

**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 JUNE 30, 2019
TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT**

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF INTERIM FINANCIAL
INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

To the General Assembly of Anadolu Efes Biracılık ve Malt Sanayii A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") as of 30 June 2019 and the related condensed consolidated statements of profit or loss and other comprehensive income, condensed changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Group management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" Standard. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU LIMITED



**Koray Öztürk, SMMM
Partner**

İstanbul, 7 August 2019

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

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

	Notes	Reviewed	Audited
		June 30, 2019	Restated (Note 2) December 31, 2018
ASSETS			
Cash and Cash Equivalents	5	4.713.172	4.770.052
Financial Investments	6	83.133	21.163
Trade Receivables		4.366.370	2.413.804
- Trade Receivables Due from Related Parties	25	398.201	230.018
- Trade Receivables Due from Third Parties		3.968.169	2.183.786
Other Receivables	9	92.811	102.028
- Other Receivables from Related Parties	25	18.739	28.377
- Other Receivables from Third Parties		74.072	73.651
Derivative Financial Assets	8	13.643	-
Inventories		2.639.046	1.943.100
Prepaid Expenses	17	664.071	496.865
Current Tax Assets		136.926	168.428
Other Current Assets	18	319.065	374.161
- Other Current Assets from Related Parties		45.000	-
- Other Current Assets from Third Parties		274.065	374.161
Current Assets		13.028.237	10.289.601
Financial Investments		792	792
Trade Receivables		1.536	1.437
- Trade Receivables Due from Third Parties		1.536	1.437
Other Receivables	9	90.417	52.866
- Other Receivables from Related Parties	25	36.842	-
- Other Receivables from Third Parties		53.575	52.866
Derivative Financial Assets	8	-	47.010
Investments in Subsidiaries, Joint Ventures and Associates	10	32.266	71.195
Investment Property		134.001	113.362
Property, Plant and Equipment	12	11.599.548	10.753.432
Right of Use Assets	11	341.341	-
Intangible Assets		18.813.657	16.970.220
- Goodwill	14	2.994.025	2.558.279
- Other Intangible Assets	13	15.819.632	14.411.941
Prepaid Expenses	17	460.802	407.495
Deferred Tax Asset	22	773.930	675.431
Other Non-Current Assets	18	84.418	66.091
Non-Current Assets		32.332.708	29.159.331
TOTAL ASSETS		45.360.945	39.448.932

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

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

	Notes	Reviewed	Audited
		June 30, 2019	Restated (Note 2) December 31, 2018
LIABILITIES			
Current Borrowings	7	622.370	830.699
- Current Borrowings from Related Parties	25	-	328.327
- Other short-term borrowings		-	328.327
- Current Borrowings from Third Parties		622.370	502.372
- Banks Loans		622.370	502.372
Current Portion of Non-Current Borrowings	7	2.611.652	1.524.416
- Current Portion of Non-Current Borrowings from Related Parties	25	467.575	196.784
- Other current portion of non-current borrowings		452.500	196.784
- Lease Liabilities		15.075	-
- Current Portion of Non-Current Borrowings from Third Parties		2.144.077	1.327.632
- Banks Loans		1.551.451	1.294.738
- Lease Liabilities		84.797	-
- Issued Debt Instruments		507.829	32.894
Trade Payables		5.942.414	3.600.610
- Trade Payables to Related Parties	25	502.903	282.578
- Trade Payables to Third Parties		5.439.511	3.318.032
Employee Benefit Obligations		104.301	77.035
Other Payables	9	1.991.915	1.472.436
- Other Payables to Third Parties		1.991.915	1.472.436
Derivative Financial Liabilities	8	14.457	29.832
Deferred Income (Deferred Income Other Than Contract Liabilities)	17	38.133	58.592
Current Tax Liabilities		128.006	17.051
Current Provisions		207.653	194.742
- Current Provisions for Employee Benefits		173.019	113.218
- Other Current Provisions		34.634	81.524
Other Current Liabilities	18	94.994	36.525
Current Liabilities		11.755.895	7.841.938
Long-Term Borrowings	7	6.959.334	6.873.565
- Long-term Borrowings from Related Parties	25	7.266	-
- Lease Liabilities		7.266	-
- Long-term Borrowings from Third Parties		6.952.068	6.873.565
- Banks Loans		524.561	797.835
- Lease Liabilities		293.613	-
- Issued Debt Instruments		6.133.894	6.075.730
Trade Payables		69.249	44.207
- Trade Payables to Third Parties		69.249	44.207
Other Payables	9	415.298	391.376
- Other Payables to Third Parties		415.298	391.376
Deferred Income (Deferred Income Other Than Contract Liabilities)	17	6.801	975
Non-Current Provision		157.839	143.175
- Non-Current Provision for Employee Benefits		157.839	143.175
Deferred Tax Liabilities	22	2.993.229	2.755.299
Other Non-Current Liabilities	18	299.733	270.308
Non-Current Liabilities		10.901.483	10.478.905
Equity Attributable to Equity Holders of the Parent		12.156.105	11.175.137
Issued Capital	15	592.105	592.105
Inflation Adjustment on Capital	15	63.583	63.583
Share Premium (Discount)		2.434.374	2.765.214
Put Option Revaluation Fund Related with Non-controlling Interests		6.201	6.773
Other Accumulated Comprehensive Income (Loss) that will not be			
Reclassified in Profit or Loss		(23.464)	(23.464)
-Revaluation and Remeasurement Gain/Loss		(23.464)	(23.464)
Other Accumulated Comprehensive Income (Loss) that will be			
Reclassified in Profit or Loss		4.472.809	3.443.347
- Currency Translation Differences		5.480.677	4.118.213
- Gains (Losses) on Hedge		(1.007.868)	(674.866)
Restricted Reserves Appropriated from Profits	15	372.939	342.931
Prior Years' Profits or Losses		3.984.648	3.996.332
Current Period Net Profit or Losses		252.910	(11.684)
Non-Controlling Interests		10.547.462	9.952.952
Total Equity		22.703.567	21.128.089
TOTAL LIABILITIES		45.360.945	39.448.932

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

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

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

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

	Notes	Reviewed		Restated (Note 2) Reviewed	
		1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Revenue	4	11.133.367	7.164.718	8.042.943	5.333.611
Cost of Sales (-)		(7.128.365)	(4.377.833)	(5.125.940)	(3.365.092)
GROSS PROFIT (LOSS)		4.005.002	2.786.885	2.917.003	1.968.519
General Administrative Expenses (-)		(804.668)	(432.707)	(691.975)	(413.921)
Sales, Distribution and Marketing Expenses (-)		(2.262.086)	(1.333.014)	(1.684.604)	(1.062.738)
Other Income from Operating Activities	19	233.319	93.762	167.107	118.026
Other Expenses from Operating Activities	19	(335.115)	(231.441)	(138.440)	(105.837)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		836.452	883.485	569.091	504.049
Investment Activity Income	20	319.797	296.002	13.992	11.230
Investment Activity Expenses (-)	20	(111.504)	(76.362)	(27.102)	(19.169)
Income/ (Loss) from Associates	10	(39.075)	(20.543)	(27.626)	(18.589)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		1.005.670	1.082.582	528.355	477.521
Finance Income	21	521.295	296.225	958.802	652.802
Finance Expenses	21	(960.380)	(529.376)	(1.451.287)	(946.981)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		566.585	849.431	35.870	183.342
Tax (Expense) Income, Continuing Operations	4	(285.947)	(232.406)	(45.011)	(44.841)
- Current Period Tax (Expense) Income		(231.304)	(149.789)	(149.053)	(88.850)
- Deferred Tax (Expense) Income		(54.643)	(82.617)	104.042	44.009
PROFIT/(LOSS)	4	280.638	617.025	(9.141)	138.501
Profit/(Loss) Attributable to					
- Non-Controlling Interest		27.728	187.364	53.882	95.334
- Owners of Parent		252.910	429.661	(63.023)	43.167
Earnings / (Loss) Per Share (Full TRL)	23	0,4271	0,7256	(0,1064)	0,0729

