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 SEPTEMBER 30, 2018

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2018

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CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

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

	Notes	**Unaudited** **September 30, 2018**	Audited December 31, 2017
ASSETS			
Cash and Cash Equivalents	5	**8.922.543**	5.409.622
Financial Investments	6	**3.435**	88.588
Trade Receivables		**2.995.867**	1.530.645
- Trade Receivables Due from Related Parties	*24*	***330.071***	*158.085*
- Trade Receivables Due from Third Parties		***2.665.796***	*1.372.560*
Other Receivables	9	**61.180**	103.368
- Other Receivables from Third Parties		***61.180***	*103.368*
Derivative Financial Assets	8	**516**	152
Inventories		**2.184.415**	1.179.231
Prepaid Expenses	16	**576.428**	399.150
Current Tax Assets		**207.147**	115.653
Other Current Assets	17	**328.687**	271.572
- Other Current Assets from Related Parties		***18.600***	-
- Other Current Assets from Third Parties		***310.087***	*271.572*
Current Assets		**15.280.218**	9.097.981
Financial Investments		**797**	767
Trade Receivables		**1.762**	1.212
- Trade Receivables Due from Third Parties		***1.762***	*1.212*
Other Receivables		**63.336**	22.338
- Other Receivables from Third Parties		***63.336***	*22.338*
Derivative Financial Assets	8	**199.083**	-
Investments in Subsidiaries, Joint Ventures and Associates	10	**9.677**	46.309
Investment Property		**138.001**	101.894
Property, Plant and Equipment	11	**11.456.991**	7.485.235
Intangible Assets		**20.649.900**	12.244.141
- Goodwill	*13*	***7.523.984***	*1.840.808*
- Other Intangible Assets	*12*	***13.125.916***	*10.403.333*
Prepaid Expenses	16	**381.050**	335.835
Deferred Tax Asset	21	**1.212.509**	307.406
Other Non-Current Assets	17	**88.406**	47.787
Non-Current Assets		**34.201.512**	20.592.924
TOTAL ASSETS		**49.481.730**	29.690.905

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

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

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

		Unaudited	Audited
	Notes	**September 30, 2018**	December 31, 2017
LIABILITIES			
Current Borrowings	7	**1.223.779**	89.359
- Current Borrowings from Related Parties	*24*	***404.685***	-
- Current Borrowings from Third Parties		***819.094***	*89.359*
Current Portion of Non-Current Borrowings	7	**4.147.400**	2.956.119
- Current Portion of Non-Current Borrowings from Related Parties	*24*	***248.024***	-
- Current Portion of Non-current Borrowings from Third Parties		***3.899.376***	*2.956.119*
Trade Payables		**4.485.327**	1.676.381
- Trade Payables to Related Parties	*24*	***338.859***	*52.423*
- Trade Payables to Third Parties		***4.146.468***	*1.623.958*
Employee Benefit Obligations		**90.083**	66.362
Other Payables	9	**1.420.313**	851.122
- Other Payables to Third Parties		***1.420.313***	*851.122*
Derivative Financial Liabilities	8	**58**	-
Deferred Income	16	**51.704**	33.169
Current Tax Liabilities		**128.335**	6.498
Current Provisions		**223.225**	115.429
- Current Provisions for Employee Benefits		***208.476***	*114.532*
- Other Current Provisions		***14.749***	*897*
Other Current Liabilities	17	**44.271**	24.215
Current Liabilities		**11.814.495**	5.818.654
Long-Term Borrowings	7	**8.486.666**	5.464.012
Trade Payables		**38.343**	35.180
- Trade Payables to Third Parties		***38.343***	*35.180*
Other Payables	9	**392.916**	347.171
- Other Payables to Third Parties		***392.916***	*347.171*
Deferred Income		**3.661**	1.331
Non-Current Provision		**145.939**	124.086
- Non-Current Provision for Employee Benefits		***145.939***	*124.086*
Deferred Tax Liabilities	21	**2.334.790**	1.908.091
Other Non-Current Liabilities	17	**274.462**	165.512
Non-Current Liabilities		**11.676.777**	8.045.383
Equity Attributable to Equity Holders of the Parent		**13.836.522**	9.972.973
Issued Capital	14	**592.105**	592.105
Inflation Adjustment on Capital	14	**63.583**	63.583
Share Premium (Discount)	14	**2.765.214**	3.042.134
Put Option Revaluation Fund Related with Non-controlling Interests	14	**24.630**	20.275
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	14	**(26.722)**	(24.467)
-Revaluation and Remeasurement Gain/Loss		***(26.722)***	*(24.467)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss	14	**5.891.481**	2.551.826
- Currency Translation Differences		***6.837.761***	*2.523.057*
- Gains (Losses) on Hedge		***(946.280)***	*28.769*
Restricted Reserves Appropriated from Profits	14	**342.931**	317.921
Prior Years' Profits or Losses	14	**4.234.359**	3.260.176
Current Period Net Profit or Losses	14	**(51.059)**	149.420
Non-Controlling Interests		**12.153.936**	5.853.895
Total Equity		**25.990.458**	15.826.868
TOTAL LIABILITIES		**49.481.730**	29.690.905

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

CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

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

		Unaudited			
	Notes	**1 January - 30 September 2018**	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Revenue	4	**14.643.726**	**6.430.029**	10.188.584	4.006.380
Cost of Sales (-)		**(8.918.375)**	**(3.903.762)**	(6.237.421)	(2.409.301)
GROSS PROFIT (LOSS)		**5.725.351**	**2.526.267**	3.951.163	1.597.079
General Administrative Expenses (-)		**(1.143.683)**	**(450.431)**	(700.401)	(222.383)
Sales, Distribution and Marketing Expenses (-)		**(3.122.359)**	**(1.270.785)**	(2.195.432)	(804.606)
Other Income from Operating Activities	18	**309.389**	**142.282**	211.401	62.548
Other Expenses from Operating Activities	18	**(330.526)**	**(192.086)**	(184.700)	(45.218)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		**1.438.172**	**755.247**	1.082.031	587.420
Investment Activity Income	19	**24.643**	**10.651**	33.932	26.066
Investment Activity Expenses (-)	19	**(27.425)**	**(5.901)**	(16.141)	(7.155)
Income/ (Loss) from Associates	10	**(70.544)**	**(42.918)**	(16.969)	(6.537)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		**1.364.846**	**717.079**	1.082.853	599.794
Finance Income	20	**2.266.261**	**1.307.459**	689.297	190.708
Finance Expenses	20	**(3.295.327)**	**(1.844.040)**	(998.947)	(316.140)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**335.780**	**180.498**	773.203	474.362
Tax (Expense) Income, Continuing Operations	4	**(242.911)**	**(174.255)**	(176.677)	(68.371)
- Current Period Tax (Expense) Income		***(276.746)***	***(127.693)***	*(162.950)*	*(71.351)*
- Deferred Tax (Expense) Income		***33.835***	***(46.562)***	*(13.727)*	*2.980*
PROFIT/(LOSS)	4	**92.869**	**6.243**	596.526	405.991
Profit/(Loss) Attributable to					
- Non-Controlling Interest		***143.928***	***42.057***	*252.656*	*152.283*
- Owners of Parent		***(51.059)***	***(35.814)***	*343.870*	*253.708*
Earnings / (Loss) Per Share (Full TRL)	22	**(0,0862)**	**(0,0605)**	0,5808	0,4285

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

CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

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

	Unaudited			
	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
PROFIT/(LOSS)	**92.869**	**6.243**	596.526	405.991
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	**(2.255)**	**(2.255)**	(6.495)	(3.327)
Gains (Losses) on Remeasurements Defined Benefit Plans	**(2.892)**	**(2.892)**	(8.118)	(4.158)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Other Profit or Loss	**637**	**637**	1.623	831
- Deferred Tax Income (Expense)	***637***	***637***	*1.623*	*831*
Other Comprehensive Income that will be Reclassified to Profit or Loss	**6.265.678**	**4.264.506**	159.777	93.273
Currency Translation Differences	**7.271.291**	**5.006.883**	221.393	121.438
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	**602.400**	**327.266**	(77.020)	(35.206)
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations (Note 25)	**(1.891.645)**	**(1.280.969)**	-	-
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	**283.632**	**211.326**	15.404	7.041
- Deferred Tax Income (Expense)	***283.632***	***211.326***	*15.404*	*7.041*
OTHER COMPREHENSIVE INCOME (LOSS)	**6.263.423**	**4.262.251**	153.282	89.946
TOTAL COMPREHENSIVE INCOME (LOSS)	**6.356.292**	**4.268.494**	749.808	495.937
Total Comprehensive Income Attributable to				
- Non-Controlling Interest	***3.069.951***	***2.091.367***	*246.266*	*163.580*
- Owners of Parent	***3.286.341***	***2.177.127***	*503.542*	*332.357*

