | 29.639 |
| Other inflows (outflows) of cash | | 80.310 | 8.080 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES | | (24.528) | (134.573) |
| Effect Of Currency Translation Differences On Cash And Cash Equivalents | | 142.775 | 71.612 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | | 118.247 | (62.961) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | 5 | 5.399.185 | 2.740.003 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 5 | 5.517.432 | 2.677.042 |

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**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

NOTE 1. GROUP’S ORGANIZATION AND NATURE OF ACTIVITIES

General

Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (Anadolu Efes, the Company) was established in İstanbul in 1966. Certain shares of Anadolu Efes are listed on the Borsa İstanbul (BIST).

The registered office of the Company is located at the address “Bahçelievler Mahallesi Şehit İbrahim Koparı Caddesi No: 4 Bahçelievler – İstanbul”.

The Company, its subsidiaries and joint ventures will be referred to as the “Group”. The average number of permanent personnel employed in the Group is 13.632 (December 31, 2017 – 14.188).

The condensed consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Onur Çevikel and Finance Director, Burhan Tanık were issued on May 7, 2018. General Assembly and specified regulatory bodies have the right to make amendments to statutory financial statements after issue.

Nature of Activities of the Group

The operations of the Group consist of production, bottling, selling and distribution of beer under a number of trademarks and also production, bottling, selling and distribution of sparkling and still beverages with The Coca- Cola Company (TCCC) trademark.

After the business combination, explained in Note 3, the Group owns and operates twenty one breweries; three in Turkey, eleven in Russia and seven in other countries (December 31, 2017 - fourteen breweries; three in Turkey, six in Russia and and five in other countries). The Group makes production of malt in two locations in Turkey and three locations in Russia (December 31, 2017 - two in Turkey and one in Russia).

The Group has ten facilities in Turkey, sixteen facilities in other countries for sparkling and still beverages production (December 31, 2017 - ten facilities in Turkey, fifteen facilities in other countries).

The Group also has joint control over Anadolu Etap Penkon Gıda ve Tarım Ürünleri San. ve Tic. A.Ş. (Anadolu Etap), which undertakes production and sales of fruit juice concentrates, purees and fresh fruit sales in Turkey and Syrian Soft Drink Sales & Dist. LLC (SSDSD), which undertakes distribution and sales of sparkling and still beverages in Syria.

List of Shareholders

As of March 31, 2018 and December 31, 2017, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

| | March 31, 2018 | | December 31, 2017 | |
|-------------------------------|----------------|---------------|-------------------|--------|
| | Amount | % | Amount | % |
| AG Anadolu Grubu Holding A.Ş. | 254.892 | 43,05 | 254.892 | 43,05 |
| AB Inbev Harmony Ltd. | 142.105 | 24,00 | 142.105 | 24,00 |
| Halka açık ve diğer | 195.108 | 32,95 | 195.108 | 32,95 |
| | 592.105 | 100,00 | 592.105 | 100,00 |

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

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**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

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

List of Subsidiaries and Joint Ventures

The subsidiaries included in the consolidation and their effective shareholding rates at March 31, 2018 and December 31, 2017 are as follows:

| Subsidiary | Country | Principal Activity | Segment | Effective Shareholding And Voting Rights % | |
|--|-----------------|---|--------------------|---|----------------------|
| | | | | March 31, 2018 | December 31, 2017 |
| Efes Breweries International N.V. (EBI) | The Netherlands | Facilitating foreign investments in breweries | International Beer | 100,00 | 100,00 |
| AB InBev Efes B.V. | The Netherlands | Investment company | International Beer | 50,00 | 100,00 |
| JSC Moscow-Efes Brewery (Efes Moscow) ⁽¹⁾ | Russia | Production and marketing of beer | International Beer | 50,00 | 100,00 |
| LLC Vostok Solod ⁽¹⁾ | Russia | Production of malt | International Beer | 50,00 | 100,00 |
| LLC Efes Solod ⁽¹⁾ | Russia | Production of malt | International Beer | 50,00 | 100,00 |
| Euro-Asien Brauerein Holding GmbH (Euro-Asien) ⁽⁵⁾ | Germany | Investment company | International Beer | 50,00 | 100,00 |
| JSC Sun InBev ⁽⁵⁾ | Russia | Production and marketing of beer | International Beer | 50,00 | - |
| LLC Inbev Trade ⁽²⁾ | Russia | Production of malt | International Beer | 50,00 | - |
| PJSC Sun InBev Ukraine ⁽⁵⁾ | Ukraine | Production and marketing of beer | International Beer | 49,17 | - |
| Bevmar GmbH ⁽⁵⁾ | Germany | Investment company | International Beer | 50,00 | - |
| JSC FE Efes Kazakhstan Brewery (Efes Kazakhstan) | Kazakhstan | Production and marketing of beer | International Beer | 100,00 | 100,00 |
| International Beers Trading LLP (IBT) | Kazakhstan | Marketing of beer | International Beer | 100,00 | 100,00 |
| Efes Vitanta Moldova Brewery S.A. (Efes Moldova) | Moldova | Production and marketing of beer and low alcoholic drinks | International Beer | 96,86 | 96,86 |
| JSC Lomisi (Efes Georgia) | Georgia | Production and sales of beer and carbonated soft drinks | International Beer | 100,00 | 100,00 |
| PJSC Efes Ukraine (Efes Ukraine) | Ukraine | Production and marketing of beer | International Beer | 99,94 | 99,94 |
| Efes Trade BY FLLC (Efes Belarus) | Belarus | Market development | International Beer | 100,00 | 100,00 |
| Efes Holland Technical Management Consultancy B.V. (EHTMC) | The Netherlands | Leasing of intellectual property and similar products | International Beer | 100,00 | 100,00 |
| LLC Efes Ukraine | Ukraine | Selling and distribution of beer | International Beer | 100,00 | 100,00 |
| Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) ⁽³⁾ | Turkey | Marketing and distribution company of the Group | Turkey Beer | 100,00 | 100,00 |
| Cypex Co. Ltd. (Cypex) | Northern Cyprus | Marketing and distribution of beer | Other | 99,99 | 99,99 |
| Efes Deutschland GmbH (Efes Germany) | Germany | Marketing and distribution of beer | Other | 100,00 | 100,00 |
| Coca-Cola İçecek A.Ş. (CCI) ⁽⁴⁾ | Turkey | Production of Coca-Cola products | Soft Drinks | 50,26 | 50,26 |
| | | Distribution and selling of Coca-Cola, Doğan and | | | |
| Coca-Cola Satış ve Dağıtım A.Ş. (CCSD) | Turkey | Mahmudiye products | Soft Drinks | 50,25 | 50,25 |
| Mahmudiye Kaynak Suyu Ltd. Şti. (Mahmudiye) | Turkey | Filling and selling of natural spring water | Soft Drinks | 50,26 | 50,26 |
| J.V. Coca-Cola Almaty Bottlers LLP (Almaty CC) | Kazakhstan | Production, distribution and selling of and distribution of Coca Cola products | Soft Drinks | 50,26 | 50,26 |
| Tonus Turkish-Kazakh Joint Venture LLP (Tonus) | Kazakhstan | Investment company of CCI | Soft Drinks | 50,26 | 50,26 |
| Azerbaijan Coca-Cola Bottlers LLC (Azerbaijan CC) | Azerbaijan | Production, distribution and selling of Coca Cola products | Soft Drinks | 50,19 | 50,19 |
| Coca-Cola Bishkek Bottlers CJSC (Bishkek CC) | Krygyzstan | Production, distribution and selling of Coca Cola products | Soft Drinks | 50,26 | 50,26 |
| CCI International Holland B.V. (CCI Holland) | The Netherlands | Investment company of CCI | Soft Drinks | 50,26 | 50,26 |
| CC for Beverage Industry Limited (CCBL) | Iraq | Production, distribution and selling of Coca Cola products | Soft Drinks | 50,26 | 50,26 |
| The Coca-Cola Bottling Company of Jordan Ltd. (Jordan CC) | Jordan | Production, distribution and selling of Coca Cola products | Soft Drinks | 45,23 | 45,23 |
| Coca-Cola Beverages Pakistan Ltd (CCBPL) | Pakistan | Production, distribution and selling of Coca Cola products | Soft Drinks | 24,96 | 24,96 |
| Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC) | Turkmenistan | Production, distribution and selling of Coca Cola products | Soft Drinks | 29,90 | 29,90 |
| Waha Beverages B.V. | The Netherlands | Investment company of CCI | Soft Drinks | 40,22 | 40,22 |
| Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha) | Iraq | Production, distribution and selling of Coca Cola products | Soft Drinks | 40,22 | 40,22 |
| Coca-Cola Beverages Tajikistan LLC (Coca Cola Tacikistan) | Tajikistan | Production, distribution and selling of Coca Cola products | Soft Drinks | 50,26 | 50,26 |

| Joint Ventures | Country | Principal Activity | Segment | Effective Shareholding And Voting Rights % | |
|---|---------|---|-------------|---|----------------------|
| | | | | March 31, 2018 | December 31, 2017 |
| Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap) | Turkey | Sales of fruit juice concentrates and purees and fresh fruit sales | Other | 33,33 | 33,33 |
| Syrian Soft Drink Sales & Dist. LLC (SSDSD) | Syrian | Distribution and sales of Coca-Cola products | Soft Drinks | 25,13 | 25,13 |

(1) Subsidiaries of Efes Moscow.