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

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

	Reviewed		Restated (Note 2) Reviewed	
	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
PROFIT/(LOSS)	280.638	617.025	(9.141)	138.501
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-	-	430
Gains (Losses) on Remeasurements Defined Benefit Plans	-	-	-	550
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Other Profit or Loss	-	-	-	(120)
- <i>Deferred Tax Income (Expense)</i>	-	-	-	(120)
Other Comprehensive Income that will be Reclassified to Profit or Loss	1.745.102	83.414	2.158.301	1.611.529
Currency Translation Differences	2.157.763	257.619	2.421.537	1.835.670
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	(92.293)	(101.836)	275.134	237.546
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations (Note 25)	(438.378)	(122.178)p	(610.676)	(522.176)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	118.010	49.809	72.306	60.489
- <i>Deferred Tax Income (Expense)</i>	<i>118.010</i>	<i>49.809</i>	<i>72.306</i>	<i>60.489</i>
OTHER COMPREHENSIVE INCOME (LOSS)	1.745.102	83.414	2.158.301	1.611.959
TOTAL COMPREHENSIVE INCOME (LOSS)	2.025.740	700.439	2.149.160	1.750.460
Total Comprehensive Income Attributable to				
- Non-Controlling Interest	<i>743.368</i>	<i>264.097</i>	<i>1.009.252</i>	<i>889.067</i>
- Owners of Parent	<i>1.282.372</i>	<i>436.342</i>	<i>1.139.908</i>	<i>861.393</i>

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

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

	Notes	Issued Capital	Inflation Adjustment on Capital	Share Premium/Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Other Accumulated Comprehensive Income that will be reclassified in Profit or Loss	Retained Earnings					Non-Controlling Interests	Total Equity	
						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			
Restated (Note 2) Previous Period (1 January – 30 June 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	
	Other Adjustments	2	-	-	-	-	111.271	-	-	-	-	111.271	-	111.271	
	Restated Balances		592.105	63.583	3.042.134	20.275	(24.467)	2.634.328	28.769	317.921	3.260.176	149.420	10.084.244	5.853.895	15.938.139
	Transfers		-	-	(25.010)	-	-	-	25.010	149.420	(149.420)	-	-	-	
	Total Comprehensive Income (Loss)		-	-	-	-	-	1.492.557	(289.626)	-	-	(63.023)	1.139.908	1.009.252	2.149.160
	<i>Profit (Loss)</i>		-	-	-	-	-	-	-	-	-	(63.023)	(63.023)	53.882	(9.141)
	<i>Other Comprehensive Income (Loss)</i>		-	-	-	-	-	1.492.557	(289.626)	-	-	-	1.202.931	955.370	2.158.301
	Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control	3	-	-	-	-	-	-	-	586.736	-	-	586.736	(823.202)	(236.466)
	Dividends	24	-	-	(251.910)	-	-	-	-	-	-	-	(251.910)	(111.400)	(363.310)
	Acquisition or Disposal of a Subsidiary	3	-	-	-	-	-	-	-	-	-	-	-	4.143.067	4.143.067
	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	987	987
Increase (Decrease) from Other Changes (*)		-	-	-	1.790	-	-	-	-	-	-	1.790	(1.790)	-	
Ending Balances		592.105	63.583	2.765.214	22.065	(24.467)	4.126.885	(260.857)	342.931	3.996.332	(63.023)	11.560.768	10.070.809	21.631.577	
Current Period (1 January – 30 June 2019)	Beginning Balances		592.105	63.583	2.765.214	6.773	(23.464)	4.118.213	(674.866)	342.931	3.996.332	(11.684)	11.175.137	9.952.952	21.128.089
	Transfers		-	-	(30.008)	-	-	-	30.008	(11.684)	11.684	-	-	-	
	Total Comprehensive Income (Loss)		-	-	-	-	-	1.362.464	(333.002)	-	-	252.910	1.282.372	743.368	2.025.740
	<i>Profit (Loss)</i>		-	-	-	-	-	-	-	-	-	252.910	252.910	27.728	280.638
	<i>Other Comprehensive Income (Loss)</i>		-	-	-	-	-	1.362.464	(333.002)	-	-	-	1.029.462	715.640	1.745.102
	Dividends	24	-	-	(300.832)	-	-	-	-	-	-	-	(300.832)	(149.312)	(450.144)
	Increase (Decrease) from Other Changes (*)		-	-	-	(572)	-	-	-	-	-	-	(572)	454	(118)
Ending Balances		592.105	63.583	2.434.374	6.201	(23.464)	5.480.677	(1.007.868)	372.939	3.984.648	252.910	12.156.105	10.547.462	22.703.567	

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

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

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

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

	Notes	Reviewed	
		1 January- June 30, 2019	Restated 1 January- June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
		1.733.809	823.754
Profit/ (Loss) for the Period		280.638	(9.141)
Adjustments to Reconcile Profit (Loss)		1.451.956	1.272.252
Adjustments for Depreciation and Amortization Expense	4	872.396	617.835
Adjustments for Impairment Loss (Reversal)	28	94.425	21.966
Adjustments for Provisions	28	52.652	40.717
Adjustments for Interest (Income) Expenses	28	180.769	116.315
Adjustments for Foreign Exchange Losses (Gains)		198.983	404.424
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		(16.300)	-
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	10	39.075	27.626
Adjustments for Tax (Income) Expenses		285.947	45.011
Other Adjustments for Non-Cash Items		(905)	330
Adjustments for Losses (gains) on Disposal of Non-Current Assets	20	(12.816)	(2.165)
Transfer of currency translation differences previously accounted as other comprehensive income		(190.276)	-
Other Adjustments to Reconcile Profit (loss)		(51.994)	193
Change in Working Capital		124.597	(409.071)
Adjustments for Decrease (Increase) in Accounts Receivables		(2.006.679)	(1.438.129)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(95.050)	(206.192)
Adjustments for Decrease (Increase) in Inventories		(764.342)	(589.301)
Adjustments for increase (decrease) in Trade Accounts Payable		2.336.116	1.301.600
Adjustments for increase (decrease) in Other Operating Payables		654.552	522.951
Cash Flows from (used in) Operations		1.857.191	854.040
Payments Related with Provisions for Employee Benefits		(22.637)	(18.102)
Income Taxes (Paid) Return		(100.745)	(12.030)
CASH FLOWS USED IN INVESTING ACTIVITIES		(887.908)	(533.738)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		-	(33.606)
Proceeds from Sales of Property, Plant, Equipment		51.593	23.414
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	12,13	(939.501)	(718.148)
Other inflows (outflows) of cash	27	-	194.602
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(991.679)	(364.319)
Proceeds from Borrowings	7	783.279	1.381.591
Repayments of Borrowings	7	(1.009.755)	(1.402.120)
Payments of Lease Liabilities	7	(58.761)	-
Income (Loss) from Cash Flow Hedge		(41.888)	16.178
Dividends Paid	23	(450.144)	(363.310)
Interest Paid	7	(278.643)	(209.023)
Interest Received		126.203	126.391
Other inflows (outflows) of cash		(61.970)	85.974
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		(145.778)	(74.149)
Effect Of Currency Translation Differences On Cash And Cash Equivalents		94.789	698.673
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(50.989)	624.524
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	4.756.359	5.399.185
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	4.705.370	6.023.709

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

(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 Koparrı 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 17.192 (December 31, 2018 – 17.560).

The consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Nusret Orhun Köstem and Finance Director, Kerem İşeri were issued on August 7, 2019. 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, 2018 - twenty one breweries; three in Turkey, eleven in Russia and seven in other countries). The Group makes production of malt in two locations in Turkey and three locations in Russia (December 31, 2018 – production of malt in two locations in Turkey and three locations in Russia).

The Group has ten facilities in Turkey, sixteen facilities in other countries for sparkling and still beverages production (December 31, 2018 - ten facilities in Turkey, sixteen 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 June 30, 2019 and December 31, 2018, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	June 30, 2019		December 31, 2018	
	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.

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

(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 June 30, 2019 and December 31, 2018 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights %	
				June 30, 2019	December 31, 2018
Efes Breweries International N.V. (EBI)	The Netherlands	Managing foreign investments in breweries	International Beer	100,00	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	96,87
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
LLC Efes Ukraine ⁽⁶⁾	Ukraine	Selling and distribution of beer	International Beer	-	100,00
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
AB InBev Efes B.V. (AB InBev Efes)	The Netherlands	Investment company	International Beer	50,00	50,00
JSC Moscow-Efes Brewery (Efes Moscow) ⁽¹⁾⁽²⁾	Russia	Production and marketing of beer	International Beer	-	50,00
JSC AB Inbev Efes ⁽¹⁾⁽²⁾	Russia	Production and marketing of beer	International Beer	50,00	50,00
PJSC Sun InBev Ukraine ⁽¹⁾	Ukraine	Production and marketing of beer	International Beer	49,36	49,30
LLC Vostok Solod ⁽³⁾	Russia	Production of malt	International Beer	50,00	50,00
LLC Bosteels Trade ⁽⁷⁾	Russia	Production of malt	International Beer	50,00	50,00
LLC Inbev Trade ⁽³⁾	Russia	Production of malt	International Beer	50,00	50,00
Euro-Asien Brauerein Holding GmbH (Euro-Asien) ⁽¹⁾	Germany	Investment company	International Beer	50,00	50,00
Bevmar GmbH ⁽¹⁾	Germany	Investment company	International Beer	50,00	50,00
Efes Pazarlama ve Dağıtım Ticaret A.Ş. (Ef-Pa) ⁽⁴⁾	Turkey	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. (CCI) ⁽⁵⁾	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
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)	Kyrgyzstan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
CCI International Holland B.V. (CCI Holland)	The Netherlands	Investment company of CCI	Soft Drinks	50,26	50,26
Tonus Turkish-Kazakh Joint Venture LLP (Tonus)	Kazakhstan	Investment company of CCI	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
Turkmenistan Coca-Cola Bottlers Ltd. (Turkmenistan CC)	Turkmenistan	Production, distribution and selling of Coca Cola products	Soft Drinks	29,90	29,90
Sardkar for Beverage Industry Ltd. (Sardkar)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
Waha Beverages B.V.	The Netherlands	Investment company of CCI	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
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 Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drinks	24,96	24,96

Joint Ventures	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights %	
				June 30, 2019	December 31, 2018
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap)	Turkey	Production and sales of fruit juice concentrates and sales of purees and fresh fruit sales	Other	39,70	39,70
Syrian Soft Drink Sales & Dist. LLC (SSDSD)	Syria	Distribution and sales of Coca-Cola products	Soft Drinks	25,13	25,13

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

(2) As of 1 March 2019, Efes Moscow and JSC Sun Inbev were merged under JSC Sun Inbev. As a result of the merger, the company's name changed as JSC AB Inbev Efes.

(3) Subsidiaries of JSC AB Inbev Efes.

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

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

(6) The company has been sold on 4 June 2019.

(7) The name of LLC Efes Solod was changed to LLC Bosteels Trade on 6 May 2019.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

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

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

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

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

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

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

In accordance with the CMB's "Communiqué on Financial Reporting in Capital Market" Numbered II-14.1 (Communiqué), promulgated in the Official Gazette numbered 28676 dated June 13, 2013, effective from interim periods beginning after September 30, 2013, listed companies are required to prepare their financial statements in conformity with Turkey Accounting/Financial Reporting Standards (TAS/IFRS) 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.

The condensed consolidated financial statements are presented in accordance with “Announcement regarding with TAS/IFRS Taxonomy” which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

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 16, 26).

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

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

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

2.2 Seasonality of Operations

Due to higher beverage consumption during the summer season, the condensed consolidated interim financial results may include the effects of the seasonal variations. Therefore, the results of business operations for the first six months up to June 30, 2019 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 Comparative Information and Restatement of Prior Period Financial Statements

- a) In order to allow the determination of the financial position and performance trends, the Group's financial statements are prepared in comparison with the previous period. The Group has performed restatements in the consolidated income statement for the period ended 30 June, 2018, in order to conform to the presentation of financial statements for the period ended June 30, 2019. Such restatements are as follows:
- i. Within the scope of TFRS 15 “Revenue from Costumer Contracts” standard, marketing activity participation fees are classified to sales discount due to the fact that related expenses are realized by the customer which was previously recognized in sales and marketing expense. In this context, so as to being consistent with current period presentation as of June 30, 2018, the amount of TRL73.265 marketing activity participation fee is classified from sales and marketing expenses to sales discount.
 - ii. Within the scope of TFRS 15 “Revenue from Costumer Contracts” standard, services rendered from customers are classified to sales discount due to the fact that related expenses are realized by the customer which was previously recognized in sales and marketing expense. In this context, so as to being consistent with current period presentation as of June 30, 2018, the amount of TRL97.490 service fees, received from customer are restated to sales discount from sales and marketing expense by classification.
 - iii. The functional currency of brands which belongs to International Beer Operation and obtained as the part of business combinations is changed as to be functional currency of related cash generating unit. As a result of the change in accounting estimate, in consolidated statement of financial position brand values which recognized in “Other Intangible Asset” and “Foreign Currency Translation Differences” amounts has changed as of December 31, 2017. The effect of mentioned change is reflected to the consolidated statement of financial position, statement of changes in equity and other intangible assets movement table. The amendment did not have any effect on the consolidated income statement. The changes in “Other Intangible Asset” and “Foreign Currency Translation Differences” is equal to TRL111.271 as of December 31, 2017.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

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

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

2.4 Comparative Information and Restatement of Prior Period Financial Statements (continued)

- b) In the scope of TFRS 3 “Business Combinations”, it is permitted to finalize fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies in a time period of one year. Fair value appraisal process has been finalized as of March 31, 2019 for the business combination recognized as of March 31, 2018. Accordingly, consolidated financial statements of 2018 which has been prepared by recognizing provisional goodwill has been restated. According to the restatement, fair value of the “Inventory”, “Property, Plant and Equipment”, “Intangible Assets”, “Deferred Tax Asset”, “Other Liabilities” and “Deferred Tax Liabilities” has been changed.