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

						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				
	Notes	Issued Capital	Inflation Adjustment on Capital	Share Premium/ Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Revaluation and Remeasurement Gain/ (Loss) (**)	Currency Translation Differences	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Prior Years' Profits or Losses	Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	Total Equity
Previous period (1 January – 30 September 2017)														
Beginning Balances		592.105	63.583	3.137.684	19.923	(20.249)	1.783.517	58.325	303.414	3.394.994	(70.795)	9.262.501	5.554.521	14.817.022
Transfers		-	-	(8.686)	-	-	-	-	14.507	(76.616)	70.795	-	-	-
Total Comprehensıve Income (Loss)		-	-	-	-	(6.495)	202.287	(36.120)	-	-	343.870	503.542	246.266	749.808
Profit (Loss)		-	-	-	-	-	-	-	-	-	*343.870*	*343.870*	*252.656*	*596.526*
Other Comprehensive Income (Loss)		-	-	-	-	*(6.495)*	*202.287*	*(36.120)*	-	-	-	*159.672*	*(6.390)*	*153.282*
Dividends	23	-	-	(86.864)	-	-	-	-	-	(58.202)	-	(145.066)	(40.312)	(185.378)
Increase (Decrease) from Other Changes (*)		-	-	-	(394)	-	-	-	-	-	-	(394)	394	-
Ending Balances		592.105	63.583	3.042.134	19.529	(26.744)	1.985.804	22.205	317.921	3.260.176	343.870	9.620.583	5.760.869	15.381.452
Current Period (1 January – 30 September 2018)														
Beginning Balances		**592.105**	**63.583**	**3.042.134**	**20.275**	**(24.467)**	**2.523.057**	**28.769**	**317.921**	**3.260.176**	**149.420**	**9.972.973**	**5.853.895**	**15.826.868**
Transfers		**-**	**-**	**(25.010)**	**-**	**-**	**-**	**-**	**25.010**	**149.420**	**(149.420)**	**-**	**-**	**-**
Total Comprehensıve Income (Loss)		**-**	**-**	**-**	**-**	**(2.255)**	**4.314.704**	**(975.049)**	**-**	**-**	**(51.059)**	**3.286.341**	**3.069.951**	**6.356.292**
Profit (Loss)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***(51.059)***	***(51.059)***	***143.928***	***92.869***
Other Comprehensive Income (Loss)		**-**	**-**	**-**	**-**	***(2.255)***	***4.314.704***	***(975.049)***	**-**	**-**	**-**	***3.337.400***	***2.926.023***	***6.263.423***
Capital Increase		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42.890**	**42.890**
Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control	3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**824.763**	**-**	**824.763**	**(824.763)**	**-**
Dividends	23	**-**	**-**	**(251.910)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(251.910)**	**(126.749)**	**(378.659)**
Acquisition or Disposal of a Subsidiary	3	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.143.067**	**4.143.067**
Increase (Decrease) from Other Changes (*)		**-**	**-**	**-**	**4.355**	**-**	**-**	**-**	**-**	**-**	**-**	**4.355**	**(4.355)**	**-**
Ending Balances		**592.105**	**63.583**	**2.765.214**	**24.630**	**(26.722)**	**6.837.761**	**(946.280)**	**342.931**	**4.234.359**	**(51.059)**	**13.836.522**	**12.153.936**	**25.990.458**

(*) Non-controlling interest share put option liability.
(**) Gains (Losses) on Remeasurements of Defined Benefit Plans.

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

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

	Notes	**Unaudited** 1 January- September 30, 2018	1 January- September 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		**2.580.762**	1.593.939
Profit/ (Loss) for the period		**92.869**	596.526
Adjustments to Reconcile Profit (Loss)		**2.370.051**	1.234.402
Adjustments for Depreciation and Amortization Expense	4	**931.260**	692.521
Adjustments for Impairment Loss / (Reversal)	27	**34.595**	23.095
Adjustments for Provisions	27	**52.220**	38.812
Adjustments for Interest (Income) Expenses	27	**221.890**	100.127
Adjustments for Foreign Exchange Losses (Gains)		**820.893**	215.214
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	10	**70.544**	16.969
Adjustments for Tax (Income) Expenses		**242.911**	176.677
Other Adjustments for Non-Cash Items	20	**496**	496
Adjustments for Losses (gains) on Disposal of Non-Current Assets	19	**(14.006)**	(10.593)
Adjustments for Losses (Gains) on Disposal of Subsidiaries or Joint Operations	19	**-**	(19.145)
Other Adjustments to Reconcile Profit (loss)		**9.248**	229
Changes in Working Capital		**215.851**	(156.665)
Adjustments for Decrease (Increase) in Accounts Receivables		**(1.240.059)**	(734.916)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		**(267.729)**	(106.066)
Adjustments for Decrease (Increase) in Inventories		**(734.541)**	(91.557)
Adjustments for increase (decrease) in Trade Accounts Payable		**1.845.026**	454.699
Adjustments for increase (decrease) in Other Operating Payables		**613.154**	321.175
Cash Flows from (used in) Operations		**2.678.771**	1.674.263
Payments Related with Provisions for Employee Benefits		**(28.978)**	(29.935)
Income Taxes (Paid) Return		**(69.031)**	(50.389)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(830.878)**	(602.608)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	10	**(33.606)**	(17.845)
Proceeds from Sales of Property, Plant, Equipment		**38.950**	43.325
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets		**(1.072.727)**	(628.088)
Other inflows (outflows) of cash	27	**236.505**	-
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(525.813)**	1.315.963
Proceeds from Borrowings	7	**1.817.429**	3.231.390
Repayments of Borrowings	7	**(1.789.205)**	(1.582.712)
Income (Loss) from Cash Flow Hedge		**(120.872)**	(77.235)
Dividends Paid	23	**(378.659)**	(185.378)
Interest Paid	7	**(341.206)**	(128.116)
Interest Received		**201.547**	77.053
Other inflows (outflows) of cash		**85.153**	(19.039)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		**1.224.071**	2.307.294
Effects Of Currency Translation On Cash And Cash Equivalents		**1.109.150**	59.950
Effect Of Currency Translation Differences On Cash And Cash Equivalents		**1.174.008**	(58.066)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**3.507.229**	2.309.178
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	**8.906.414**	5.049.181

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

(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 Koparır 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 17.717 (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 November 6, 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, distribution and selling 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 – production of malt in two locations in Turkey and one location 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 September 30, 2018 and December 31, 2017, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	September 30, 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
Publicly traded and other	**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 company.

(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 September 30, 2018 and December 31, 2017 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights % September 30, 2018	December 31, 2017
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
LLC Inbev Trade [(2)]	Russia	Production of malt	International Beer	**50,00**	-
JSC Moscow-Efes Brewery (Efes Moscow) [(3)]	Russia	Production and marketing of beer	International Beer	**50,00**	100,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) [(3)]	Germany	Investment company	International Beer	**50,00**	100,00
JSC Sun InBev [(3)]	Russia	Production and marketing of beer	International Beer	**50,00**	-
PJSC Sun InBev Ukraine [(3)]	Ukraine	Production and marketing of beer	International Beer	**49,26**	-
Bevmar GmbH [(3)]	Germany	Investment company	International Beer	**50,00**	-
Efes Breweries International N.V. (EBI)	The Netherlands	Managing foreign investments in breweries	International Beer	**100,00**	100,00
AB InBev Efes B.V. [(4)]	The Netherlands	Investment company	International Beer	**50,00**	100,00
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	**96,87**	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) [(5)]	Turkey	Marketing and distribution company of the Group in Turkey	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. (CCİ) [(6)]	Turkey	Production of Coca-Cola products	Soft Drinks	**50,26**	50,26
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey	Distribution and selling of Coca-Cola, Doğadan and 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 CCİ	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 CCİ	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 CCİ	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 % September 30, 2018	December 31, 2017
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap) [(7)]	Turkey	Production and sales of fruit juice concentrates and sales of purees and fresh fruit sales	Other	**36,08**	33,33
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	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) Subsidiaries that AB Inbev Efes B.V. directly participates in after the business combination explained in Note 3.
(4) As explained in Note 3, on March 29, 2018 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. As a result of this process, the Group's AB Inbev Efes B.V. its share in the company has been 50%.
(5) The Company's beer operations in Turkey form the Turkey Beer Operations together with Ef-Pa.
(6) Shares of CCİ are currently traded on BIST.
(7) Capital increase was made in Anadolu Etap in June 2018. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 33,33% to 36,08%.