(2) Subsidiary of JSC Sun InBev.

(3) The Company’s beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.

(4) Shares of CCI are currently traded on BIST.

(5) Subsidiaries that AB Inbev Efes B.V. directly participates in after the business combination explained in Note 3.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

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

Work Environments and Economic Conditions of Subsidiaries and Joint Ventures in Foreign Countries

Certain countries, in which consolidated subsidiaries and joint ventures operate, have undergone substantial political and economic changes in recent years. Accordingly, such markets do not possess well-developed business infrastructures and the Group’s operations in such countries might carry risks, which are not typically associated with those in more developed markets. Uncertainties regarding the political, legal, tax and/or regulatory environment, including the potential for adverse changes in any of these factors, could significantly affect the commercial activities of subsidiaries and joint ventures.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Interim Financial Statements

The Group companies, which operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries and joint ventures keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

The consolidated financial statements are based on the statutory financial statements of the Group’s subsidiaries and joint ventures and presented in TRL in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets and liabilities, derivative instruments carried from their fair values and assets and liabilities included in business combinations application, financial statements are prepared on historical cost basis.

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after September 30, 2013, listed companies are required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/TFRS) as prescribed in the CMB Communiqué. The financial statements and explanatory notes are presented using the compulsory standard formats as published by the Communiqué.

In accordance with the TAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with TAS 34, “Interim Financial Reporting”. In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned condensed consolidated financial statements in compliance with CMB Financial Reporting Standards.

Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the condensed consolidated financial statement disclosures (Note 15, 24).

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

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

2.2 Functional and Reporting Currency

Functional and reporting currency of the Company and its subsidiaries, joint ventures located in Turkey is Turkish Lira. As a result of the structure of subsidiaries and joint ventures located in foreign countries and the fact that some foreign subsidiaries and joint ventures carry out their transactions mostly in Euro (EURO), US Dollars (USD) and other other currencies more than in any other currency, those foreign subsidiaries or joint ventures have adopted EURO, USD and other currencies as their functional currencies.

Functional Currency of Significant Subsidiaries Located in Foreign Countries:

| Subsidiary | Local Currency | Functional Currency | |
|------------------------|--------------------------|-----------------------------------|-------------------|
| | | March 31, 2018 | December 31, 2017 |
| EBI | European Currency (EURO) | United States Dollar (USD) | USD |
| Efes Moscow | Russian Ruble (RUR) | RUR | RUR |
| JSC Sun Inbev | Russian Ruble (RUR) | RUR | - |
| PJSC Sun Inbev Ukraine | Ukraine Hryvnya (UAH) | UAH | - |
| Efes Kazakhstan | Kazakh Tenge (KZT) | KZT | KZT |
| Efes Moldova | Moldovan Leu (MDL) | MDL | MDL |
| Efes Georgia | Georgian Lari (GEL) | GEL | GEL |
| Efes Ukraine | Ukraine Hryvnya (UAH) | UAH | UAH |
| EHTMC | EURO | USD | EURO |
| Efes Germany | EURO | EURO | EURO |
| Almaty CC | Kazakh Tenge (KZT) | KZT | KZT |
| Tonus | Kazakh Tenge (KZT) | KZT | KZT |
| Azerbaijan CC | Azerbaijani Manat (AZN) | AZN | AZN |
| Turkmenistan CC | Turkmenistan Manat (TMT) | TMT | TMT |
| Bishkek CC | Kyrgyz Som (KGS) | KGS | KGS |
| TCCBCJ | Jordan Dinar (JOD) | JOD | JOD |
| CCBIL | Iraqi Dinar (IQD) | IQD | IQD |
| CCBPL | Pakistan Rupee (PKR) | PKR | PKR |
| CCI Holland | EURO | USD | USD |
| Waha B.V. | EURO | USD | USD |
| Al Waha | Iraqi Dinar (IQD) | IQD | IQD |
| Tacikistan CC | Tajikistani Somoni (TJS) | TJS | TJS |

2.3 Seasonality of Operations

Due to higher beverage consumption during the summer season, the condensed consolidated interim financial results may include the effects of the seasonal variations. Therefore, the results of business operations for the first three months up to March 31, 2018 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

2.4 Significant Accounting Estimates and Decisions

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

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

2.5 Changes in Accounting Policies

The condensed consolidated interim financial statements of the Group for the period ended March 31, 2018 have been prepared in accordance with the accounting policies consistent with the accounting policies used in the preparation of annual consolidated financial statements for the year ended December 31, 2017. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

Adoption of new and revised International Financial Reporting Standards

Standards, amendments and interpretations applicable as at 31 March 2018:

- IFRS 9, ‘Financial instruments’; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15, ‘Revenue from contracts with customers’; effective from annual periods beginning on or after 1 January 2018. IFRS 15, ‘Revenue from contracts with customers’ is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.
- Amendment to IFRS 15, ‘Revenue from contracts with customers’, effective from annual periods beginning on or after 1 January 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.
- Amendments to IFRS 4, ‘Insurance contracts’ regarding the implementation of IFRS 9, ‘Financial Instruments’; effective from annual periods beginning on or after 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:
 - Give all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
 - Give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard IAS 39.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

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

2.5 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations applicable as at 31 March 2018 (continued):

- Amendment to IAS 40, ‘Investment property’ relating to transfers of investment property; effective from annual periods beginning on or after 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.
- Amendments to IFRS 2, ‘Share based payments’ on clarifying how to account for certain types of share-based payment transactions; effective from annual periods beginning on or after 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority.
- Annual improvements 2014-2016; effective from annual periods beginning on or after 1 January 2018. These amendments impact 2 standards:
 - IFRS 1, ‘First time adoption of IFRS’, regarding the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19 and IFRS 10,
 - IAS 28, ‘Investments in associates and joint venture’ regarding measuring an associate or joint venture at fair value.
- IFRIC 22, ‘Foreign currency transactions and advance consideration’; effective from annual periods beginning on or after 1 January 2018. This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

Standards, amendments and interpretations effective after 31 March 2018:

- Amendment to IFRS 9, ‘Financial instruments’; effective from annual periods beginning on or after 1 January 2019. This amendment confirm that when a financial liability measured at amortized cost is modified without this resulting in de-recognition, a gain or loss should be recognized 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 IAS 39.
- Amendment to IAS 28, ‘Investments in associates and joint venture’; effective from annual periods beginning on or after 1 January 2019. These amendments clarify that companies’ account for long-term interests in associate or joint venture to which the equity method is not applied using IFRS 9.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

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

2.5 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations effective after 31 March 2018 (continued):

- IFRS 16, ‘Leases’; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15 ‘Revenue from Contracts with Customers’ is also applied. This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a ‘right of use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- IFRIC 23, ‘Uncertainty over income tax treatments’; effective from annual periods beginning on or after 1 January 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRS IC had clarified previously that IAS 12, not IAS 37 ‘Provisions, contingent liabilities and contingent assets’, applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognize 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. IFRIC 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.
- IFRS 17, ‘Insurance contracts’; effective from annual periods beginning on or after 1 January 2021. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.
- Annual improvements 2015-2017; effective from annual periods beginning on or after 1 January 2019. These amendments include minor changes to:
 - IFRS 3, ‘Business combinations’, – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
 - IFRS 11, ‘Joint arrangements’, – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12, ‘Income taxes’ – a company accounts for all income tax consequences of dividend payments in the same way.
 - IAS 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.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

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

2.5 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations effective after 31 March 2018 (continued):

- Amendments to IAS 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 remainder of the period after a plan amendment, curtailment or settlement; and
 - recognize 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 recognized because of the impact of the asset ceiling.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2018

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

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

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

Additionally, as a result of this merger ABI InBev Efes’s direct effective shareholding and voting rights have been 100% in Efes Moscow and Euro-Asien. Accordingly, Group’s share in these subsidiaries have been changed to 50,00% with retained control (Before this merger, the effective shareholding and voting rights were 100% for these two companies). In accordance with TFRS 10, as a result of the change in effective shareholding rates in Efes Moscow and Euro-Asien with retained control, TRL824.763 amount has been booked as "Other Reserves" under equity attributable to equity holders of the parent in consolidated interim financial statements.

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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

NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2018 (continued)

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

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

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

Since fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies is in progress, the Group has accounted the acquisition based on the carrying values of identifiable assets, liabilities and contingent liabilities on JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH's financial statements at the acquisition date in accordance with IFRS 3 "Business Combinations". The difference between the total consideration of business combination and Group's share in the carrying value of acquiree's identifiable assets, liabilities and contingent liabilities amounting to TRL3.921.530 is temporarily recorded as goodwill in the condensed consolidated interim financial statements as of 31 March 2018.