As a result of the recognition of changes in fair value, “Currency Translation Differences”, “Net Profit” and “Non-Controlling Interests” has been restated in the consolidated financial statements as of June 30 2018.

The abovementioned items and “Currency Translation Differences”, “Current Period Net Profit or Losses” and “Non-Controlling Interests” has been restated in the consolidated financial statements as of December 31, 2018.

The fair value of the net assets of the acquired companies derived from the financial statements as of the acquisition date and the reconciliation of goodwill is presented in “Note 3 – Business Combinations”.

		Reviewed			
	Notes	Reported 30 June 2018	TFRS 15 effect	TFRS 3 effect	Restated 30 June 2018
Revenue	4	8.213.697	(170.754)	-	8.042.943
Cost of Sales (-)		(5.014.613)	-	(111.327)	(5.125.940)
GROSS PROFIT (LOSS)		3.199.084	(170.754)	(111.327)	2.917.003
General Administrative Expenses (-)		(693.252)	-	1.277	(691.975)
Sales, Distribution and Marketing Expenses (-)		(1.851.574)	170.754	(3.784)	(1.684.604)
Other Income from Operating Activities	19	167.107	-	-	167.107
Other Expenses from Operating Activities	19	(138.440)	-	-	(138.440)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		682.925	-	(113.834)	569.091
Investment Activity Income	20	13.992	-	-	13.992
Investment Activity Expenses (-)	20	(21.524)	-	(5.578)	(27.102)
Income/ (Loss) from Associates	10	(27.626)	-	-	(27.626)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		647.767	-	(119.412)	528.355
Finance Income	21	958.802	-	-	958.802
Finance Expenses	21	(1.451.287)	-	-	(1.451.287)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		155.282	-	(119.412)	35.870
Tax (Expense) Income, Continuing Operations	4	(68.656)	-	-	(45.011)
- Current Period Tax (Expense) Income		(149.053)	-	-	(149.053)
- Deferred Tax (Expense) Income		80.397	-	23.645	104.042
PROFIT/(LOSS)	4	86.626	-	(95.767)	(9.141)
Profit/(Loss) Attributable to					
- Non-Controlling Interest		101.871	-	(47.989)	53.882
- Owners of Parent		(15.245)	-	(47.778)	(63.023)
Earnings / (Loss) Per Share (Full TRL)	23	0,4271			0,0729

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

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

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

2.5 Changes in Accounting Policies

As of June 30, 2019, the consolidated financial statements have been prepared in accordance with accounting policies applied at the preparation of the consolidated financial statements for the year ended 31 December 2018, excluding IFRS 16 Leases as of 1 January 2019, which is summarized below.

Adoption of new and revised Turkish Financial Reporting Standards

New and amended TFRS Standards that are effective for the current year

TFRS 16, “Leases”; The Group has adopted the new standard as at 1 January 2019 for the first time, in line with the transition provisions of the standard.

Impacts of the first time adoption of TFRS 16 on the condensed interim consolidated financial statements of the Group are as below:

TFRS 16 Leases

The Group – as a lessee

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

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
 - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
 - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

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

2.5 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

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

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and

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

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

The Group applies the straight-line method to depreciate the right of use. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

Lease Liability

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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

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

2.5 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

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

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

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

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option..

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

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

2.5 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

The Group account for a lease modification as a separate lease if both:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

Leases with a lease term of 12 months or less and leases of low-value assets determined by the Group are evaluated in scope of the exemption of TFRS 16 and payments associated with those leases are recognised on a straight-line basis as an expense in profit or loss.

First adoption to TFRS 16

The Group has adopted TFRS 16 “Lease” instead of TAS 17 from 1 January 2019 with simplified approach. The Group has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach. With this method, use of rights are measured based on the leasing debts (which are adjusted according to leasing costs paid in cash or accrued) in the transition period.

On adoption of TFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of TAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019.

The reconciliation of operating lease commitments under TAS 17 before the transition date and the lease liabilities measured under TFRS 16 as of 1 January 2019 is as below:

	1 January 2019
Operating lease commitments within the scope of TAS 17	108.186
Total of discounted lease liability (with alternative borrowing rate at the date of initial adoption) within the scope of TAS 17 (a)	81.719
- Sublease liabilities (+) (b)	64.013
- Short term leases (-) (c)	(18.900)
- Adjustments for extension or early termination options (+) (d)	188.931
Total lease liabilities within the scope of TFRS 16 (discounted with alternative borrowing rate) (a+b+c+d)	315.762
- Short term lease liabilities	51.856
- Long term lease liabilities	263.906

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

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

2.5 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

As of January 1, 2019 the details of the right of use assets that are accounted in the interim condensed consolidated financial statements are as follows:

	1 January 2019
Land	26.964
Buildings	181.073
Machinery and Equipments	12.649
Vehicles	27.655
Furniture and fixtures	5.922
Other	614
Total Right Use of Assets	254.877

With the transition to TFRS 16 “Leases”, the Group recognized “lease liability” in the consolidated financial statements for the lease contracts which were previously measured under TAS 17 as operational leases. At transition, lease liabilities are measured at the net present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate on the effective transition date.

The weighted average of the Group’s incremental borrowing rates are as follows;

	1 January 2019
Currency	Incremental Borrowing Rate
TRL	20,0%
US Dollars (USD)	5,6%
European Currency (EURO)	1,9%
Russian Ruble (RUR)	8,2%
Ukraine Hryvnya (UAH)	19,8%
Pakistan Rupee (PKR)	7,7%
Azerbaijani Manat (AZN)	15,0%
Jordan Dinar (JOD)	7,3%
Iraqi Dinar (IQD)	5,7%
British Pound (GBP)	7,0%

Finance leases

The main differences between TFRS 16 and TAS 17 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. TFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by TAS 17. On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the finance leases as at 30 June 2019 and on the basis of the facts and circumstances that exist at that date, there isn’t any material impact on the Group’s consolidated financial statements.