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.

Deterioration in macroeconomic conditions in Ukraine, ongoing political instability, devaluation of Ukrainian Hryvnya and possibility of military operations in the region have been assessed by Group management and consequently, the deterioration in the Group's international beer market expectations for the medium term resulted in recognition of impairment on inventories, property, plant and equipment and intangible assets in 31 December 2017 consolidated financials.

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 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, 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, 25).

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

2.2 Seasonality of Operations

Due to higher soft drink 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 nine months up to September 30, 2018 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

2.3 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.

2.4 Changes in Accounting Policies

The condensed consolidated interim financial statements of the Group for the period ended September 30, 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 Turkish Financial Reporting Standards

Standards, amendments and interpretations applicable as at 30 September 2018:

- **TFRS 9, 'Financial instruments';**

TFRS 9, Financial instruments; effective from annual periods beginning on or after 1 January 2018. This standard replaces the guidance in TAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Group has carried out valuation studies to determine the cumulative effect of the first transition and concluded that no changes should be made to the consolidated financial statements.

- **TFRS 9 "Financial Instruments" Standard: Classification and Measurement**

Group classifies its financial assets in three categories of financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

"Financial assets measured at amortised cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortised cost comprise "cash and cash equivalents" and "trade receivables". Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the consolidated statement of income.

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

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

2.4 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations applicable as at 30 September 2018 (continued):

- **TFRS 9 "Financial Instruments" Standard: Classification and Measurement (continued)**

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income. Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities.

Financial assets	Classification under TAS 39	Classification under TFRS 9
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Due from related parties	Loans and receivables	Amortised cost
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss

Financial liabilities	Classification under TAS 39	Classification under TFRS 9
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Borrowings	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

Impairment

"Expected credit loss model" defined in TFRS 9 "Financial Instruments" superseded the "incurred credit loss model" in TAS 39 "Financial Instruments: Recognition and Measurement" which was effective prior to 1 January 2018. Expected credit losses are a probability weighted estimate of credit losses over the expected life of the financial instrument. The calculation of expected credit loss is performed based on the past experiences and future expectations of the Group.

- **Transition to TFRS 15 Revenue from Contracts with Customers**

TFRS 15, Revenue from Contracts with Customers; effective from annual periods beginning on or after 1 January 2018 and this standard replaces the guidance in TAS 18. There isn't any material impact expected on the financial position or performance of the Group related to this standard.

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

2.4 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations applicable as at 30 September 2018 (continued):

- **TFRS 15 Revenue from Contracts with Customers**

The Group recognizes revenue in accordance with the new revenue standard which is effective from 1 January 2018, based five-step model set out below:

- Identifying contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when (or as) the entity satisfies a performance obligation

The Group assesses the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

A customer receives a discount for purchasing a bundle of goods or services if the sum of the stand-alone selling prices of those promised goods or services in the contract exceeds the promised consideration in a contract. Except when the Group has observable evidence that the entire discount relates to only one or more, but not all, performance obligations in a contract, the Group allocates a discount proportionately to all performance obligations in the contract.

For each performance obligation identified, the Group determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. When (or as) a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. An asset is transferred when (or as) the customer obtains control of that asset.

The Group considers indicators of the transfer of control, which include, the following:

- The Group has a present right to payment for the asset
- The customer has legal title to the asset
- The Group has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

Product Sales

The Group generally produces, sells and distributes beer under a number of trademarks and also production, bottling, selling and distribution of sparkling and still beverages. Revenue is recognized when the control of products is transferred to the customer. There is no significant effect of the new revenue standard on the Group's revenue, profit of losses.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

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

2.4 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations applicable as at 30 September 2018 (continued):

- **Amendments to TFRS 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 TFRS 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. There isn't any material impact expected on the financial position or performance of the Group related to this amendment.

- **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. There isn't any material impact expected on the financial position or performance of the Group related to this interpretation.

- **Amendment to TAS 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.

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

- TFRS 1, 'First time adoption of TFRS', regarding the deletion of short-term exemptions for first-time adopters regarding TFRS 7, TAS 19 and TFRS 10,
- TAS 28, 'Investments in associates and joint venture' regarding measuring an associate or joint venture at fair value.

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

2.4 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations that are issued but not effective as at 30 September 2018

- **Amendment to TFRS 9, 'Financial instruments'**; effective from annual periods beginning on or after 1 January 2019. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from tAS 39. There isn't any material impact expected on the financial position or performance of the Group related to this amendment.

- **Amendment to TAS 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 TFRS 9. There isn't any material impact expected on the financial position or performance of the Group related to this standard.

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

  - Use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and
  - Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

- **TFRS 16, 'Leases'**; effective from annual periods beginning on or after 1 January 2019, with earlier application permitted if TFRS 15'Revenue from Contracts with Customers' is also applied. This standard replaces the current guidance in TAS 17 and is a far-reaching change in accounting by lessees in particular. Under TAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). TFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right of use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the TASB 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 TFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group's study related with such standards is still in process.

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

2.4 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations that are issued but not effective as at 30 September 2018 (continued)

- **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 TAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The TFRS IC had clarified previously that TAS 12, not TAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. 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. The Group is assessing the impact of this interpretation on the financial position.

- **TFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 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:

- TFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- TFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- TAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- TAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

NOTE 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) with %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. has been 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 September 30, 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 "Retained Earnings" under equity attributable to equity holders of the parent in consolidated interim financial statements.

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.

In September 2018, AB Inbev made a cash payment of USD39,4 million to EBI regarding to the commitments determined within the scope of this business combination (equivalent TRL 179.856).

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to IFRS 3 "Business Combinations" is in progress. IFRS 3 "Business Combinations" permits fair value appraisal works to be completed in one year period. 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 TRL3.750.873. Provisional goodwill arising from acquisition is temporarily recorded as goodwill in the condensed consolidated interim financial statements as of 30 September 2018.

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

NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2018 (continued)

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:

	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	**JSC Sun InBev**	**PJSC Sun InBev Ukraine**	**Bevmar GmbH**
Cash and Cash Equivalents (Note 27)	**13.759**	11.774	1.985	-
Trade and Other Receivables	**231.333**	203.884	27.449	-
Due from Related Parties	**26.259**	24.183	4.703	277.237
Inventories	**286.496**	232.342	54.154	-
Other Current Assets	**48.660**	25.439	23.222	-
Tangible Assets	**908.270**	635.092	273.178	-
Intangible Assets	**68.380**	66.200	2.180	-
Other Non - Current Assets	**281**	252	29	-
Deferred Tax Assets	**338.416**	286.932	51.484	-
Financial Liabilities to Related Parties	**(596.047)**	(873.201)	-	-
Financial Liabilities to Third Parties	**(120.293)**	-	(119.938)	(355)
Trade payables	**(748.718)**	(560.950)	(187.768)	-
Due to Related Parties	**(194.070)**	(129.307)	(67.230)	(244)
Other Liabilities	**(184.569)**	(123.948)	(60.621)	-
Carrying Value of Net Assets Acquired	**78.157**	**(201.308)**	**2.827**	**276.638**
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Group's share in Net Assets	**78.110**	**(201.308)**	**2.781**	**276.638**

Total consideration	**4.143.067**
Shareholder loans transferred, net	**(134.228)**
Cash inflows due to commitments determined within the scope of the business combination (Note 27)	**(179.856)**
Group's share in Net Assets	**(78.110)**
Provisional goodwill arising from acquisition (Note 13)	**3.750.873**

Transactions Related with 2017

None.

(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), International Beer Operations (International Beer) and Soft Drinks Operations (Soft Drinks).