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

| | JSC Sun InBev | PJSC Sun InBev Ukraine | Bevmar GmbH |
|---|--------------------------|-----------------------------------|------------------------|
| Cash and Cash Equivalents | 11.773 | 6.034 | - |
| Trade and Other Receivables | 203.884 | 27.449 | - |
| Due from Related Parties | 24.183 | 4.703 | 277.237 |
| Inventories | 232.342 | 54.154 | - |
| Other Current Assets | 25.439 | 19.173 | - |
| Tangible Assets | 646.548 | 273.199 | - |
| Intangible Assets | 66.200 | 2.180 | - |
| Other Non - Current Assets | 252 | 29 | - |
| Deferred Tax Assets | 284.642 | 50.777 | - |
| Financial Liabilities | (873.201) | (119.938) | (355) |
| Trade payables | (560.950) | (187.759) | - |
| Due to Related Parties | (129.307) | (67.230) | (244) |
| Other Liabilities | (123.949) | (59.908) | - |
| Carrying Value of Net Assets Acquired | (192.144) | 2.863 | 276.638 |
| Ownership Ratio of AB Inbev Efes as a result of Business Combination | | | |
| | %100,00 | %98,34 | %100,00 |
| Total consideration | 3.611.356 | 194.167 | 337.544 |
| Shareholder loans transferred, net | (134.228) | - | - |
| Group's share in Net Assets | (192.144) | 2.816 | 276.638 |
| Provisional goodwill arising from acquisition (Note 13) | 3.669.272 | 191.352 | 60.906 |
| Total consideration | 3.611.356 | 194.167 | 337.544 |
| Cash in the subsidiary acquired (-) (Note 26) | (11.773) | (6.034) | - |
| Net consideration related with acquisition | 3.599.583 | 188.133 | 337.544 |

Transactions Related with 2017

None.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2018

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

NOTE 4. SEGMENT REPORTING

The management monitors the operating results of its three business units separately for the purpose of making decisions about the resource allocation and performance assessment. The three operating segments are Turkey Beer Operations (Turkey Beer) which is conducted by the Company, International Beer Operations (International Beer) which is conducted by EBI and Soft Drinks Operations (Soft Drinks) which is conducted by CÇİ.

Segment performance is evaluated based on profit from operations before depreciation, amortization and non-cash expenses (EBITDA). EBITDA has been determined as the optimum indicator by the Group management for the evaluation of the performance of the operating segments by considering the comparability with the entities in the same business.

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

| | Turkey Beer | International Beer | Soft Drinks | Other ⁽¹⁾ and Eliminations | Total |
|---------------------------------------|------------------|--------------------|------------------|---------------------------------------|------------------|
| January 1 – March 31, 2018 | | | | | |
| Revenues | 309.947 | 582.823 | 1.865.647 | 10.053 | 2.768.470 |
| Inter-segment revenues | (4.120) | (172) | (57) | - | (4.349) |
| Total Revenues | 305.827 | 582.651 | 1.865.590 | 10.053 | 2.764.121 |
| EBITDA | 44.927 | (1.584) | 282.070 | (10.509) | 314.904 |
| Tax (Expense) Income | 36.222 | 14.804 | (32.225) | (18.971) | (170) |
| Profit / (loss) for the period | (101.257) | (28.443) | (63.244) | 45.302 | (147.642) |
| Capital expenditures | 74.186 | 49.357 | 175.761 | (927) | 298.377 |

January 1 – March 31, 2017

| | | | | | |
|---------------------------------------|-----------------|-----------------|------------------|-----------------|------------------|
| Revenues | 294.811 | 570.323 | 1.555.668 | 8.775 | 2.429.577 |
| Inter-segment revenues | (3.785) | (73) | (22) | - | (3.880) |
| Total Revenues | 291.026 | 570.250 | 1.555.646 | 8.775 | 2.425.697 |
| EBITDA | 58.670 | 53.653 | 193.649 | (11.349) | 294.623 |
| Tax (Expense) Income | 17.255 | (11.145) | (45.515) | 711 | (38.694) |
| Profit / (loss) for the period | (59.862) | 33.524 | (103.765) | (17.101) | (147.204) |
| Capital expenditures | 46.587 | 44.022 | 113.296 | 1 | 203.906 |

| | Turkey Beer | International Beer | Soft Drinks | Other ⁽¹⁾ and Eliminations | Total |
|---------------------------------|-------------|--------------------|-------------|---------------------------------------|---------------|
| March 31, 2018 | | | | | |
| Segment assets | 8.326.283 | 12.900.063 | 14.549.942 | 1.237.616 | 37.013.904 |
| Segment liabilities | 3.562.612 | 2.930.396 | 8.957.720 | 1.193.554 | 16.644.282 |
| Investment in associates | - | - | - | 37.345 | 37.345 |
| December 31, 2017 | | | | | |
| Segment assets | 8.343.367 | 6.653.629 | 13.394.158 | 1.299.751 | 29.690.905 |
| Segment liabilities | 3.470.119 | 1.262.884 | 7.954.567 | 1.176.467 | 13.864.037 |
| Investment in associates | - | - | - | 46.309 | 46.309 |

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

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NOTE 4. SEGMENT REPORTING (continued)

Reconciliation of EBITDA to the consolidated Profit (Loss) from continuing operations and its components as of March 31, 2018 and 2017 are as follows:

| | 1 January- March 31, 2018 | 1 January- March 31, 2017 |
|--|------------------------------|------------------------------|
| EBITDA | 314.904 | 294.623 |
| Depreciation and amortization expenses | (238.062) | (231.084) |
| Provision for retirement pay liability | (5.238) | (5.479) |
| Provision for vacation pay liability | (9.380) | (8.387) |
| Foreign exchange gain/(loss) from operating activities | 3.532 | 11.014 |
| Rediscount interest income/(expense) from operating activities | 239 | (14) |
| Other | (953) | (941) |
| PROFIT (LOSS) FROM OPERATING ACTIVITIES | 65.042 | 59.732 |
| Investing Activity Income | 2.762 | 878 |
| Investing Activity Expenses | (7.933) | (4.738) |
| Income/(Loss) from Associates | (9.037) | (1.694) |
| PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE) | 50.834 | 54.178 |
| Finance Income | 306.000 | 370.060 |
| Finance Expense (-) | (504.306) | (532.748) |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS | (147.472) | (108.510) |

NOTE 5. CASH AND CASH EQUIVALENTS

| | March 31, 2018 | December 31, 2017 |
|---|------------------|-------------------|
| Cash on hand | 6.631 | 5.001 |
| Bank accounts | | |
| - Time deposits | 4.928.091 | 4.825.990 |
| - Demand deposits | 510.519 | 499.305 |
| Other | 72.191 | 68.889 |
| Cash and cash equivalents in cash flow statement | 5.517.432 | 5.399.185 |
| Interest income accrual | 6.078 | 10.437 |
| | 5.523.510 | 5.409.622 |

As of March 31, 2018, annual interest rates of the TRL denominated time deposits vary between 14,30% and 14,90% (December 31, 2017 - %12,50 - %15,50) and annual interest rates of the USD, EURO denominated and other time deposits vary between 0,2% and 8,50% (December 31, 2017– annual interest rates of the USD, EURO denominated and other time deposits vary between 0,2% - %8,75).

As of March 31, 2018, cash deposits amounting to TRL4.050 are pledged as collateral for the Value Added Tax payments by the Group (December 31, 2017 – None).

As of March 31, 2018, the Group has designated its bank deposits amounting to TRL762.353, equivalent of thousand USD186.411 and thousand EURO5.390 for the future raw material purchases, fixed asset purchases and operational and interest expense related payments in the scope of hedge accounting (December 31, 2017 – TRL884.724, equivalent of thousand USD215.230 and thousand EURO15.855).

NOTE 6. FINANCIAL INVESTMENTS

| | March 31, 2018 | December 31, 2017 |
|--|----------------|-------------------|
| Time deposits with maturity more than three months | 8.278 | 88.588 |

As of March 31, 2018 time deposits with maturities over 3 are denominated in USD and KZT and interest rates are 1,00% and 8,00% respectively (December 31,2017 – USD, 1,00% and KZT 9,50%)

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NOTE 7. SHORT AND LONG TERM BORROWINGS