Property leased by the Group includes coolers, vehicles, buildings, machinery and equipment. As of June 30, 2019, net book value of assets under finance leases included in property, plant and equipment is amounting to TL 843 (December 31, 2018 - TL 936).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019

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

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

2.5 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

The effects of TFRS 16 on the consolidated interim statement of financial position as of 30 June 2019 are presented below:

	June 30, 2019		
	Without TFRS 16 effects	TFRS 16 effects	With TFRS 16 effects
Current Assets	13.011.322	16.915	13.028.237
Trade receivables	4.366.370	-	4.366.370
Sublease receivables from related parties	-	17.669	17.669
Prepaid expenses	664.825	(754)	664.071
Other components of current assets	7.980.127	-	7.980.127
Non-current Assets	31.968.953	363.755	32.332.708
Sublease receivables from related parties	-	36.842	36.842
Right of use assets	-	341.341	341.341
Prepaid expenses	474.115	(13.313)	460.802
Investments in Subsidiaries, Joint	35.016	(2.750)	32.266
Deferred tax asset	772.295	1.635	773.930
Other components of non-current assets	30.687.527	-	30.687.527
TOTAL ASSETS	44.980.275	380.670	45.360.945
Current Liabilities	11.657.897	97.998	11.755.895
Current Borrowings	622.370	-	622.370
- <i>Current Borrowings from Third Parties</i>	622.370	-	622.370
- <i>Banks Loans</i>	622.370	-	622.370
Current Portion of Non-Current	2.513.654	97.998	2.611.652
- <i>Current Portion of Non-Current Borrowings from Related Parties</i>	452.500	15.075	467.575
- <i>Lease Liabilities</i>	-	15.075	15.075
- <i>Other current portion of non-current borrowings</i>	452.500	-	452.500
- <i>Current Portion of Non-Current Borrowings from Third Parties</i>	2.061.154	82.923	2.144.077
- <i>Banks Loans</i>	1.553.325	(1.874)	1.551.451
- <i>Lease Liabilities</i>	-	84.797	84.797
- <i>Issued Debt Instruments</i>	507.829	-	507.829
Other components of current liabilities	8.521.873	-	8.521.873
Non-current Liabilities	10.606.988	294.495	10.901.483
Long-Term Borrowings	6.660.511	298.823	6.959.334
- <i>Long-term Borrowings from Related Parties</i>	-	7.266	7.266
- <i>Lease Liabilities</i>	-	7.266	7.266
- <i>Long-term Borrowings from Third Parties</i>	6.660.511	291.557	6.952.068
- <i>Banks Loans</i>	526.617	(2.056)	524.561
- <i>Lease Liabilities</i>	-	293.613	293.613
- <i>Issued Debt Instruments</i>	6.133.894	-	6.133.894
Deferred income	13.459	(6.658)	6.801
Deferred tax liabilities	2.990.899	2.330	2.993.229
Other components of non-current liabilities	942.119	-	942.119
Total Equity	22.715.390	(11.823)	22.703.567
Equity Attributable to Equity Holders of	12.165.618	(9.513)	12.156.105
Prior Years' Profits or Losses	3.984.648	-	3.984.648
Current Period Net Profit or Losses	262.732	(9.822)	252.910
Currency Translation Differences	5.480.369	308	5.480.677
Other components of equity	2.437.870	-	2.437.870
Non-Controlling Interests	10.549.771	(2.309)	10.547.462
TOTAL LIABILITIES	44.980.274	380.670	45.360.945

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

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

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

2.5 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

TFRS 16 Leases (continued)

The effects of TFRS 16 on the consolidated interim income statement for the six-month period ended as of 30 June 2019 are presented below:

	1 January – 30 June 2019		
	Without TFRS 16 effects	TFRS 16 effects	With TFRS 16 effects
Revenue	11.133.367	-	11.133.367
Cost of Sales (-)	(7.128.726)	361	(7.128.365)
GROSS PROFIT (LOSS)	4.004.641	361	4.005.002
General Administrative Expenses (-)	(813.152)	8.484	(804.668)
Sales, Distribution and Marketing Expenses (-)	(2.267.097)	5.011	(2.262.086)
Other Income from Operating Activities	233.319	-	233.319
Other Expenses from Operating Activities	(335.115)	-	(335.115)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	822.596	13.856	836.452
Investment Activity Income	319.797	-	319.797
Investment Activity Expenses (-)	(111.504)	-	(111.504)
Income/ (Loss) from Associates	(36.325)	(2.750)	(39.075)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	994.564	11.106	1.005.670
Finance Income	515.725	5.570	521.295
Finance Expenses (-)	(931.374)	(29.006)	(960.380)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	578.915	(12.330)	566.585
Tax (Expense) Income, Continuing Operations	(285.213)	(734)	(285.947)
- Current Period Tax (Expense) Income	(231.304)	-	(231.304)
- Deferred Tax (Expense) Income	(53.909)	(734)	(54.643)
PROFIT/(LOSS)	293.702	(13.064)	280.638
Profit/(Loss) Attributable to			
- Non-Controlling Interest	30.970	(3.242)	27.728
- Owners of Parent	262.732	(9.822)	252.910
EBITDA	1.714.049	54.989	1.769.038

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019

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

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

2.5 Changes in Accounting Policies (continued)

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

New and amended TFRS Standards that are effective for the current year (continued)

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

This amendment clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

IFRS Interpretation 23 Uncertainty over Income Tax Treatments

This interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

Annual Improvements to IFRS Standards 2015–2017 Cycle

Annual Improvements to IFRS Standards 2015–2017 Cycle include amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements in when a party that participates in, but does not have joint control of, IAS 12 Income Taxes; income tax consequences of dividends in profit or loss, and IAS 23 Borrowing Costs in capitalized borrowing costs.

Standards, amendments and interpretations that are issued but not effective as at 30 June 2019

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.

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

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

TFRS 3 Business Combinations and TFRS 11 Joint Arrangements - The amendments to TFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to TFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Other than TFRS 16, these standards, amendments and improvements have no material impact on the consolidated financial position and performance of the Group.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

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

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2019

None.

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 included in consolidation starting from 31 March 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, TRL586.736 amount has been booked as "Retained Earnings" under equity attributable to equity holders of the parent in consolidated 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 June 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 TRL179.856).

If the financial statements of JSC Sun InBev, PJSC Sun InBev Ukraine and Bevmar GmbH had been consolidated since January 1, 2018, the contribution to consolidated net revenue by the acquired companies would have been TRL420.313 (Consolidated Net Revenue would be TRL8.463.256 for the six months period ended June 30, 2018).

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

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

NOTE 3. BUSINESS COMBINATIONS (continued)

Transactions Related with 2018 (continued)

Fair value appraisal of the identifiable assets, liabilities and contingent liabilities of the acquired companies according to TFRS 3 “Business Combinations” has been realized. As at 30 June 2018, the difference amounting to TRL485.967 between the Group's acquisition cost and the fair value of net assets of the Group companies is recognized as goodwill in the consolidated financial statements.