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 – September 30, 2018					
Revenues	**1.343.035**	**4.532.646**	**8.738.601**	**49.493**	**14.663.775**
Inter-segment revenues	**(19.017)**	**(836)**	**(196)**	**-**	**(20.049)**
Total Revenues	**1.324.018**	**4.531.810**	**8.738.405**	**49.493**	**14.643.726**
EBITDA	**304.997**	**442.010**	**1.723.453**	**(33.468)**	**2.436.992**
Financial Income / (Expense)	**(1.449.732)**	**(69.145)**	**(827.622)**	**1.317.433**	**(1.029.066)**
Tax (Expense) Income	**233.495**	**(15.251)**	**(172.151)**	**(289.004)**	**(242.911)**
Profit / (loss) for the period	**(1.051.187)**	**(27.595)**	**262.021**	**909.630**	**92.869**
Capital expenditures (Note 11, 12)	**191.191**	**267.654**	**617.818**	**(947)**	**1.075.716**
July 1 – September 30, 2018					
Revenues	**608.112**	**2.093.714**	**3.714.895**	**21.950**	**6.438.671**
Inter-segment revenues	**(8.158)**	**(403)**	**(81)**	**-**	**(8.642)**
Total Revenues	**599.954**	**2.093.311**	**3.714.814**	**21.950**	**6.430.029**
EBITDA	**183.182**	**205.263**	**799.103**	**(11.327)**	**1.176.221**
Financial Income / (Expense)	**(940.427)**	**(40.846)**	**(434.239)**	**878.931**	**(536.581)**
Tax (Expense) Income	**128.602**	**(13.919)**	**(95.634)**	**(193.304)**	**(174.255)**
Profit / (loss) for the period	**(676.805)**	**(25.341)**	**81.145**	**627.244**	**6.243**
Capital expenditures (Note 11, 12)	**55.273**	**111.664**	**178.490**	**1.113**	**346.540**
January 1 – September 30, 2017					
Revenues	1.146.360	2.153.518	6.864.655	40.338	10.204.871
Inter-segment revenues	(15.645)	(565)	(77)	-	(16.287)
Total Revenues	1.130.715	2.152.953	6.864.578	40.338	10.188.584
EBITDA	266.335	357.077	1.208.768	(30.288)	1.801.892
Financial Income / (Expense)	(106.195)	34.122	(237.577)	-	(309.650)
Tax (Expense) Income	(3.864)	(43.006)	(131.339)	1.532	(176.677)
Profit / (loss) for the period	32.366	153.624	450.833	(40.297)	596.526
Capital expenditures (Note 11, 12)	132.130	114.919	380.937	(17)	627.969
July 1 – September 30, 2017					
Revenues	480.237	766.658	2.749.643	16.137	4.012.675
Inter-segment revenues	(6.017)	(250)	(28)	-	(6.295)
Total Revenues	474.220	766.408	2.749.615	16.137	4.006.380
EBITDA	137.984	175.985	518.296	(8.587)	823.678
Financial Income / (Expense)	(55.532)	6.182	(76.074)	(8)	(125.432)
Tax (Expense) Income	(6.641)	(25.896)	(36.166)	332	(68.371)
Profit / (loss) for the period	35.753	95.145	274.383	710	405.991
Capital expenditures (Note 11, 12)	29.729	19.974	123.248	3	172.954

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

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

NOTE 4. SEGMENT REPORTING (continued)

	Turkey Beer	International Beer	Soft Drinks	Other [(1)] and Eliminations	Total
September 30, 2018					
Segment assets	**9.469.831**	**17.951.177**	**19.767.049**	**2.293.673**	**49.481.730**
Segment liabilities	**5.760.379**	**4.560.679**	**12.000.310**	**1.169.904**	**23.491.272**
Investment in associates	**-**	**-**	**-**	**9.677**	**9.677**
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.

Reconciliation of EBITDA to the consolidated Profit/Loss from Continuing Operations and its components as of September 30, 2018 and 2017 are as follows:

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
EBITDA	**2.436.992**	**1.176.221**	1.801.892	823.678
Depreciation and amortization expenses	**(931.260)**	**(371.731)**	(692.521)	(229.401)
Provision for retirement pay liability	**(23.012)**	**(8.682)**	(16.794)	(5.837)
Provision for vacation pay liability	**(11.651)**	**2.953**	(6.742)	4.767
Foreign exchange gain/(loss) from operating activities	**(25.754)**	**(42.241)**	(909)	(5.875)
Rediscount interest income/(expense) from operating activities	**(2.732)**	**139**	(212)	1.044
Other	**(4.411)**	**(1.412)**	(2.683)	(956)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	**1.438.172**	**755.247**	1.082.031	587.420
Investment Activity Income	**24.643**	**10.651**	33.932	26.066
Investment Activity Expenses (-)	**(27.425)**	**(5.901)**	(16.141)	(7.155)
Income/(Loss) from Associates	**(70.544)**	**(42.918)**	(16.969)	(6.537)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	**1.364.846**	**717.079**	1.082.853	599.794
Finance Income	**2.266.261**	**1.307.459**	689.297	190.708
Finance Expenses (-)	**(3.295.327)**	**(1.844.040)**	(998.947)	(316.140)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**335.780**	**180.498**	773.203	474.362

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

NOTE 5. CASH AND CASH EQUIVALENTS

	September 30, 2018	December 31, 2017
Cash on hand	**11.208**	5.001
Bank accounts		
- Time deposits	**7.698.998**	4.825.990
- Demand deposits	**918.853**	499.305
Other	**277.355**	68.889
Cash and cash equivalents in cash flow statement	**8.906.414**	5.399.185
Interest income accrual	**16.129**	10.437
	8.922.543	5.409.622

As of September 30, 2018, annual interest rates of the TRL denominated time deposits vary between 22,00% and 30,00% and have maturity between 1- 30 days (December 31, 2017 - 12,50% - 15,50%; maturity between 1-26 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,2% and 8,40% and have maturity between 1-52 days (December 31, 2017– annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency time deposits vary between 0,2% - 8,75%; maturity between 2-83 days).

As of September 30, 2018, there is no cash deposit pledged as collateral by the Group (December 31, 2017 – None).

As of September 30, 2018, other item contains credit card receivables amounting to TRL274.916 (December 31, 2017 – TRL66.765).

As of September 30, 2018, the Group has designated its bank deposits amounting to TRL1.392.010, equivalent of thousand USD223.300, thousand EURO3.961 and thousand Russian Ruble (RUR)294.179 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2017 – TRL884.724, equivalent of thousand USD215.230, thousand EURO15.855).

NOTE 6. FINANCIAL INVESTMENTS

	September 30, 2018	December 31, 2017
Time deposits with maturity more than three months	**3.435**	88.588

As of September 30, 2018 time deposits denominated in USD with maturities over 3 month has 183 days original maturity and 31 days remaining maturity and interest rate is 0,30% (December 31,2017 – USD 1,00% and KZT 8,00%- 9,50%; remaining maturities between 31-171 days).

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

NOTE 7. SHORT AND LONG TERM BORROWINGS

As of September 30, 2018, total borrowings consist of principal (finance lease obligations included) amounting to 13.693.749 (December 31, 2017– TRL8.450.438) and interest expense accrual amounting to TRL164.096 (December 31, 2017 – TRL59.052). As of September 30, 2018 and December 31, 2017, total amount of borrowings and the effective interest rates are as follows:

	September 30, 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	**644.090**	**30,60%**	**-**	1.111	-	TRLibor+2,50%
Foreign currency denominated borrowings (USD)	**392**	**3,00%**	**-**	24.600	-	Libor + 1,00%
Foreign currency denominated borrowings (EURO)	**16.167**	**3,53%**	**-**	9.988	3,05%	-
Foreign currency denominated borrowings (Other)	**563.130**	**15,66%**	**Kibor + 0,43%; Mosprime 2,56%**	53.660	-	Kibor + 0,40%
	1.223.779			89.359		
Short-term portion of long term borrowings						
Foreign currency denominated borrowings (USD)	**3.604.946**	**4,73%**	**Libor+2,39%**	2.309.785	4,53%	-
Foreign currency denominated borrowings (EURO)	**523.219**	**1,01%**	**Euribor + 1,33%**	633.077	1,80%	Euribor + 1,22%
Foreign currency denominated borrowings (Other)	**16.948**	**6,00%**	**-**	11.665	6,00%	-
	4.145.113			2.954.527		
Financial leasing borrowings	**2.287**			1.592		
Total	**5.371.179**			3.045.478		
Long-term Borrowings						
Foreign currency denominated borrowings (USD)	**7.099.168**	**3,85%**	**-**	4.674.217	3,86%	-
Foreign currency denominated borrowings (EURO)	**1.373.699**	**1,80%**	**Euribor + 1,87%**	770.392	1,80%	Euribor + 2,03%
Foreign currency denominated borrowings (Other)	**10.264**	**6,00%**	**-**	15.679	6,00%	-
	8.483.131			5.460.288		
Financial leasing borrowings	**3.535**			3.724		
Total	**8.486.666**			5.464.012		
Grand Total	**13.857.845**			8.509.490		