As of March 31, 2018, total borrowings consist of principal (finance lease obligations included) amounting to TRL9.488.442 (December 31, 2017– TRL8.450.438) and interest expense accrual amounting to TRL104.971 (December 31, 2017 – TRL59.052). As of March 31, 2018 and December 31, 2017, total amount of borrowings and the effective interest rates are as follows:

| Short-term | March 31, 2018 | | | December 31, 2017 | | |
|---|------------------|-----------------------------|--------------------------------|-------------------|-----------------------------|--------------------------------|
| | Amount | Weighted average fixed rate | Weighted average floating rate | Amount | Weighted average fixed rate | Weighted average floating rate |
| Short-term Borrowings | | | | | | |
| TRL denominated borrowings | 36.116 | 12,48% | - | 1.111 | - | TRLibor+2,50% |
| Foreign currency denominated borrowings (USD) | 22.411 | - | Libor + 1,00% | 24.600 | - | Libor + 1,00% |
| Foreign currency denominated borrowings (EURO) | 11.180 | 3,44% | - | 9.988 | 3,05% | - |
| Foreign currency denominated borrowings (Other) | 533.770 | 11,72% | Kibor + 0,31% | 53.660 | - | Kibor + 0,40% |
| | 603.477 | | | 89.359 | | |
| Short-term portion of long term borrowings | | | | | | |
| Foreign currency denominated borrowings (USD) | 2.716.435 | 4,52% | Libor+ 2,39% | 2.309.785 | 4,53% | - |
| Foreign currency denominated borrowings (EURO) | 585.873 | 1,80% | Euribor + 1,32% | 633.077 | 1,80% | Euribor + 1,22% |
| Foreign currency denominated borrowings (Other) | 12.789 | 6,00% | - | 11.665 | 6,00% | - |
| | 3.315.097 | | | 2.954.527 | | |
| Financial leasing borrowings | 1.201 | | | 1.592 | | |
| Total | 3.919.775 | | | 3.045.478 | | |
| Long-term | | | | | | |
| Long-term Borrowings | | | | | | |
| Foreign currency denominated borrowings (USD) | 4.871.849 | 3,86% | - | 4.674.217 | 3,86% | - |
| Foreign currency denominated borrowings (EURO) | 784.012 | 1,80% | Euribor + 2,05% | 770.392 | 1,80% | Euribor + 2,03% |
| Foreign currency denominated borrowings (Other) | 14.042 | 6,00% | - | 15.679 | 6,00% | - |
| | 5.669.903 | | | 5.460.288 | | |
| Financial leasing borrowings | 3.735 | | | 3.724 | | |
| Total | 5.673.638 | | | 5.464.012 | | |
| Grand Total | 9.593.413 | | | 8.509.490 | | |

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NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

Repayments of long-term borrowings are scheduled as follows:

| | March 31, 2018 | December 31, 2017 |
|--------------------|------------------|-------------------|
| Between 1 -2 years | 335.853 | 355.826 |
| Between 2-3 years | 609.993 | 577.838 |
| Between 3-4 years | 72.946 | 68.325 |
| Between 4-5 years | 2.049.187 | 1.956.081 |
| 5 years and more | 2.605.659 | 2.505.942 |
| | 5.673.638 | 5.464.012 |

The movement of borrowings as of March 31, 2018 and 2017 is as follows:

| | 2018 | 2017 |
|---|------------------|-----------|
| Balance at January 1 | 8.509.490 | 6.183.273 |
| Addition through business combination (Note 3) | 418.275 | - |
| Shareholder loans transferred as a result of business combination | 163.549 | - |
| Proceeds from Borrowings | 357.618 | 363.894 |
| Repayments of Borrowings | (311.583) | (412.310) |
| Interest Expense | 108.995 | 60.885 |
| Interest Paid | (72.002) | (7.551) |
| Foreign exchange gain/loss | 368.787 | 139.124 |
| Borrowing Costs | 165 | 165 |
| Currency Translation Differences | 50.119 | 97.305 |
| Balance at March 31 | 9.593.413 | 6.424.785 |

As of March 31, 2018, net interest on cross currency swap contracts is TRL22.368 (December 31, 2017 – None)

Lessee - Finance Lease

As of March 31, 2018 and December 31, 2017, net book value of the property plant and equipment obtained by finance lease is TRL1.063 and TRL1.106, respectively.

NOTE 8. DERIVATIVE INSTRUMENTS

As of March 31, 2018, CCI has 2 aluminum swap transactions with a total nominal amount ss of TRL34.398 (December 31, 2017 – TRL427) for 4.200 tones. The total of these aluminum swap contracts is designated as hedging instruments as of March 21, 2018, in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk.

As of March 31, 2018, the Company does not have any option contracts as hedging instruments in cash flow hedges related to forecasted cash flows, for the probability purchases of production material exposed to commodity price risk (December 31, 2017 - 2 option transactions for the right to purchase 216 tons of aluminum at USD1.650 per ton).

As of March 31, 2018, the Company, for the probability of arising exchange rate exposure in the long term, has a cross currency swap contract with a total amount of USD 150 million (nominal amount of TRL592.335) signed on January 16, 2018 and due on September 19, 2024 (December 31, 2017 – None).

As of March 31, 2018, Turkey Beer has foreign currency forward transactions with a nominal amount of TRL31.591 amounting to USD 8 million (December 31, 2017 – None).

The effective portion of the change in fair value of hedges is recognized in other comprehensive income.

| | March 31, 2018 | | December 31, 2017 | |
|-------------------------------|----------------|--------------------------------|-------------------|-------------------------------|
| | Nominal Value | Fair Value Asset / (Liability) | Nominal Value | Fair Value Asset/ (Liability) |
| Cross currency swap contracts | 592.335 | 20.546 | - | - |
| Commodity swap contracts | 34.398 | (1.216) | 427 | 152 |
| Foreign currency forwards | 31.591 | 1.030 | - | - |
| | 658.324 | 20.360 | 427 | 152 |

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NOTE 9. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

| | March 31, 2018 | December 31, 2017 |
|-------------------------------|----------------|-------------------|
| Receivables from tax office | 13.048 | 21.280 |
| Due from personnel | 12.473 | 13.253 |
| Deposits and guarantees given | 11.522 | 9.680 |
| Other | 18.686 | 59.155 |
| | 55.729 | 103.368 |

c) Other Current Payables

| | March 31, 2018 | December 31, 2017 |
|-------------------------------|----------------|-------------------|
| Taxes other than on income | 724.156 | 643.139 |
| Deposits and guarantees taken | 241.530 | 202.198 |
| Other | 6.738 | 5.785 |
| | 972.424 | 851.122 |

d) Other Non-Current Payables

As of March 31, 2018, other non-current payables consists of deposits and guarantees taken amounting to TRL348.311 (December 31, 2017 – TRL347.171).

NOT 10. INVESTMENTS IN ASSOCIATES

| | March 31, 2018 | | December 31, 2017 | |
|----------------------|----------------|---------------|-------------------|---------------|
| | Ownership | Amount | Ownership | Amount |
| Anadolu Etap | %33,33 | 37.345 | 33,33% | 46.309 |
| SSDSD ⁽¹⁾ | %25,13 | - | 25,13% | - |
| | | 37.345 | | 46.309 |

Relating to investment in associates, Total assets and liabilities as of March 31, 2018 and December 31, 2017 and profit/(loss) for the period of as of March 31, 2018 and March 31, 2017 are as follows:

| | Anadolu Etap | | SSDSD | |
|-------------------|-------------------|----------------------|-------------------|----------------------|
| | March 31, 2018 | December 31, 2017 | March 31, 2018 | December 31, 2017 |
| Total Assets | 399.557 | 404.284 | 738 | 730 |
| Total Liabilities | 362.212 | 357.975 | 1.675 | 2.321 |
| Net Assets | 37.345 | 46.309 | (937) | (1.591) |

| | Anadolu Etap | | SSDSD | |
|---|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2018 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Group's Share of Loss for the period | (8.964) | (1.665) | (73) | (29) |

The movement of investments in associates as of March 31, 2018 and 2017 are as follows:

| | 2018 | 2017 |
|---------------------------------|---------------|---------------|
| Balance at January 1 | 46.309 | 58.406 |
| Income / Loss from associates | (9.037) | (1.694) |
| Other | 73 | 28 |
| Capital increase ⁽²⁾ | - | 17.845 |
| Balance at March 31 | 37.345 | 74.585 |

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

(2) Capital increase provided to Anadolu Etap.

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NOTE 11. PROPERTY, PLANT AND EQUIPMENT

For the three-month periods ended March 31, 2018 and 2017, movement on property, plant and equipment are as follows:

| | Net Book Value | | | Disposals, | Addition through | Currency | Impairment / | Transfers, | Net Book Value |
|----------------------------|------------------|----------------|------------------|----------------|------------------|------------------|----------------|------------|------------------|
| March 31, 2018 | January 1, 2018 | Additions | Depreciation | net | subsidiary | translation | (Impairment | net | March 31, 2018 |
| | | | | | acquired | differences, net | reversal), net | | |
| Land and land improvements | 569.999 | 65 | (2.357) | (288) | 1.435 | 12.270 | - | 105 | 581.229 |
| Buildings | 1.965.782 | 758 | (20.286) | 52 | 234.872 | 86.376 | - | 2.501 | 2.270.055 |
| Machinery and equipment | 3.374.126 | 24.328 | (92.933) | (1.567) | 358.533 | 127.241 | (1.335) | 17.256 | 3.805.649 |
| Vehicles | 82.624 | 3.139 | (5.638) | (221) | - | 4.232 | - | 1.411 | 85.547 |
| Other tangibles | 1.333.827 | 161.406 | (109.095) | (2.328) | 228.904 | 27.972 | (968) | 24.476 | 1.664.194 |
| Leasehold improvements | 6.638 | 105 | (1.249) | - | 379 | - | - | - | 5.873 |
| Construction in progress | 152.239 | 105.754 | - | - | 95.624 | 10.688 | (4.523) | (45.749) | 314.033 |
| | 7.485.235 | 295.555 | (231.558) | (4.352) | 919.747 | 268.779 | (6.826) | - | 8.726.580 |
| March 31, 2017 | January 1, 2017 | Additions | Depreciation | net | subsidiary | Currency | Impairment / | Transfers, | Net Book Value |
| | | | | | acquired | differences, net | (Impairment | net | March 31, 2017 |
| | | | | | | | reversal), net | | |
| Land and land improvements | 546.251 | 89 | (2.194) | - | - | 13.915 | - | 491 | 558.552 |
| Buildings | 1.871.789 | 2.087 | (20.298) | - | - | 107.573 | - | 1.730 | 1.962.881 |
| Machinery and equipment | 3.264.396 | 32.635 | (90.674) | (2.888) | - | 181.089 | 3 | 26.984 | 3.411.545 |
| Vehicles | 93.955 | 2.006 | (6.496) | (585) | - | 5.490 | (5) | (1) | 94.364 |
| Other tangibles | 1.298.349 | 70.091 | (103.560) | (2.632) | - | 32.992 | (1.843) | 30.670 | 1.324.067 |
| Leasehold improvements | 3.713 | 280 | (1.231) | - | - | 4.387 | - | - | 7.149 |
| Construction in progress | 224.217 | 85.821 | - | (9) | - | 12.048 | - | (59.874) | 262.203 |
| | 7.302.670 | 193.009 | (224.453) | (6.114) | - | 357.494 | (1.845) | - | 7.620.761 |