The fair 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:

	The fair value			
	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevmar GmbH)	JSC Sun InBev	PJSC Sun InBev Ukraine	Bevmar GmbH
Cash and Cash Equivalents	13.758	11.773	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	341.926	274.353	67.573	-
Other Current Assets	48.660	25.439	23.222	-
Tangible Assets	1.736.920	1.463.742	273.178	-
Intangible Assets	3.096.306	2.955.590	140.715	-
Other Non - Current Assets	281	252	29	-
Deferred Tax Assets	138.702	89.633	49.069	-
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)	(243)
Other Liabilities	(258.256)	(197.636)	(60.621)	-
Deferred Tax Liabilities	(611.217)	(586.280)	(24.936)	-
Carrying Value of Net Assets Acquired	3.105.544	2.701.475	127.430	276.639
As result of merger, AB InBev Efes's shareholding rights on companies		100,00%	98,34%	100,00%
Group's share in Net Assets	3.103.427	2.701.475	125.314	276.638
Total consideration	4.143.067			
Shareholder loans transferred, net	(134.229)			
Cash inflows due to commitments determined within the scope of the business combination	(179.856)			
Impaired assets due to a business combination	(239.588)			
Group's share in Net Assets	3.103.427			
Goodwill arising from acquisition (Note 14)	485.967			

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

(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 TFRS 8 is disclosed as follows:

	Turkey Beer	International Beer	Soft Drinks	Other⁽¹⁾and Eliminations	Total
January 1 – June 30, 2019					
Revenues	918.643	4.074.150	6.117.250	39.971	11.150.014
Inter-segment revenues	(16.022)	(514)	(111)	-	(16.647)
Total Revenues	902.621	4.073.636	6.117.139	39.971	11.133.367
EBITDA	78.964	562.051	1.141.180	(13.157)	1.769.038
Financial Income / (Expense)	(53.424)	(55.699)	(277.913)	(52.049)	(439.085)
Tax (Expense) Income	20.591	(156.999)	(123.938)	(25.601)	(285.947)
Profit / (loss) for the period	(56.380)	(60.065)	348.971	48.112	280.638
Capital expenditures	139.997	338.465	459.755	1.284	939.501
April 1 – June 30, 2019					
Revenues	545.052	2.717.343	3.888.284	26.017	7.176.696
Inter-segment revenues	(11.442)	(476)	(60)	-	(11.978)
Total Revenues	533.610	2.716.867	3.888.224	26.017	7.164.718
EBITDA	55.788	506.048	819.878	(5.606)	1.376.108
Financial Income / (Expense)	(22.651)	(22.782)	(161.005)	(26.713)	(233.151)
Tax (Expense) Income	13.472	(157.951)	(56.497)	(31.430)	(232.406)
Profit / (loss) for the period	(13.568)	141.148	392.212	97.233	617.025
Capital expenditures	86.127	236.202	280.804	1.217	604.350
January 1 –June 30, 2018					
Revenues	734.923	2.341.442	4.950.441	27.543	8.054.349
Inter-segment revenues	(10.859)	(433)	(114)	-	(11.406)
Total Revenues	724.064	2.341.009	4.950.327	27.543	8.042.943
EBITDA	115.536	181.219	924.350	(15.861)	1.205.244
Financial Income / (Expense)	(7.820)	(28.299)	(393.383)	(62.983)	(492.485)
Tax (Expense) Income	(10.276)	22.313	(76.517)	19.469	(45.011)
Profit / (loss) for the period	8.155	(98.021)	180.876	(100.151)	(9.141)
Capital expenditures	135.918	155.990	439.328	(2.060)	729.176
April 1 –June 30, 2018					
Revenues	424.976	1.781.051	3.117.151	17.489	5.340.667
Inter-segment revenues	(6.739)	(261)	(57)	-	(7.057)
Total Revenues	418.237	1.780.790	3.117.094	17.489	5.333.611
EBITDA	71.594	182.803	642.280	(6.337)	890.340
Financial Income / (Expense)	(5.823)	(56.945)	(216.946)	(14.465)	(294.179)
Tax (Expense) Income	(16.366)	7.509	(44.292)	8.308	(44.841)
Profit / (loss) for the period	3.573	(69.578)	244.120	(39.614)	138.501
Capital expenditures	61.732	106.633	263.567	(1.133)	430.799

(1) Includes other subsidiaries included in the consolidation of the Group, investments in subsidiaries and headquarter income and expenses

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

(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
June 30, 2019					
Segment assets	9.610.920	17.681.984	15.912.000	2.156.041	45.360.945
Segment liabilities	2.385.432	6.454.111	9.267.317	4.550.518	22.657.378
Investment in associates	-	-	-	32.266	32.266
December 31, 2018					
Segment assets	9.070.470	14.566.822	14.020.435	1.791.205	39.448.932
Segment liabilities	1.737.242	4.624.383	7.569.707	4.389.511	18.320.843
Investment in associates	-	-	-	71.195	71.195

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

Reconciliation of EBITDA to the consolidated Profit/Loss from Continuing Operations and its components as of June 30, 2019 and 2018 are as follows:

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
EBITDA	1.769.038	1.376.108	1.205.244	890.340
Depreciation and amortization expenses	(872.396)	(422.135)	(617.834)	(379.772)
Provision for retirement pay liability	(25.765)	(17.277)	(14.330)	(9.092)
Provision for vacation pay liability	(20.591)	(3.152)	(14.604)	(5.224)
Foreign exchange gain/(loss) from operating activities	(10.348)	(48.136)	16.487	12.955
Rediscount interest income/(expense) from operating activities	(1.068)	(932)	(2.871)	(3.110)
Other	(2.418)	(991)	(3.001)	(2.048)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	836.452	883.485	569.091	504.049
Investment Activity Income	319.797	296.002	13.992	11.230
Investment Activity Expenses (-)	(111.504)	(76.362)	(27.102)	(19.169)
Income/(Loss) from Associates	(39.075)	(20.543)	(27.626)	(18.589)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	1.005.670	1.082.582	528.355	477.521
Finance Income	521.295	296.225	958.802	652.802
Finance Expenses (-)	(960.380)	(529.376)	(1.451.287)	(946.981)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	566.585	849.431	35.870	183.342

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2019**

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

NOTE 5. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018
Cash on hand	16.046	2.428
Bank accounts		
- Time deposits	3.598.111	3.922.273
- Demand deposits	1.024.267	659.532
Other	66.946	172.126
Cash and cash equivalents in cash flow statement	4.705.370	4.756.359
Interest income accrual	7.802	13.693
	4.713.172	4.770.052

As of June 30, 2019, annual interest rates of the TRL denominated time deposits vary between 23,80% and 24,75% and have maturity between 1- 26 days (December 31, 2018 - 21,10% - 24,50%; maturity between 1-51 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,2% and 14,50% and have maturity between 1-122 days (December 31, 2018– Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,2% and 18,00% and have maturity between 2-303 days).

As of June 30, 2019, there is no cash deposit pledged as collateral by the Group (December 31, 2018 – None).

As of June 30, 2019, other item contains credit card receivables amounting to TRL64.503 (December 31, 2018 – TRL163.539).

As of June 30, 2019, the Group has designated its bank deposits amounting to TRL825.777, equivalent of thousand USD127.595 and thousand EURO13.961 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2018 – TRL1.100.668, equivalent of thousand USD195.145, thousand EURO12.281).