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

NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

Repayments of long-term borrowings are scheduled as follows:

	September 30, 2018	December 31, 2017
Between 1 -2 years	**983.079**	355.826
Between 2-3 years	**656.539**	577.838
Between 3-4 years	**102.362**	68.325
Between 4-5 years	**3.102.497**	1.956.081
5 years and more	**3.642.189**	2.505.942
	8.486.666	5.464.012

The movement of borrowings as of September 30, 2018 and 2017 is as follows:

	2018	2017
Balance at January 1	**8.509.490**	6.183.273
Addition through business combination	**418.554**	-
Shareholder loans transferred as a result of business combination	**163.549**	-
Proceeds from Borrowings	**1.817.429**	3.231.390
Repayments of Borrowings	**(1.789.205)**	(1.582.712)
Interest Expense (Note 20)	**430.730**	179.525
Interest Paid	**(341.206)**	(128.116)
Foreign exchange gain/loss	**4.082.321**	220.965
Borrowing Costs (Note 20)	**496**	496
Currency Translation Differences	**565.687**	41.711
Balance at September 30	**13.857.845**	8.146.532

As of September 30, 2018, net interest on cross currency swap contracts is TRL36.004 (September 30, 2017 – None).

NOTE 8. DERIVATIVE INSTRUMENTS

As of September 30, 2018, CCI has 4 aluminum swap transactions with a total nominal amount of TRL68.532 (December 31, 2017– TRL427) for 5.545 tones. The total of these aluminium swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk.

As of September 30, 2018, CCI 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 tonnes of aluminum at USD1.650 per tonne).

As of September 30, 2018, CCI has a cross currency swap contract with a total amount of USD 150 million (nominal amount: 898.530 TRL) signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term (December 31,2017- None).

As of September 30, 2018, the Company has 3 aluminum swap transactions with a total nominal amount of TRL12.256 (December 31, 2017– None) for 995 tones. The total of these aluminium swap contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the high probability purchases of production material exposed to commodity price risk.

The effective portion of change is in fair value of derivative instruments designated as hedging instruments in cash flow hedges is recognized in the consolidated statement of comprehensive income.

	September 30, 2018		December 31, 2017	
	Nominal Value	**Fair Value Asset / (Liability)**	Nominal Value	Fair Value Asset/ (Liability)
Commodity swap contracts	**80.788**	**458**	427	152
Cross currency swap	**898.530**	**199.083**	-	-
	979.318	**199.541**	427	152

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

NOTE 9. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	September 30, 2018	December 31, 2017
Receivables from tax office	**17.856**	21.280
Due from personnel	**18.352**	13.253
Deposits and guarantees given	**1.995**	9.680
Other	**22.977**	59.155
	61.180	103.368

b) Other Current Payables

	September 30, 2018	December 31, 2017
Taxes and fees to be paid other than income tax	**1.067.115**	643.139
Deposits and guarantees taken	**321.112**	202.198
Other	**32.086**	5.785
	1.420.313	851.122

c) Other Non-Current Payables

As of September 30, 2018, other non-current payables consists of deposits and guarantees taken amounting to TRL392.916 (December 31, 2017 – TRL347.171).

NOT 10. INVESTMENTS IN ASSOCIATES

	September 30, 2018		December 31, 2017	
	Ownership	**Amount**	Ownership	Amount
Anadolu Etap (1)	**%36,08**	**9.677**	33,33%	46.309
SSDSD (2)	**%25,13**	**-**	25,13%	-
		9.677		46.309

Relating to investment in associates, Total assets and liabilities as of September 30, 2018 and December 31, 2017 and profit/(loss) for the period of as of September 30, 2018 and September 30, 2017 are as follows:

	Anadolu Etap		**SSDSD**	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017
Total Assets	**472.932**	404.284	**2.270**	730
Total Liabilities	**463.255**	357.975	**8.119**	2.321
Net Assets	**9.677**	46.309	**(5.849)**	(1.591)

	Anadolu Etap		**SSDSD**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
Group's Share of Loss for the period	**(70.238)**	(16.793)	**(306)**	(176)

For the nine month periods ended September 30, 2018 and 2017, the movement of investments in associates are as follows:

	2018	2017
Balance at January 1	**46.309**	58.406
Income / Loss from associates	**(70.544)**	(16.969)
Other	**306**	175
Capital Increase (3)	**33.606**	17.845
Balance at September 30	**9.677**	59.457

(1) After capital increase of Anadolu Etap, the participation rate increased to 36.08%.
(2) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.
(3) Capital increase provided to Anadolu Etap.

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

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

For the nine-month periods ended September 30, 2018 and 2017, movements of the property, plant and equipment are as follows:

Current period	Net Book Value 1 January 2018	Additions	Depreciation Charge	Disposals, net	Addition through business combination	Currency translation differences, net	(Impairment) / Reversal of impairment, net	Transfers, net (*)	Net Book Value 30 September 2018
Land and land improvements	**569.999**	**577**	**(7.642)**	**(767)**	**1.435**	**126.810**	**-**	**605**	**691.017**
Buildings	**1.965.782**	**4.448**	**(90.412)**	**(168)**	**234.872**	**806.431**	**-**	**86.154**	**3.007.107**
Machinery and equipment	**3.374.126**	**79.374**	**(367.727)**	**(6.851)**	**358.545**	**1.410.821**	**(4.306)**	**227.135**	**5.071.117**
Vehicles	**82.624**	**16.885**	**(18.672)**	**(5.245)**	**-**	**35.680**	**-**	**2.308**	**113.580**
Other tangibles	**1.333.827**	**391.982**	**(414.327)**	**(11.723)**	**228.904**	**401.438**	**(11.931)**	**181.465**	**2.099.635**
Leasehold improvements	**6.638**	**200**	**(2.171)**	**-**	**379**	**31**	**-**	**40**	**5.117**
Construction in progress	**152.239**	**560.786**	**-**	**-**	**84.135**	**173.919**	**-**	**(501.661)**	**469.418**
	7.485.235	**1.054.252**	**(900.951)**	**(24.754)**	**908.270**	**2.955.130**	**(16.237)**	**(3.954)**	**11.456.991**

Previous period	Net Book Value 1 January 2017	Additions	Depreciation Charge	Disposals, net	Addition through business combination	Currency translation differences, net	(Impairment) / Reversal of impairment, net	Transfers, net (*)	Net Book Value 30 September 2017
Land and land improvements	546.251	8.831	(6.525)	(127)	-	1.934	-	280	550.644
Buildings	1.871.789	16.815	(60.543)	(2)	-	26.849	(2)	54.420	1.909.326
Machinery and equipment	3.264.396	96.526	(273.034)	(4.578)	-	51.762	(3.407)	191.370	3.323.035
Vehicles	93.955	5.477	(17.886)	(2.910)	-	1.639	(318)	1.021	80.978
Other tangibles	1.298.349	270.310	(308.163)	(5.647)	-	4.596	(7.879)	56.880	1.308.446
Leasehold improvements	3.713	449	(3.595)	-	-	4.391	-	-	4.958
Construction in progress	224.217	209.200	-	(37)	-	4.770	-	(304.078)	134.072
	7.302.670	607.608	(669.746)	(13.301)	-	95.941	(11.606)	(107)	7.311.459

(*) As of September 30,2018, there are transfers to other intangible assets amounting to TRL3.954. (September 30, 2017 – there are transfers amounting to TRL107 to other intangible assets).

As of September 30, 2018, there is a pledge on property, plant and equipment of TRL149.698 (December 31, 2017 - TRL104.421) for loans of CCİ. This amount is disclosed in Commitments and Contingencies note under guarantees, pledges and mortgages (GPMs) table (Note 15).