As of March 31, 2018, there is a pledge on property, plant and equipment of TRL105.320 (December 31, 2017 - TRL104.421) for loans of CCI. This amount is disclosed in Commitments and Contingencies note under guarantees, pledges and mortgages (GPMs) table (Note 15).

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NOTE 12. OTHER INTANGIBLE ASSETS

For the three-month periods ended March 31, 2018 and 2017, movement on other intangible assets are as follows:

| March 31, 2018 | Net Book Value January 1, 2018 | Additions | Amortization | Disposals, net | Addition through subsidiary acquired | Currency translation differences, net | Impairment / (Impairment reversal),net | Transfers, net | Net Book Value March 31, 2018 |
|-------------------------|---|------------------|---------------------|---------------------------|---|--|---|---------------------------|--|
| Bottling contracts | 8.378.797 | - | - | - | - | 188.388 | - | - | 8.567.185 |
| Licence agreements | 1.332.713 | - | - | - | - | 71.861 | - | - | 1.404.574 |
| Brands | 587.423 | - | - | - | - | 34.071 | - | - | 621.494 |
| Rights | 8.057 | 769 | (1.680) | - | 4.638 | 1.733 | - | - | 13.517 |
| Other intangible assets | 96.343 | 2.053 | (6.032) | - | 63.742 | 1.291 | - | - | 157.397 |
| | 10.403.333 | 2.822 | (7.712) | - | 68.380 | 297.344 | - | - | 10.764.167 |

| March 31, 2017 | Net Book Value January 1, 2017 | Additions | Amortization | Disposals, net | Addition through subsidiary acquired | Currency translation differences, net | Impairment / (Impairment reversal),net | Transfers, net | Net Book Value March 31, 2017 |
|-------------------------|---|------------------|---------------------|---------------------------|---|--|---|---------------------------|--|
| Bottling contracts | 8.127.529 | - | - | - | - | 118.723 | - | - | 8.246.252 |
| Licence agreements | 1.199.235 | - | - | - | - | 133.499 | - | - | 1.332.734 |
| Brands | 537.669 | - | - | - | - | 36.626 | - | - | 574.295 |
| Rights | 10.086 | 163 | (1.549) | - | - | 48 | - | - | 8.748 |
| Other intangible assets | 89.619 | 10.734 | (5.402) | (369) | - | 5.175 | - | - | 99.757 |
| | 9.964.138 | 10.897 | (6.951) | (369) | - | 294.071 | - | - | 10.261.786 |

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NOTE 13. GOODWILL

For the three-month period ended March 31, 2018 and 2017, movements of the goodwill during the period are as follows:

| | 2018 | 2017 |
|--|------------------|-----------|
| At January 1 | 1.840.808 | 1.675.218 |
| Addition through business combination (Note 3) | 3.921.530 | - |
| Currency translation differences | 49.632 | 127.401 |
| At March 31 | 5.811.970 | 1.802.619 |

NOTE 14. CAPITAL RESERVES AND OTHER EQUITY ITEMS

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

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

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

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

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NOTE 14. CAPITAL RESERVES AND OTHER EQUITY ITEMS (Continued)

For March 31, 2018 and December 31, 2017, nominal amounts, equity restatement differences and restated value of equity are as follows:

| March 31, 2018 | Nominal Amount | Equity Restatement Differences | Restated Amount |
|---|---------------------------|---|----------------------------|
| Issued capital | 592.105 | 63.583 | 655.688 |
| Legal reserves | 317.921 | 74.729 | 392.650 |
| Extraordinary reserves | 877 | 25.831 | 26.708 |
| | 910.903 | 164.143 | 1.075.046 |
| Share Premium/Discount | | | 3.042.134 |
| Put Option Revaluation Fund Related with Non- controlling Interests | | | 20.763 |
| Cumulative Other Comprehensive Income / Expense that will not be Classified to Profit and Loss | | | (24.897) |
| - Gain (Losses) on Remeasurement of Defined Benefit Plans | | | (24.897) |
| Cumulative Other Comprehensive Income / Expense that will be Classified to Profit and Loss | | | 2.936.961 |
| - Currency Translation Differences | | | 2.960.003 |
| - Gains (Losses) on Hedge | | | (23.042) |
| Other Reserves | | | 589.021 |
| Prior Years' Profits or Losses (Including net income) | | | 3.437.711 |
| Equity attributable to equity holders of the parent | | | 11.076.739 |
| | | | |
| December 31, 2017 | Nominal Amount | Equity Restatement Differences | Restated Amount |
| Issued capital | 592.105 | 63.583 | 655.688 |
| Legal reserves | 317.921 | 74.729 | 392.650 |
| Extraordinary reserves | 877 | 25.831 | 26.708 |
| | 910.903 | 164.143 | 1.075.046 |
| Share Premium/Discount | | | 3.042.134 |
| Put Option Revaluation Fund Related with Non- controlling Interests | | | 20.275 |
| Cumulative Other Comprehensive Income / Expense that will not be reclassified to Profit and Loss | | | (24.467) |
| - Gain (Losses) on Remeasurement of Defined Benefit Plans | | | (24.467) |
| Cumulative Other Comprehensive Income / Expense that will be reclassified to Profit and Loss | | | 2.551.826 |
| - Currency Translation Differences | | | 2.523.057 |
| - Gains (Losses) on Hedge | | | 28.769 |
| Other Reserves | | | (235.742) |
| Prior Years' Profits or Losses (Including net income) | | | 3.543.901 |
| Equity attributable to equity holders of the parent | | | 9.972.973 |

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NOTE 15. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of March 31, 2018 and December 31, 2017 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

| March 31, 2018 | | | | | | | | |
|---|-------------------------|-----------------------------|---|---|---|---|---|---|
| | Total TRL Equivalent | Original Currency TRL | Original Currency Thousand USD | Original Currency Thousand EUR | Original Currency Thousand RUR | Original Currency Thousand UAH | Original Currency Thousand PKR | Other Foreign Currency TRL Equivalent |
| A. GPMs given on behalf of the Company's legal personality | 449.900 | 331.065 | 328 | 1.316 | 3.155 | 37.621 | 2.667.000 | 13.905 |
| B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾ | 693.566 | - | 48.676 | 91.485 | - | - | 857.093 | 26.686 |
| C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business | - | - | - | - | - | - | - | - |
| D. Other GPMs | 14.559 | 14.559 | - | - | - | - | - | - |
| i. GPMs given in favor of parent company | - | - | - | - | - | - | - | - |
| ii. GPMs given in favor of group companies not in the scope of B and C above ⁽²⁾ | 14.559 | 14.559 | - | - | - | - | - | - |
| iii. GPMs given in favor of third party companies not in the scope of C above | - | - | - | - | - | - | - | - |
| Total | 1.158.025 | 345.624 | 49.004 | 92.801 | 3.155 | 37.621 | 3.524.093 | 40.591 |
| Ratio of other GPMs over the Company's equity (%) | 0,1 | | | | | | | |

| December 31, 2017 | | | | | | | | |
|---|-------------------------|-----------------------------|---|---|---|---|---|---|
| | Total TRL Equivalent | Original Currency TRL | Original Currency Thousand USD | Original Currency Thousand EUR | Original Currency Thousand RUR | Original Currency Thousand UAH | Original Currency Thousand PKR | Other Foreign Currency TRL Equivalent |
| A. GPMs given on behalf of the Company's legal personality | 448.184 | 330.488 | 338 | 1.391 | 3.275 | 40.952 | 2.667.000 | 13.281 |
| B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾ | 664.158 | - | 49.498 | 96.165 | - | - | 468.836 | 27.202 |
| C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business | - | - | - | - | - | - | - | - |
| D. Other GPMs | 12.609 | 12.609 | - | - | - | - | - | - |
| i. GPMs given in favor of parent company | - | - | - | - | - | - | - | - |
| ii. GPMs given in favor of group companies not in the scope of B and C above ⁽²⁾ | 12.609 | 12.609 | - | - | - | - | - | - |
| iii. GPMs given in favor of third party companies not in the scope of C above | - | - | - | - | - | - | - | - |
| Total | 1.124.951 | 343.097 | 49.836 | 97.556 | 3.275 | 40.952 | 3.135.836 | 40.483 |
| Ratio of other GPMs over the Company's equity (%) | 0,1 | | | | | | | |

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

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

Murabaha

CCBPL has signed murabaha facility agreements with Standard Chartered Bank and Habib Bank Limited (Banks). Based on these agreements, the Banks and CCBPL agree that they shall enter into a series of sugar purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of March 31, 2018, CCBPL has USD46,9 million sugar purchase commitment from the Banks until the end of March 2019.