NOTE 6. FINANCIAL INVESTMENTS

	June 30, 2019	December 31, 2018
Time deposits with maturity more than three months	83.133	21.163

As of June 30, 2019 time deposits with maturities over 3 months made for 180 days period, are denominated in USD and KZT and interest rates are 4,50% and 11,00% respectively (December 31,2018 – USD 1,00%- 4,50% and KZT 11,00%; remaining maturities between 31-361 days).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2019

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

NOTE 7. SHORT AND LONG TERM BORROWINGS

a) Bank Loans, issued debt instruments and other borrowings

As of June 30, 2019, total borrowings consist of principal (finance lease obligations included) amounting to TRL9.716.202 (December 31, 2018– TRL9.157.004) and interest expense accrual amounting to TRL76.404 (December 31, 2018 – TRL71.676). As of June 30, 2019 and December 31, 2018, total amount of borrowings and the effective interest rates are as follows:

	June 30, 2019			December 31, 2018		
	Amount	Weighted average fixed rate	Weighted average floating rate	Amount	Weighted average fixed rate	Weighted average floating rate
Short-term Borrowings						
TRL denominated borrowings	383.996	23,98%	-	169.367	26,27%	-
Foreign currency denominated borrowings (USD)	292	3,00%	-	288	3,00%	-
Foreign currency denominated borrowings (EURO)	-	-	-	4.278	3,55%	-
Foreign currency denominated borrowings (Other)	238.082	17,23%	Kibor 0,41%	656.766	20,71%	Kibor + 0,46% - Mosprime 2,56%
	622.370			830.699		
Short-term portion of long term borrowings						
TRL denominated borrowings	8.717	11,74%	-	16.285	11,74%	-
Foreign currency denominated borrowings (USD)	949.020	3,77%	Libor+1,98%	438.168	4,42%	Libor + 2,33%
Foreign currency denominated borrowings (EURO)	1.145.217	1,51%	Euribor + 1,48%	1.054.095	1,56%	Euribor + 1,37%
Foreign currency denominated borrowings (Other)	408.827	6,00%	Mosprime 2,56%	14.058	6,00%	-
	2.511.781			1.522.606		
Financial leasing borrowings (Other Foreign Currency) (*)	-			1.810		
Total	3.134.150			2.355.115		
Long-term Borrowings						
TRL denominated borrowings	570.000	11,74%	-	570.000	11,74%	-
Foreign currency denominated borrowings (USD)	5.563.895	3,82%	-	5.731.948	3,82%	-
Foreign currency denominated borrowings (EURO)	524.560	-	Euribor + 2,19%	564.261	-	Euribor + 2,21%
Foreign currency denominated borrowings (Other)	-	-	-	5.032	6,00%	-
	6.658.455			6.871.241		
Financial leasing borrowings (Other Foreign Currency) (*)	-			2.324		
Total	6.658.455			6.873.565		
Grand Total	9.792.606			9.228.680		

(*) Financial leasing borrowings, which are accounted under bank loans, issued debt instruments and other borrowings are reclassified to the lease liabilities under TFRS 16 according to TAS 17.

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NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

a) Bank loans, issued debt instruments and other borrowings (continued)

Repayments of long-term borrowings are scheduled as follows:

	June 30, 2019	December 31, 2018
Between 1 -2 years	72.519	800.442
Between 2-3 years	93.242	85.475
Between 3-4 years	2.975.867	2.722.912
Between 4-5 years	809.232	740.095
5 years and more	2.707.595	2.524.641
	6.658.455	6.873.565

The movement of borrowings as of June 30, 2019 and 2018 is as follows:

	2019	2018
Balance at January 1	9.228.680	8.509.490
Addition through business combination	-	418.554
Shareholder loans transferred as a result of business combination	-	163.549
Proceeds from Borrowings	783.279	1.381.591
Repayments of Borrowings	(1.009.755)	(1.402.120)
Interest and Borrowing Expense	283.983	240.908
Interest Paid	(278.643)	(209.023)
Foreign exchange gain/loss	629.881	1.468.745
Classification of financial leasing item under TFRS 16	(4.134)	-
Currency Translation Differences	159.315	197.212
Balance at June 30	9.792.606	10.768.906

As of June 30, 2019, net interest on cross currency swap contracts is TRL25.100 (June 30, 2018 – TRL32.095).

b) Lease Liabilities

The movement of lease liabilities as of June 30,2019 is as follows:

	2019	2018
Balance at January 1	315.762	-
Additions	120.105	-
Repayments (-)	(58.761)	-
Interest expense	10.940	-
Financial lease obligations classified under TFRS 16	3.930	-
Foreign exchange gain/loss	232	-
Currency translation differences	8.543	-
Balance at June 30	400.751	-

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NOTE 8. DERIVATIVE INSTRUMENTS

As of June 30, 2019, CCI has 4 aluminum swap transactions with a total nominal amount of TRL90.470 for 7.662 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 for the 2019 as of 19 July 2018 and 11 October 2018 (December 31, 2018– TRL153.639, 14.234 tones, 4 aluminum swap).

As of June 30, 2019, CCI has a cross currency swap contract with a total amount of USD 150 million (nominal amount: TRL293.265) signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term (December 31,2018- TRL219.135).

As of June 30, 2019, CCBPL has FX forward transactions with a total nominal amount of TRL 35.494, for 1 forward purchase contracts amounting to CNY 43,4 million. The total of these FX forward contracts are designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of resin, exposed to foreign currency risk.

As of June 30, 2019, the Company has 11 commodity swap and 12 commodity option contracts with a total nominal amount of TRL32.666 (December 31, 2018– TRL18.676) for 2.900 tonnes of aluminium. 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 June 30, 2019, Turkey Beer has no foreign currency forward transactions (December 31, 2018 – nominal amount of TRL100.942 amounting to USD 2 million and EUR 15 million).

As of June 30, 2019, Turkey Beer has 9 currency option contracts with a total nominal amount of TL 207.184 designated as hedging instruments in cash flow hedges for the highly probable raw material purchases and payments related to operational expenses which are exposed to foreign currency risk.

Efes Breweries International 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 TRL395.460 as of 12 April 2018 (31 December 2018 – 361.501 TL).

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 TRL247.469 (equivalent of 43 million USD) with maturity of 6 June of 2020 and variable interest rate (31 December 2018 – 226.219 TL).

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. The Group calculates the fair values of financial instruments that do not have an active market by using market data, using similar transactions, reference to fair value of similar instruments and discounted cash flow analysis.

	June 30, 2019		December 31, 2018	
	Nominal Value	Fair Value Asset / (Liability)	Nominal Value	Fair Value Asset / (Liability)
Cross currency swaps	395.460	7.444	361.501	44.263
Currency option contracts	207.184	(873)	-	-
Interest rate swaps	247.469	906	226.219	2.747
Commodity swap contracts	123.136	(13.584)	172.295	(13.485)
Currency forwards	35.494	5.293	100.942	(16.347)
	1.008.743	(814)	860.957	17.178

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NOTE 9. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	June 30, 2019	December 31, 2018
Other receivables from related parties	1.070	28.377
Receivables from related party subleases ⁽¹⁾	17.669	-
Due from personnel	20.615	13.977
Receivables from tax office	13.315	14.174
Deposits and guarantees given	3.362	5.347
Other	36.780	40.153
	92.811	102.028

b) Other Non-Current Receivables

	June 30, 2019	December 31, 2018
Deposits and guarantees given	46.924	47.381
Receivables from related party subleases ⁽¹⁾	36.842	-
Other	6.651	5.485
	90.417	52.866

c) Other Current Payables

	June 30, 2019	December 31, 2018
Taxes other than income taxes	1.642.207	1.116.980
Deposits and guarantees taken	325.805	260.668
Other	23.903	94.788
	1.991.915	1.472.436

d) Other Non-Current Payables

	June 30, 2019	December 31, 2018
Deposits and guarantees taken	413.271	381.478
Other non-current payables	2.027	9.898
	415.298	391.376

(1) Subleases from related parties has been recorded according to TFRS 16 which are related with the management building and leased on behalf of the parent company AG Anadolu Group A.Ş. and the subsidiaries.