Finance Lease

As of September 30, 2018 net book value of the property plant and equipment obtained by finance lease is TRL979 (December 31, 2017, TRL1.106).

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

NOTE 12. OTHER INTANGIBLE ASSETS

For the nine-month periods ended September 30, 2018 and 2017, movements of the other intangible assets are as follows:

Current period	**Net Book Value 1 January 2018**	**Additions**	**Amortization Charge**	**Disposals, net**	**Addition through business combination**	**Currency translation differences, net**	**(Impairment) / Reversal of impairment, net**	**Transfers, net**	**Net Book Value 30 September 2018**
Bottling and distribution agreements	**8.378.797**	**-**	**-**	**-**	**-**	**1.774.077**	**-**	**-**	**10.152.874**
License agreements	**1.332.713**	**-**	**-**	**-**	**-**	**525.700**	**-**	**-**	**1.858.413**
Trademarks	**587.423**	**-**	**-**	**-**	**-**	**305.730**	**-**	**-**	**893.153**
Rights	**8.057**	**1.932**	**(6.151)**	**-**	**4.638**	**1.474**	**-**	**1.259**	**11.209**
Other	**96.343**	**19.532**	**(20.684)**	**-**	**63.742**	**48.639**	**-**	**2.695**	**210.267**
	10.403.333	**21.464**	**(26.835)**	**-**	**68.380**	**2.655.620**	**-**	**3.954**	**13.125.916**

Previous period	**Net Book Value 1 January 2017**	**Additions**	**Amortization Charge**	**Disposals, net**	**Addition through business combination**	**Currency translation differences, net**	**(Impairment) / Reversal of impairment, net**	**Transfers, net**	**Net Book Value 30 September 2017**
Bottling and distribution agreements	8.127.529	-	-	-	-	32.714	-	-	8.160.243
License agreements	1.199.235	-	-	-	-	65.914	-	-	1.265.149
Trademarks	537.669	-	-	-	-	17.423	-	-	555.092
Rights	10.087	1.661	(4.551)	(47)	-	35	-	107	7.292
Other	89.619	18.700	(17.026)	(296)	-	2.381	-	-	93.378
	9.964.139	20.361	(21.577)	(343)	-	118.467	-	107	10.081.154

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

NOTE 13. GOODWILL

For the nine-month period ended September 30, 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)	**3.750.873**	-
Currency translation differences	**1.932.303**	58.782
At September 30	**7.523.984**	1.734.000

NOTE 14. CAPITAL RESERVES AND OTHER EQUITY ITEMS

For September 30, 2018 and December 31, 2017, nominal amounts, inflation adjustment on capital and restated value of equity are as follows:

September 30, 2018	**Nominal Amount**	**Inflation adjustment on capital**	**Restated Amount**
Issued capital	**592.105**	**63.583**	**655.688**
Legal reserves	**342.931**	**74.729**	**417.660**
Extraordinary reserves	**877**	**25.831**	**26.708**
	935.913	**164.143**	**1.100.056**
Share Premium (Discount)			**2.765.214**
Put Option Revaluation Fund Related with Non-controlling Interests			**24.630**
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss			**(26.722)**
- Revaluation and Remeasurements Gain (Loss)			***(26.722)***
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			**5.891.481**
- Currency Translation Differences			***6.837.761***
- Gains (Losses) on Hedge			***(946.280)***
Prior Years' Profits or Losses (Including net profit)			**4.081.863**
Equity attributable to equity holders of the parent			**13.836.522**

December 31, 2017	**Nominal Amount**	**Inflation adjustment on capital**	**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
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss			(24.467)
- Revaluation and Remeasurements Gain (Loss)			*(24.467)*
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss			2.551.826
- Currency Translation Differences			*2.523.057*
- Gains (Losses) on Hedge			*28.769*
Prior Years' Profits or Losses (Including net profit)			3.308.159
Equity attributable to equity holders of the parent			9.972.973

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

NOTE 15. COMMITMENTS AND CONTINGENCIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of September 30, 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:

	September 30, 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	**386.118**	**226.237**	**15**	**265**	**2.091**	**38.077**	**2.667.000**	**21.092**
B. GPMs given in favor of subsidiaries included in full consolidation [(1)]	**942.796**	**-**	**43.000**	**87.188**	**-**	**-**	**1.081.291**	**27.076**
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	**1.343.473**	**240.796**	**43.015**	**87.453**	**2.091**	**38.077**	**3.748.291**	**48.168**
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 full 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 Habib Bank Limited and Standard Chartered Bank ("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 September 30, 2018, CCBPL has USD 4,5 million sugar purchase commitment to the Banks until the end of March 2019 and has USD 12,6 million sugar purchase commitment to the Banks until the end of September 2019.

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

NOTE 15. COMMITMENTS AND CONTINGENCIES (continued)

Operational Lease

As of September 30, 2018 and December 31, 2017 the Group's contingent liability for the following years resulting from the non-cancellable operational lease agreements are as follows;

	30 September 2018	31 December 2017
Less than 1 year	**20.796**	10.903
Between 1- 5 years	**67.715**	72.495
More than 5 years	**34.632**	32.482
Total	**123.143**	**115.880**

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 may create tax risks in the territories in which the Group operates substantially more so than typically found in countries with more developed tax systems.

Litigations against the Group

As of September 2018, according to the legal opinion taken by the administration in response to the lawsuit filed against Efes Moscow, in the event of loss the estimated compensation will be million TRL3.285. In the opinion given by the legal counsel of the Group, it is stated that there is no probability of losing the cases and so no provision has been made in the financial statements.

CCI and subsidiaries in Turkey are involved on an ongoing basis in litigation arising in the ordinary course of business as of September 30, 2018 with an amount of TRL10.388 (December 31, 2017 - TRL10.968). As of September 30, 2018, no court decision has been granted yet.

As of September 30, 2018, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR1.478 million, equivalent to USD11,9 million (December 31, 2017 - PKR1.472 million, equivalent to USD 13,3 million).

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

NOTE 16. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	September 30, 2018	December 31, 2017
Prepayments	**372.159**	302.164
Advances given to suppliers	**204.269**	96.986
	576.428	399.150

b) Long Term Prepaid Expenses

	September 30, 2018	December 31, 2017
Prepayments	**363.728**	281.524
Advances given to suppliers	**17.322**	54.311
	381.050	335.835

c) Short Term Deferred Income

	September 30, 2018	December 31, 2017
Advances taken	**51.445**	32.700
Deferred income	**259**	469
	51.704	33.169

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

NOTE 17. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	September 30, 2018	December 31, 2017
Value Added Tax (VAT) deductible or to be transferred	**263.866**	258.553
Other current asset from related parties (Anadolu Efes Spor Kulübü)	**18.600**	-
Other	**46.221**	13.019
	328.687	271.572

b) Other Non-Current Assets

	September 30, 2018	December 31, 2017
Deferred VAT and other taxes	**88.229**	47.767
Other	**177**	20
	88.406	47.787

c) Other Current Liabilities

	September 30, 2018	December 31, 2017
Put option liability	**14.137**	8.902
Other	**30.134**	15.313
	44.271	24.215

The obligation of TRL14.137 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 TRL 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 share purchase (December 31, 2017 – TRL8.902).

d) Other Non-Current Liabilities

	September 30, 2018	December 31, 2017
Put option liability	**186.716**	117.572
Deferred VAT and other taxes	**87.746**	47.940
	274.462	165.512

According to the put option signed with European Refreshments (“ER”), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCİ 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 TRL186.716 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).