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NOTE 15. COMMITMENTS AND CONTINGENCIES (continued)

Operational Lease

As of March 31, 2018, the Group’s contingent liability, for the following years resulting from the non- cancellable operational lease agreements is amounting to TRL47.434 (December 31, 2017 – TRL50.917).

Tax and Legal Matters

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

NOTE 16. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

| | March 31, 2018 | December 31, 2017 |
|-----------------------------|----------------|-------------------|
| Prepayments | 487.390 | 402.164 |
| Advances given to suppliers | 122.425 | 96.986 |
| | 609.815 | 499.150 |

b) Long Term Prepaid Expenses

| | March 31, 2018 | December 31, 2017 |
|-----------------------------|----------------|-------------------|
| Prepayments | 195.563 | 181.524 |
| Advances given to suppliers | 68.970 | 54.311 |
| | 264.533 | 235.835 |

c) Short Term Deferred Income

| | March 31, 2018 | December 31, 2017 |
|-----------------|----------------|-------------------|
| Advances taken | 47.867 | 32.700 |
| Deferred income | 2.328 | 469 |
| | 50.195 | 33.169 |

d) Long Term Deferred Income

As of March 31, 2018, long term deferred income amounts to TRL681 (December 31, 2017 – TRL1.331).

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NOTE 17. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

| | March 31, 2018 | December 31, 2017 |
|--|----------------|-------------------|
| Value Added Tax (VAT) deductible or to be transferred | 219.709 | 258.553 |
| Other Current Assets from related parties (Anadolu Efes Spor Kulübü) | 37.500 | - |
| Other | 17.393 | 13.019 |
| | 274.602 | 271.572 |

b) Other Non-Current Assets

| | March 31, 2018 | December 31, 2017 |
|------------------------------|----------------|-------------------|
| Deferred VAT and other taxes | 40.840 | 47.767 |
| Other | 263 | 20 |
| | 41.103 | 47.787 |

c) Other Current Liabilities

| | March 31, 2018 | December 31, 2017 |
|----------------------|----------------|-------------------|
| Put option liability | 9.319 | 8.902 |
| Other | 27.116 | 15.313 |
| | 36.435 | 24.215 |

d) Other Non-Current Liabilities

| | March 31, 2018 | December 31, 2017 |
|------------------------------|----------------|-------------------|
| Put option liability | 123.089 | 117.572 |
| Deferred VAT and other taxes | 40.339 | 47.940 |
| | 163.428 | 165.512 |

As of 31 March 2018 the obligation of TRL9.319 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TL amount is reflected under other current liabilities. The Share Purchase Agreement was signed with Day Investment Ltd. in 2011 however, there has not yet been any share transfer carried out according to local Turkmenistan regulations and existing shareholder agreement requirements, and accordingly, no payment has been made for the of share purchase (December 31, 2017 – TRL8.902).

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable until 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V.. This obligation is recorded as put option liability in the Group’s consolidated financial statements. Based on the contract, fair value of the put option liability amounting to TRL123.089 is calculated using the following period financial budget estimation for earnings before interest and tax, by using the conditions underlined in the contract (December 31, 2017 - TRL117.572).

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NOTE 18. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|--|--------------------------------------|-----------------------------|
| Foreign exchange gains arising from operating activities | 19.099 | 20.754 |
| Income from scrap and other materials | 7.990 | 6.123 |
| Rent income | 3.811 | 3.715 |
| Rediscount income | 2.224 | - |
| Reversal of provision for inventory obsolescence | 1.862 | 1.419 |
| Reversal of provision for doubtful receivables | 862 | 898 |
| Insurance compensation income | 297 | 694 |
| Other income | 12.936 | 18.944 |
| | 49.081 | 52.547 |

b) Other Operating Expenses

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|--|--------------------------------------|-----------------------------|
| Foreign exchange losses arising from operating activities | (15.567) | (9.740) |
| Provision for inventory obsolescence | (2.744) | (2.490) |
| Provision for doubtful receivables | (2.503) | (2.396) |
| Rediscount expense | (1.985) | (14) |
| Depreciation and amortization expense on PPE & intangible assets | (1.131) | (5.229) |
| Donations | (201) | (45) |
| Other expenses | (8.472) | (13.243) |
| | (32.603) | (33.157) |

NOTE 19. INCOME/ EXPENSE FROM INVESTING ACTIVITIES

a) Income from Investing Activities

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|---------------------------------|--------------------------------------|-----------------------------|
| Gain on sale of tangible assets | 2.762 | 878 |
| | 2.762 | 878 |

b) Expense from Investing Activities

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|---|--------------------------------------|-----------------------------|
| Provision for impairment on tangible assets | (6.826) | (1.845) |
| Loss on sale of tangible assets | (1.107) | (2.524) |
| Loss on disposal of intangible assets | - | (369) |
| | (7.933) | (4.738) |

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NOTE 20. FINANCE INCOME / EXPENSES

a) Finance Income

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|---------------------------------|--------------------------------------|-----------------------------|
| Foreign exchange gain | 243.753 | 342.206 |
| Interest income | 61.687 | 27.599 |
| Gain on derivative transactions | 560 | 255 |
| | 306.000 | 370.060 |

b) Finance Expense

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|---------------------------------|--------------------------------------|-----------------------------|
| Foreign exchange loss | (387.427) | (463.904) |
| Interest expense | (108.995) | (60.885) |
| Loss on derivative transactions | (560) | - |
| Borrowing costs | (165) | (165) |
| Other financial expenses | (7.159) | (7.794) |
| | (504.306) | (532.748) |

NOTE 21. TAX ASSETS AND LIABILITIES

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate.

Different corporate tax rates of subsidiaries are as follows:

| | 31 Mart 2018 | 31 Aralık 2017 |
|--------------|---------------------|----------------|
| Turkey | %22 | %20 |
| Netherlands | %25 | %25 |
| Russia | %20 | %20 |
| Kazakhstan | %20 | %20 |
| Moldova | %12 | %12 |
| Georgia | - | - |
| Azerbaijan | %20 | %20 |
| Kyrgyzstan | %10 | %10 |
| Pakistan | %31 | %31 |
| Iraq | %15 | %15 |
| Jordan | %14 | %14 |
| Turkmenistan | %8 | %8 |
| Ukraine | %18 | %18 |
| Tajikistan | %14 | %14 |

As of March 31, 2018 and December 31, 2017 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

| | March 31, 2018 | March 31, 2017 |
|------------------------|-----------------------|----------------|
| Deferred tax asset | 725.399 | 307.406 |
| Deferred tax liability | (1.945.277) | (1.908.091) |
| | (1.219.878) | (1.600.685) |

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NOTE 21. TAX ASSETS AND LIABILITIES (continued)

| | Asset | | Liability | | Net | |
|---|------------------|---------------------|--------------------|---------------------|--------------------|---------------------|
| | March 31 2018 | December 31 2017 | March 31 2018 | December 31 2017 | March 31 2018 | December 31 2017 |
| PP&E and intangible assets | - | - | (2.170.009) | (2.168.862) | (2.170.009) | (2.168.862) |
| Inventories | 1.873 | 4.097 | - | - | 1.873 | 4.097 |
| Carry forward losses | 800.978 | 479.717 | - | - | 800.978 | 479.717 |
| Retirement pay liability and other employee benefits | 33.887 | 25.788 | - | - | 33.887 | 25.788 |
| Other provisions and accruals | 90.256 | 28.874 | - | - | 90.256 | 28.874 |
| Unused investment incentive | 39.198 | 39.198 | - | - | 39.198 | 39.198 |
| Other | - | - | (16.061) | (9.497) | (16.061) | (9.497) |
| | 966.192 | 577.674 | (2.186.070) | (2.178.359) | (1.219.878) | (1.600.685) |

As of March 31, 2018, Group used incentives for Bursa mineral water, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin and İzmir production line investments with an amount of TRL205.441 (December 31, 2017 – TRL205.441) by generating future tax advantage of TRL39.198 (December 31, 2017 – TRL39.198). As of March 31, 2018 calculated tax deduction amount is TRL2.119 (December 31, 2017 – TRL2.119).

NOTE 22. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Weighted average number of shares represents the number of shares as a result of capital increase and adjusted number of shares at the beginning period multiplied with the time-weighting factor. Time weighting factor is calculated by dividing the number of days that the shares are available by the total number of days of the period.