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

NOTE 18. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Foreign exchange gains arising from operating activities	**199.686**	**98.119**	105.390	15.324
Income from scrap and other materials	**30.639**	**16.874**	20.320	6.508
Reversal of provision for inventory obsolescence (Note 27)	**17.087**	**10.029**	3.743	1.668
Rent income	**16.034**	**6.476**	9.183	3.109
Reversal of provision for doubtful receivables (Note 27)	**3.320**	**1.398**	1.035	10
Rediscount income	**2.371**	**147**	2.792	1.055
Insurance compensation income	**1.703**	**759**	1.462	639
Other income	**38.549**	**8.480**	67.476	34.235
	309.389	**142.282**	211.401	62.548

b) Other Operating Expenses

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Foreign exchange losses arising from operating activities	**(225.440)**	**(140.360)**	(106.299)	(21.199)
Provision for inventory obsolescence (Note 27)	**(25.506)**	**(16.930)**	(7.708)	(479)
Provision for doubtful receivables (Note 27)	**(13.259)**	**(6.163)**	(8.560)	(2.625)
Rediscount expense	**(5.103)**	**(8)**	(3.004)	(11)
Depreciation and amortization expense on PPE & intangible assets	**(4.524)**	**(2.204)**	(13.897)	(3.879)
Donations	**(1.436)**	**(1.233)**	(829)	(495)
Other expenses	**(55.258)**	**(25.188)**	(44.403)	(16.530)
	(330.526)	**(192.086)**	(184.700)	(45.218)

NOTE 19. INCOME/ EXPENSE FROM INVESTING ACTIVITIES

a) Income from Investing Activities

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Gain on sale of PPE	**24.643**	**10.651**	14.787	6.921
Gain from liquidation of subsidiaries	**-**	**-**	19.145	19.145
	24.643	**10.651**	33.932	26.066

b) Expense from Investing Activities

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Provision for impairment on PPE (Note 27)	**(16.237)**	**(963)**	(11.947)	(5.606)
Loss on sale of PPE & intangible assets	**(10.637)**	**(4.388)**	(4.194)	(1.549)
Other	**(550)**	**(550)**	-	-
	(27.425)	**(5.901)**	(16.141)	(7.155)

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

NOTE 20. FINANCE INCOME / EXPENSE

a) Finance Income

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Foreign exchange gain	**2.041.039**	**1.206.500**	609.644	160.647
Interest income	**208.840**	**84.577**	79.398	30.061
Gain on derivative transactions	**16.382**	**16.382**	255	-
	2.266.261	**1.307.459**	689.297	190.708

b) Finance Expense

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Foreign exchange loss	**(2.830.274)**	**(1.635.895)**	(801.931)	(252.398)
Interest expense	**(430.730)**	**(190.152)**	(179.525)	(58.131)
Borrowing costs	**(496)**	**(166)**	(496)	(166)
Loss on derivative transactions	**(120)**	**(120)**	(255)	-
Other financial expenses	**(33.707)**	**(17.707)**	(16.740)	(5.445)
	(3.295.327)	**(1.844.040)**	(998.947)	(316.140)

NOTE 21. TAX ASSETS AND LIABILITIES

The current income tax charge is calculated in accordance with the tax laws enacted at the balance sheet date in the countries where the subsidiaries and joint ventures of the Group operate.

Corporate Tax Rate of Significant Subsidiaries Located in Foreign Countries

	30 September 2018	31 December 2017
Turkey (*)	**22%**	20%
The 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 September 30, 2018 and December 31, 2017 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	September 30, 2018	December 31, 2017
Deferred tax asset	**1.212.509**	307.406
Deferred tax liability	**(2.334.790)**	(1.908.091)
	(1.122.281)	(1.600.685)

(*) In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%.

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

NOTE 21. TAX ASSETS AND LIABILITIES (continued)

	Asset		Liability		Net	
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017
PP&E and intangible assets	**-**	-	**(2.482.765)**	(2.168.862)	**(2.482.765)**	(2.168.862)
Inventories	**-**	4.097	**(12.583)**	-	**(12.583)**	4.097
Carry forward losses	**1.129.375**	479.717	**-**	-	**1.129.375**	479.717
Retirement pay liability and other employee benefits	**40.200**	25.788	**-**	-	**40.200**	25.788
Other provisions and accruals	**184.202**	28.874	**-**	-	**184.202**	28.874
Unused investment incentive	**44.021**	39.198	**-**	-	**44.021**	39.198
Derivative financial instruments	**-**	-	**(24.731)**	(9.497)	**(24.731)**	(9.497)
	1.397.798	577.674	**(2.520.079)**	(2.178.359)	**(1.122.281)**	(1.600.685)

As of September 30, 2018, CCİ's total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmudiye production line investments under the scope of investment incentives are amounting to TRL205.441 (December 31, 2017 – TRL205.441) with a total tax advantage of TRL44.021 (December 31, 2017 – TRL39.198). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL2.241 (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 - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Profit/ (loss)	**(51.059)**	**(35.814)**	343.870	253.711
Weighted average number of shares	**592.105.263**	**592.105.263**	592.105.263	592.105.263
Earnings/ (loss) per share (full TRL)	**(0,0862)**	**(0,0605)**	0,5808	0,4285

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. DISTRIBUTION OF EARNINGS

The Group distributed dividend in 2018, related with the year ended as of December 31, 2017, for a gross amount of full TRL0,4224 per share, amounting to a total of TRL251.910 (2017, for a gross amount of full TRL0,245 per share, amounting to a total of TRL145.066).

In 2018, dividend payment amounting to TRL126.749 (2017 – TRL40.312) has been made to non-controlling interests.

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

NOTE 24. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Borrowings from Related Parties

The Group has a loan amounting of USD41.405 and RUR4.431.163 total of TRL652.709 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 interest rate of Mosprime+2,56% (31 December 2017- None).

Due from Related Parties

	September 30, 2018	December 31, 2017
Migros Group Companies (2)	**259.871**	153.135
AB InBev Group Companies (3)	**59.899**	157
Other	**10.301**	4.793
	330.071	158.085

Due to Related Parties

	September 30, 2018	December 31, 2017
AB InBev Group Companies (3)	**301.712**	32.484
Anadolu Efes Spor Kulübü	**18.600**	45
Oyex Handels GmbH (2)	**12.043**	8.285
Çelik Motor Ticaret A.Ş. (2)	**5.282**	3.572
Efes Turizm İşletmeleri A.Ş. (2)	**379**	1.911
Anadolu Bilişim Hizmetleri A.Ş. (2) (4)	**195**	5.393
AND Anadolu Gayrimenkul Yatırımları A.Ş. (2)	**181**	149
Other	**467**	584
	338.859	52.423

The Group has TRL147 and TRL2.925 short term and long term deferred revenue related to AG Anadolu Grubu Holding A.Ş, respectively. (December 31, 2017 – short term deferred revenue- TRL465, long term deferred revenue None).

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

	Nature of transaction	**1 January - 30 September 2018**	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
AB InBev Group Companies (3)	Service and purchase of trade goods	**138.696**	**44.490**	14.073	2.315
Anadolu Efes Spor Kulübü	Service	**43.620**	**18.600**	38.030	12.510
Oyex Handels GmbH (2)	Purchase of materials and fixed assets	**37.321**	**13.299**	25.013	4.552
AG Anadolu Grubu Holding A.Ş. (1)	Consultancy service	**28.189**	**9.423**	25.593	8.533
Çelik Motor Ticaret A.Ş. (2)	Vehicle leasing	**26.828**	**10.619**	21.599	7.712
Efestur Turizm İşletmeleri A.Ş. (2)	Travel and accommodation	**7.734**	**2.263**	11.021	5.507
Other		**4.632**	**2.400**	8.447	2.586
		287.020	**101.094**	143.776	43.715

Finance Expense

	Nature of transaction	**1 January - 30 September 2018**	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Brandbev SARL (3)	Finance Expense	**13.705**	**3.861**	-	-
		13.705	**3.861**	-	-

Revenue and Other Income

	Nature of transaction	**1 January - 30 September 2018**	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Migros Group Companies (2)	Sales income	**448.290**	**127.191**	401.079	160.757
AB InBev Group Companies (3)	Other income	**66**	**5**	1.106	-
Other	Other income	**1.668**	**53**	429	169
		450.024	**127.249**	402.614	160.926

(1) The shareholder of the Group
(2) Related party of AG Anadolu Grubu Holding A.Ş. (a shareholder)
(3) Related parties of AB Inbev Harmony Ltd. (a shareholder)
(4) The Group's long term financial asset

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

NOTE 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

b) Transactions with Related Parties (continued)

Director's remuneration

As of September 30, 2018 and 2017, total benefits to Anadolu Efes Board of Directors are TRL314 and TRL273, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors are as follows:

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Short-term employee benefits	**22.558**	**7.643**	21.153	4.841
Post-employment benefits	**187**	**113**	-	-
Other long term benefits	**693**	**-**	878	-
Termination benefits	**-**	**-**	428	-
Share-based payments	**-**	**-**	-	-
	23.438	**7.756**	22.459	4.841

NOTE 25. 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 limits its liabilities based on floating interest rates and manages interest rate risk by using natural hedges that arise from offsetting interest rate of assets and liabilities or derivative financial instruments.