Following table illustrates the net income and share figures used in earnings per share calculation:

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|---|------------------------------|-----------------------------|
| Net income/ (loss) | (106.190) | (84.912) |
| Weighted average number of shares | 592.105.263 | 592.105.263 |
| Earnings/ (losses) per share (full TRL) | (0,1793) | (0,1434) |

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

NOTE 23. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Borrowings from Related Parties

The Group has a loan amounting of USD41.416 and RUR4.325.162 total of TRL461.806 from Brandbev SARL, which is a related party of AB Inbev Harmony Ltd. USD borrowings has a floating interest rate of Libor + 3,20% and RUR borrowings has a fixed rate of 10,26% (31 December 2017- None).

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NOTE 23. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a) Balances with Related Parties (continued)

Due from Related Parties

| | March 31, 2018 | December 31, 2017 |
|---|----------------|-------------------|
| Migros Group Companies ⁽²⁾ | 134.914 | 153.135 |
| AB InBev Group Companies ⁽³⁾ | 26.177 | 157 |
| Anadolu Vakfi | 208 | 165 |
| Other | 3.985 | 4.628 |
| | 165.284 | 158.085 |

Due to Related Parties

| | March 31, 2018 | December 31, 2017 |
|---|----------------|-------------------|
| AB InBev Group Companies ⁽³⁾ | 204.174 | 32.484 |
| Anadolu Efes Spor Kulübü | 37.500 | 45 |
| Oyex Handels GmbH ⁽²⁾ | 9.166 | 8.285 |
| Anadolu Bilişim Hizmetleri A.Ş. ^{(2) (4)} | 5.393 | 5.393 |
| Çelik Motor Ticaret A.Ş. ⁽²⁾ | 3.674 | 3.572 |
| AND Anadolu Gayrimenkul Yatırımları A.Ş. ⁽²⁾ | 192 | 149 |
| Efes Turizm İşletmeleri A.Ş. ⁽²⁾ | 656 | 1.911 |
| Other | 113 | 584 |
| | 260.868 | 52.423 |

The Group has TRL352 short term deferred revenue related to AG Anadolu Grubu Holding A.Ş. (December 31, 2017 – TRL465).

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

| | Nature of transaction | 1 January - 31 March 2018 | 1 January - 31 March 2017 |
|---|---------------------------|------------------------------|------------------------------|
| AB InBev Group Companies ⁽³⁾ | Service and Purchase of | | |
| | Trade Goods | 28.891 | 7.240 |
| Oyex Handels GmbH ⁽²⁾ | Purchase of Materials and | | |
| | Fixed Assets | 18.602 | 13.379 |
| Anadolu Efes Spor Kulübü | Service | 12.510 | 12.510 |
| Çelik Motor Ticaret A.Ş. ⁽²⁾ | Vehicle Leasing | 7.874 | 7.070 |
| Efestur Turizm İşletmeleri A.Ş. ⁽²⁾ | Travel and Accommodation | 2.582 | 2.515 |
| AND Anadolu Gayrimenkul Yatırımları A.Ş. ⁽²⁾ | Service | 472 | 554 |
| Anadolu Bilişim Hizmetleri A.Ş. ^{(2) (4)} | Information Service | 74 | 1.690 |
| Anadolu Eğitim ve Sosyal Yardım Vakfı | Donations | 200 | - |
| AG Anadolu Grubu Holding A.Ş. ⁽¹⁾ | Consultancy Service | 9.385 | 8.525 |
| Arge Danışmanlık A.Ş. | Consultancy Service | 30 | 143 |
| Ahmet Boyacıoğlu | Consultancy Service | 30 | 94 |
| Mehmet Cem Kozlu | Consultancy Service | 30 | 78 |
| Other | Other | 227 | 386 |
| | | 80.907 | 54.184 |

Revenue and Other Income

| | Nature of transaction | 1 January - 31 March 2018 | 1 January - 31 March 2017 |
|---|-----------------------|------------------------------|------------------------------|
| Migros Group Companies ⁽²⁾ | Sales Income | 127.550 | 100.394 |
| AB InBev Group Companies ⁽³⁾ | Other Income | - | 1.106 |
| Other | Other | 486 | 124 |
| | | 128.036 | 101.624 |

(1) The shareholder of the Group

(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)

(3) Related party of AB InBev Harmony Ltd (a shareholder)

(4) The Group's long term financial asset.

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NOTE 23. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

b) Transactions with Related Parties (continued)

Director’s remuneration

As of March 31, 2018 and 2017, total benefits to Anadolu Efes Board of Directors are TRL96 and TRL84, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors are as follows:

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|------------------------------|--------------------------------------|-----------------------------|
| Short-term employee benefits | 9.496 | 8.771 |
| Post-employment benefits | - | - |
| Other long term benefits | 693 | 878 |
| Termination benefits | 74 | - |
| Share-based payments | - | - |
| | 10.263 | 9.649 |

NOTE 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Group’s principal financial instruments comprise bank borrowings, finance leases, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group’s operations. Besides, The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group’s financial instruments can be identified as foreign currency risk, credit risk, interest rate risk, price risk and liquidity risk. The Group management reviews and agrees policies for managing each of these risks. The Group also monitors the market price risk arising from all financial instruments.

a) Interest Rate Risk

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

The Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreement. Total outstanding amount of IRS agreements was USD43 million as of March 31, 2018 (December 31, 2017 – USD43 million).

b) Foreign Currency Risk

Foreign currency risk generally arises from the EURO and USD denominated assets and liabilities of the Group. The Group has transactional currency exposures. Such exposures arise from sales or purchases of goods and services or borrowings of the Group in currencies other than the functional currency. The Group manages short term foreign currency risk by balancing foreign currency denominated assets and liabilities. The Group also executes currency forward and cross currency swap transactions (Note 8). The Group designates certain part of its bank deposits for the future raw material purchases, operational expense and interest related payments (Note 5). Group’s foreign currency liability consists of mainly long term liabilities. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited.

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish
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NOTE 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of March 31, 2018 and December 31, 2017 are presented below:

| Foreign Currency Position Table | | | | | | |
|---|---|--------------------|--------------------|------------------|--------------------|---|
| March 31, 2018 | | | | | | |
| | Total TRL Equivalent (Functional Currency) | Thousand USD | TRL Equivalent | Thousand EURO | TRL Equivalent | Other Foreign Currency TRL Equivalent |
| 1. Trade Receivables and Due from Related Parties | 78.902 | 10.289 | 40.629 | 6.783 | 33.013 | 5.260 |
| 2a. Monetary Financial Assets (Cash and cash equivalents included) | 3.613.794 | 896.309 | 3.539.433 | 11.449 | 55.726 | 18.635 |
| 2b. Non- monetary Financial Assets | - | - | - | - | - | - |
| 3. Other Current Assets and Receivables | 6.193 | 744 | 2.938 | 668 | 3.252 | 3 |
| 4. Current Assets | 3.698.889 | 907.342 | 3.583.000 | 18.900 | 91.991 | 23.898 |
| 5. Trade Receivables and Due from Related Parties | - | - | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - | - | - |
| 6b. Non-monetary Financial Assets | - | - | - | - | - | - |
| 7. Other | 5.310 | - | - | 1.091 | 5.310 | - |
| 8. Non-Current Assets | 5.310 | - | - | 1.091 | 5.310 | - |
| 9. Total Assets | 3.704.199 | 907.342 | 3.583.000 | 19.991 | 97.301 | 23.898 |
| 10. Trade Payables and Due to Related Parties | (775.364) | (111.511) | (440.347) | (62.704) | (305.197) | (29.820) |
| 11. Short- term Borrowings and Current Portion of Long- term Borrowings | (3.322.715) | (693.065) | (2.736.843) | (120.369) | (585.872) | - |
| 12a. Monetary Other Liabilities | (20.993) | (566) | (2.237) | (346) | (1.684) | (17.072) |
| 12b. Non-monetary Other Liabilities | (9.319) | (2.360) | (9.319) | - | - | - |
| 13. Current Liabilities | (4.128.391) | (807.502) | (3.188.746) | (183.419) | (892.753) | (46.892) |
| 14. Trade Payables and Due to Related Parties | - | - | - | - | - | - |
| 15. Long-Term Borrowings | (5.486.057) | (1.190.723) | (4.702.047) | (161.077) | (784.010) | - |
| 16 a. Monetary Other Liabilities | - | - | - | - | - | - |
| 16 b. Non-monetary Other Liabilities | (123.091) | (31.170) | (123.091) | - | - | - |
| 17. Non-Current Liabilities | (5.609.148) | (1.221.893) | (4.825.138) | (161.077) | (784.010) | - |
| 18. Total Liabilities | (9.737.539) | (2.029.395) | (8.013.884) | (344.496) | (1.676.763) | (46.892) |
| 19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position | 623.926 | 158.000 | 623.926 | - | - | - |
| 19a. Total Hedged Assets | 623.926 | 158.000 | 623.926 | - | - | - |
| 19b. Total Hedged Liabilities | - | - | - | - | - | - |
| 20. Net Foreign Currency Asset / (Liability) Position | (5.409.414) | (964.053) | (3.806.958) | (324.505) | (1.579.462) | (22.994) |
| 21. Monetary Items Net Foreign Currency Asset / (Liability) Position | (5.912.433) | (1.089.267) | (4.301.412) | (326.264) | (1.588.024) | (22.997) |
| 22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position | 21.576 | 5.464 | 21.576 | - | - | - |
| 23. Total value of Hedged Foreign Currency Assets | - | - | - | - | - | - |

| Foreign Currency Position Table | | | | | | |
|---|---|--------------------|--------------------|------------------|--------------------|---|
| December 31, 2017 | | | | | | |
| | Total TRL Equivalent (Functional Currency) | Thousand USD | TRL Equivalent | Thousand EURO | TRL Equivalent | Other Foreign Currency TRL Equivalent |
| 1. Trade Receivables and Due from Related Parties | 68.959 | 14.480 | 54.616 | 2.839 | 12.821 | 1.522 |
| 2a. Monetary Financial Assets (Cash and cash equivalents included) | 3.548.104 | 906.864 | 3.420.602 | 25.310 | 114.287 | 13.215 |
| 2b. Non- monetary Financial Assets | - | - | - | - | - | - |
| 3. Other Current Assets and Receivables | 38.117 | 180 | 679 | 7.618 | 34.399 | 3.039 |
| 4. Current Assets | 3.655.180 | 921.524 | 3.475.897 | 35.767 | 161.507 | 17.776 |
| 5. Trade Receivables and Due from Related Parties | - | - | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - | - | - |
| 6b. Non-monetary Financial Assets | - | - | - | - | - | - |
| 7. Other | 5.320 | 291 | 1.098 | 935 | 4.222 | - |
| 8. Non-Current Assets | 5.320 | 291 | 1.098 | 935 | 4.222 | - |
| 9. Total Assets | 3.660.500 | 921.815 | 3.476.995 | 36.702 | 165.729 | 17.776 |
| 10. Trade Payables and Due to Related Parties | (281.890) | (40.717) | (153.580) | (24.719) | (111.619) | (16.691) |
| 11. Short- term Borrowings and Current Portion of Long- term Borrowings | (2.967.047) | (618.778) | (2.333.969) | (140.202) | (633.078) | - |
| 12a. Monetary Other Liabilities | (840) | - | (0) | (186) | (840) | - |
| 12b. Non-monetary Other Liabilities | (12.323) | (3.267) | (12.323) | - | - | - |
| 13. Current Liabilities | (3.262.100) | (662.762) | (2.499.872) | (165.107) | (745.537) | (16.691) |
| 14. Trade Payables and Due to Related Parties | - | - | - | - | - | - |
| 15. Long-Term Borrowings | (5.282.419) | (1.196.221) | (4.512.025) | (170.611) | (770.394) | - |
| 16 a. Monetary Other Liabilities | - | - | - | - | - | - |
| 16 b. Non-monetary Other Liabilities | (117.572) | (31.170) | (117.572) | - | - | - |
| 17. Non-Current Liabilities | (5.399.991) | (1.227.391) | (4.629.597) | (170.611) | (770.394) | - |
| 18. Total Liabilities | (8.662.091) | (1.890.153) | (7.129.469) | (335.718) | (1.515.931) | (16.691) |
| 19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position | - | - | - | - | - | - |
| 19a. Total Hedged Assets | - | - | - | - | - | - |
| 19b. Total Hedged Liabilities | - | - | - | - | - | - |
| 20. Net Foreign Currency Asset / (Liability) Position | (5.001.591) | (968.338) | (3.652.474) | (299.016) | (1.350.202) | 1.085 |
| 21. Monetary Items Net Foreign Currency Asset / (Liability) Position | (4.915.133) | (934.372) | (3.524.356) | (307.569) | (1.388.823) | (1.954) |
| 22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position | - | - | - | - | - | - |
| 23. Total value of Hedged Foreign Currency Assets | - | - | - | - | - | - |

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NOTE 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of March 31, 2018 and 2017 is as follows:

| | 1 January - 31 March 2018 | 1 January- 31 March 2017 |
|--------------|--------------------------------------|-----------------------------|
| Total Export | 68.620 | 45.059 |
| Total Import | 596.752 | 404.446 |

The following table demonstrates the sensitivity analysis of foreign currency as of March 31, 2018 and 2017:

| | Foreign Currency Position Sensitivity Analysis | | | |
|--|--|--|--|--|
| | March 31, 2018 ^(*) | | March 31, 2017 ^(*) | |
| | Income / (Loss) | | | |
| | Increase of the foreign currency | Decrease of the foreign currency | Increase of the foreign currency | Decrease of the foreign currency (*) |
| Increase / decrease in USD by 10%: | | | | |
| USD denominated net asset / (liability) | (430.141) | 430.141 | (351.222) | 351.222 |
| USD denominated hedging instruments (-) | 62.393 | (62.393) | - | - |
| Net effect in USD | (367.748) | 367.748 | (351.222) | 351.222 |
| Increase / decrease in EURO by 10%: | | | | |
| EURO denominated net asset / (liability) | (158.802) | 158.802 | (137.513) | 137.513 |
| EURO denominated hedging instruments (-) | - | - | - | - |
| Net effect in EURO | (158.802) | 158.802 | (137.513) | 137.513 |
| Increase / decrease in other foreign currencies by 10%: | | | | |
| Other foreign currency denominated net asset / (liability) | (2.300) | 2.300 | 482 | (482) |
| Other foreign currency hedging instruments (-) | - | - | - | - |
| Net effect in other foreign currency | (2.300) | 2.300 | 482 | (482) |
| TOTAL | (528.850) | 528.850 | (488.253) | 488.253 |

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

c) Foreign Currency Hedge of Net Investments in Foreign Operations

As of January 1, 2018, the Group designated USD denominated bond issued amounting to USD500 million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries). The gains and losses on the hedging instrument arising from change in foreign currency valuation relating to the effective portion of the hedge are accounted under Equity in “Gains (Losses) on Hedge” and under “Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations” in Other Comprehensive Income Statement (December 31, 2017 – None).

d) Liquidity Risk

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

e) Price Risk

This is a combination of currency, interest and market risks which the Group manages through natural hedges that arise from offsetting the same currency receivables and payables, interest bearing assets and liabilities. Market risk is closely monitored by the management using the available market information and appropriate valuation methods.

**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT MARCH 31, 2018**

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NOTE 24. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

f) Credit Risk

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

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

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group also obtains guarantees from the customers when appropriate.

g) Capital Risk Management

The Group's policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group periodically measures Net Debt to EBITDA ratio to maintain capital risk management. Net Debt is calculated by deducting cash and cash equivalents from total borrowings.

NOTE 25. FINANCIAL INSTRUMENTS

Fair Value

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

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

a) Financial Assets

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

b) Financial Liabilities

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

Derivative Instruments, Risk Management Objectives and Policies

Derivative instruments and hedging transactions are explained in Note 5, Note 8 and Note 24.

**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOT 26. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

| | January 1 – March 31, 2018 | January 1 – March 31, 2017 |
|---|---------------------------------------|-------------------------------|
| Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 19) | 6.826 | 1.845 |
| Adjustments for impairment loss (reversal of impairment) of receivables (Note 18) | 1.641 | 1.498 |
| Adjustments for impairment loss (reversal of impairment) of inventories (Note 18) | 882 | 1.071 |
| | 9.349 | 4.414 |

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

| | January 1 – March 31, 2018 | January 1 – March 31, 2017 |
|---|---------------------------------------|-------------------------------|
| Provision for vacation pay liability (Note 4) | 9.380 | 8.387 |
| Provision for retirement pay liability (Note 4) | 5.238 | 5.479 |
| Provision for seniority bonus | 5.117 | 5.184 |
| | 19.735 | 19.050 |

c) Adjustments for Interest (Income) Expenses

| | January 1 – March 31, 2018 | January 1 – March 31, 2017 |
|--|---------------------------------------|-------------------------------|
| Adjustments for interest income (Note 20) | (61.687) | (27.599) |
| Adjustments for interest expense (Note 20) | 108.995 | 60.885 |
| | 47.308 | 33.286 |

d) Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets

| | January 1 – March 31, 2018 | January 1 – March 31, 2017 |
|--|---------------------------------------|-------------------------------|
| Cash inflows through business combination (Note 3) | 17.807 | - |
| Capital Increase from non-controlling interests | 987 | - |
| | 18.794 | - |

NOTE 27. EVENTS AFTER REPORTING PERIOD

- a) In accordance with the Anadolu Efes General Assembly Meeting held at April 16, 2018, it has been decided to distribute dividend of TRL250.105 from share issue premium starting from May 29, 2018.
- b) In accordance with the CCİ General Assembly Meeting held at April 13, 2018, it has been decided to distribute dividend amounting to TRL200.190 (TRL170.000 from 2017 profit, TRL30.190 from extraordinary reserves) to shareholders starting from May 25, 2018
- c) Efes Breweries International executed a cross currency swap transaction in order to hedge its foreign currency risk arising from the shareholder loan receivable amounting to 4,25 million Russian Ruble as of April 12, 2018.

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