Efes Breweries International NV has executed an interest rate swap agreement on 8 June 2015 in order to mitigate interest rate risk of loan amounting to 257.579TRL (equivalent of 43 million USD) with maturity of 6 January of 2020 and variable interest rate.

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 designates certain part of its bank deposits for the future raw material purchases, operational expense and interest related payments (Note 5). The Group also executes currency forward and cross currency swap transactions (Note 8). 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.

Efes Breweries Interntional NV has a cross currency swap agreement in order to hedge foreign currency risk arising from Russian Ruble receivables arising from shareholder loans which was taken over following the business combination mentioned in Note 3 amounting to 404.685TRL.

CCI has a cross currency swap contract with a total amount of USD 150 million (nominal amount: 898.530 TRL) signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term (December 31,2017- None) (Note 8).

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

NOTE 25. 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 September 30, 2018 and December 31, 2017 are presented below:

Foreign Currency Position Table
September 30, 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	170.250	17.685	105.937	8.721	60.615	3.698
2a. Monetary Financial Assets (Cash and cash equivalents included)	4.984.046	810.177	4.853.122	9.215	64.049	66.875
2b. Non- monetary Financial Assets	1.355	-	-	195	1.355	-
3. Other Current Assets and Receivables	13.034	96	578	1.791	12.451	5
4. Current Assets (1+2+3)	**5.168.685**	**827.958**	**4.959.637**	**19.922**	**138.470**	**70.578**
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	28.095	28	168	4.018	27.927	-
8. Non-Current Assets (5+6+7)	**28.095**	**28**	**168**	**4.018**	**27.927**	**-**
9. Total Assets (4+8)	**5.196.780**	**827.986**	**4.959.805**	**23.940**	**166.397**	**70.578**
10.Trade Payables and Due to Related Parties	(1.035.366)	(108.973)	(652.770)	(49.119)	(341.398)	(41.198)
11.Short- term Borrowings and Current Portion of Long- term Borrowings	(4.124.825)	(601.250)	(3.601.605)	(75.278)	(523.220)	-
12a. Monetary Other Liabilities	(18.093)	334	1.999	(1.063)	(7.388)	(12.704)
12b. Non-monetary Other Liabilities	(14.137)	(2.360)	(14.137)	-	-	-
13. Current Liabilities (10+11+12)	**(5.192.421)**	**(712.249)**	**(4.266.513)**	**(125.460)**	**(872.006)**	**(53.902)**
14. Trade Payables and Due to Related Parties	(7.013)	-	-	(1.009)	(7.013)	-
15. Long-Term Borrowings	(8.543.816)	(1.196.975)	(7.170.119)	(197.640)	(1.373.697)	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(186.718)	(31.170)	(186.718)	-	-	-
17. Non-Current Liabilities (14+15+16)	**(8.737.547)**	**(1.228.145)**	**(7.356.837)**	**(198.649)**	**(1.380.710)**	**-**
18. Total Liabilities (13+17)	**(13.929.968)**	**(1.940.394)**	**(11.623.350)**	**(324.109)**	**(2.252.716)**	**(53.902)**
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	**6.273.597**	**931.279**	**5.578.547**	**100.000**	**695.050**	**-**
19a. Total Hedged Assets (*)	**6.273.597**	**931.279**	**5.578.547**	**100.000**	**695.050**	**-**
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(2.459.591)**	**(181.129)**	**(1.084.998)**	**(200.167)**	**(1.391.269)**	**16.676**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(8.574.817)**	**(1.079.002)**	**(6.463.436)**	**(306.173)**	**(2.128.052)**	**16.671**
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	**199.083**	**33.235**	**199.083**	**-**	**-**	**-**
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 (1+2+3)	**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+6+7)	**5.320**	**291**	**1.098**	**935**	**4.222**	**-**
9. Total Assets (4+8)	**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)	-	-	(186)	(840)	-
12b. Non-monetary Other Liabilities	(12.323)	(3.267)	(12.323)	-	-	-
13. Current Liabilities (10+11+12)	**(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 (14+15+16)	**(5.399.991)**	**(1.227.391)**	**(4.629.597)**	**(170.611)**	**(770.394)**	**-**
18. Total Liabilities (13+17)	**(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+19b)	-	-	-	-	-	-
19a. Total Hedged Assets	-	-	-	-	-	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	**(5.001.591)**	**(968.338)**	**(3.652.474)**	**(299.016)**	**(1.350.202)**	**1.085**
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	**(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	-	-	-	-	-	-

(*) In order to hedge foreign exchange risk arising from the translation of net investments in the subsidiaries operating in the Netherlands to Turkish Lira, the USD denominated bonds and the borrowings denominated in EURO have been designated as hedges of net investment risk.

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

NOTE 25. 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 September 30, 2018 and 2017 is as follows:

	1 January - 30 September 2018	**1 July – 30 September 2018**	1 January - 30 September 2017	1 July – 30 September 2017
Total Export	**301.907**	**118.980**	165.155	50.437
Total Import	**2.383.753**	**1.020.780**	1.477.910	548.817

The following table demonstrates the sensitivity analysis of foreign currency as of nine months period ended September 30, 2018 and 2017:

	Foreign Currency Position Sensitivity Analysis			
	September 30, 2018(*)		September 30, 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)	**(646.344)**	**646.344**	(326.240)	326.240
USD denominated hedging instruments (-)	**557.855**	**(557.855)**	-	-
Net effect in USD	**(88.489)**	**88.489**	(326.240)	326.240
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	**(212.805)**	**212.805**	(135.364)	135.364
EURO denominated hedging instruments (-)	**69.505**	**(69.505)**	-	-
Net effect in EURO	**(143.300)**	**143.300**	(135.364)	135.364
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	**1.667**	**(1.667)**	(777)	777
Other foreign currency hedging instruments (-)	**-**	**-**	-	-
Net effect in other foreign currency	**1.667**	**(1.667)**	(777)	777
TOTAL	**(230.122)**	**230.122**	(462.381)	462.381

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

c) Foreign Currency Hedge of Net Investments in Foreign Operations

The Group designated denominated bond issued amounting to USD500 million As of January 1, 2018 and EURO100 million as of April 1, 2018 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).

As of April 1, 2018, CCİ designated USD 281 million out of 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, CCI Holland and Waha B.V.

The effective part of the change in the value of the bonds and loans designated as hedging of net investments amounting to TRL1.891.645 (TRL1.475.483 - including deferred tax effect) is recognized as " Gains (Losses) on Hedge" under Equity and to "Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations" under Other Comprehensive Income (31 December 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.

NOTE 25. 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 keeps guarantees for a part of its receivables by means of DDS (Direct Debit System) and sweeping credit card receivables of dealers and distributors from the banks. The Group also obtains guarantees from the customers when appropriate and have receivables insured to keep considerable portion of the receivables under guarantee.

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 26. 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 25.

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

NOTE 27. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	1 January - 30 September 2018	1 January - 30 September 2017
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 19)	**16.237**	11.605
Adjustments for impairment loss (reversal of impairment) of receivables (Note 18)	**9.939**	7.525
Adjustments for impairment loss (reversal of impairment) of inventories (Note 18)	**8.419**	3.965
	34.595	23.095

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

	1 January - 30 September 2018	1 January - 30 September 2017
Provision for retirement pay liability (Note 4)	**23.012**	16.794
Provision for seniority bonus	**17.557**	15.276
Provision for vacation pay liability (Note 4)	**11.651**	6.742
	52.220	38.812

c) Adjustments for Interest (Income) Expenses

	1 January - 30 September 2018	1 January - 30 September 2017
Adjustments for interest income (Note 20)	**(208.840)**	(79.398)
Adjustments for interest expenses (Note 20)	**430.730**	179.525
	221.890	100.127

d) Other Inflows (Outflows) of Cash

	1 January - 30 September 2018	1 January - 30 September 2017
Cash and cash equivalents in acquired companies (Note 3)	**13.759**	-
Cash inflows due to commitments determined within the scope of the business combination (Note 3)	**179.856**	-
Capital increases made by non-controlling shareholders	**42.890**	-
	236.505	-

NOTE 28. EVENTS AFTER REPORTING PERIOD

CCI’s bonds issued to investors outside of Turkey on October 1, 2013 with a total nominal value of US$500 million and the maturity of 5 years, have matured and the amount of interest and principal has been redeemed on October 1, 2018.

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