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NOT 10. INVESTMENTS IN ASSOCIATES

	June 30, 2019		December 31, 2018	
	Ownership	Amount	Ownership	Amount
Anadolu Etap	39,70%	32.266	39,70%	71.195
SSDSD ⁽¹⁾	25,13%	-	25,13%	-
		32.266		71.195

Relating to investment in associates, Total assets and liabilities as of June 30, 2019 and December 31, 2018 and profit/(loss) for the period of as of June 30, 2019 and June 30, 2018 are as follows:

	Anadolu Etap		SSDSD	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Total Assets	526.683	492.543	614	614
Total Liabilities	494.417	421.348	3.794	3.794
Net Assets	32.266	71.195	(3.180)	(3.180)

	Anadolu Etap		SSDSD	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Group's Share of Loss for the period	(38.929)	(27.450)	(146)	(176)

The movement of investments in associates as of June 30, 2019 and 2018 are as follows:

	2019	2018
Balance at January 1	71.195	46.309
Income / Loss from associates	(39.075)	(27.626)
Other	146	176
Capital Increase ⁽²⁾	-	33.606
Balance at June 30	32.266	52.465

- (1) SSDSD, which has been accounted by using equity method in CCI financial statements, is accounted as investment in associates in Group's financial statements.
(2) Capital increase provided to Anadolu Etap.

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NOTE 11. Right of Use Asset

The Group has adopted the TFRS 16 “Leases” as at 1 January 2019 for the first time. Right of use assets and receivables from subleases are measured at an amount equal to lease liability adjusted by the amount of any prepaid or accrued lease payments for lease liabilities which had previously been classified as “operating leases” under the principles of TAS 17 in the interim condensed consolidated financial statements.

For the six-month period ended June 30, 2019, movement on right use of asset is as follows:

Current Year	Net Book Value January 1, 2019	Additions	Depreciation	Disposals, net	Currency translation differences, net	Net Book Value June 30, 2019s
Land	26.964	289	(1.083)	-	4.891	31.061
Buildings	181.073	36.736	(18.851)	(2.294)	1.213	197.877
Machinery and equipment	12.649	7.336	(3.071)	-	760	17.674
Vehicles	27.655	76.510	(16.246)	(495)	492	87.916
Furniture and fixtures	5.922	-	(1.445)	-	42	4.519
Other	614	2.321	(436)	-	(205)	2.294
	254.877	123.192	(41.132)	(2.789)	7.193	341.341

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NOTE 12. PROPERTY, PLANT AND EQUIPMENT

For the six-month periods ended June 30, 2019 and 2018, movement on property, plant and equipment are as follows:

	Net Book Value			Disposals,	Addition through	Currency	Impairment /	Transfers,	Net Book Value
June 30, 2019	January 1, 2019	Additions	Depreciation	net	subsidiary	translation	(Impairment	net	June 30, 2019
					acquired	differences, net	reversal), net		
Land and land improvements	628.693	240	(4.072)	(4.342)	-	22.593	-	9.471	652.583
Buildings	2.613.124	2.045	(56.680)	(1.009)	-	250.875	-	62.811	2.871.166
Machinery and equipment	5.033.682	58.476	(376.271)	(18.375)	-	412.168	438	170.730	5.280.848
Vehicles	91.853	6.262	(9.966)	(2.622)	-	5.822	-	-	91.349
Other tangibles	1.879.001	310.175	(354.282)	(9.725)	-	71.686	(3.603)	206.321	2.099.573
Leasehold improvements	5.537	110	(1.155)	-	-	-	-	271	4.763
Construction in progress	501.542	490.259	-	(647)	-	60.276	(28.323)	(423.841)	599.266
	10.753.432	867.567	(802.426)	(36.720)	-	823.420	(31.488)	25.763	11.599.548
June 30, 2018	January 1, 2018	Additions	Depreciation	net	subsidiary	Currency	Impairment /	Transfers,	Net Book Value
					acquired	differences, net	reversal), net	net	June 30, 2018
Land and land improvements	569.999	436	(4.821)	(701)	495	42.021	-	158	607.587
Buildings	1.965.782	2.065	(47.927)	(162)	246.338	264.852	-	73.228	2.504.176
Machinery and equipment	3.374.126	54.675	(274.812)	(9.638)	1.196.685	496.831	(3.968)	142.311	4.976.210
Vehicles	82.624	10.749	(11.517)	(2.900)	-	13.123	-	1.602	93.681
Other tangibles	1.333.827	303.913	(257.851)	(7.671)	210.101	127.296	(11.306)	90.402	1.788.711
Leasehold improvements	6.638	105	(1.650)	-	379	14	-	-	5.486
Construction in progress	152.239	349.430	-	-	82.922	55.115	-	(308.269)	331.437
	7.485.235	721.373	(598.578)	(21.072)	1.736.920	999.252	(15.274)	(568)	10.307.288

As of June 30, 2019, there is a pledge on property, plant and equipment of TRL113.831 (December 31, 2018 - TRL119.686) for loans of CCI. This amount is disclosed in Commitments and Contingencies note under guarantees, pledges and mortgages (GPMs) table (Note 16).

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NOTE 13. OTHER INTANGIBLE ASSETS

For the six-month periods ended June 30, 2019 and 2018, movement on other intangible assets are as follows:

June 30, 2019	Net Book Value January 1, 2019	Additions	Amortization	Disposals, net	Addition through subsidiary acquired	Currency translation differences, net	Impairment / (Impairment reversal),net	Transfers, net	Net Book Value June 30, 2019
Bottling contracts	9.226.672	-	-	-	-	402.133	-	-	9.628.805
Licence agreements	4.177.493	-	-	-	-	805.187	(16.825)	-	4.965.855
Brands	851.638	-	-	-	-	155.989	-	-	1.007.627
Rights	10.483	1.458	(7.641)	-	-	1.831	(9.292)	37.645	34.484
Construction in progress	-	43.818	-	-	-	-	-	-	43.818
Other intangible assets	145.655	26.658	(14.027)	(2.055)	-	17.075	-	(34.263)	139.043
	14.411.941	71.934	(21.668)	(2.055)	-	1.382.215	(26.117)	3.382	15.819.632

June 30, 2018	Net Book Value January 1, 2018	Additions	Amortization	Disposals, net	Addition through subsidiary acquired	Currency translation differences, net	Impairment / (Impairment reversal),net	Transfers, net	Net Book Value June 30, 2018
Bottling contracts	8.378.797	-	-	-	-	733.327	-	-	9.112.124
Licence agreements	1.332.713	-	-	-	2.665.530	560.936	-	-	4.559.179
Brands	588.072	-	-	-	416.806	171.237	-	-	1.176.115
Rights	8.057	986	(4.172)	-	4.638	2.090	-	436	12.035
Other intangible assets	96.343	6.817	(12.844)	-	9.332	64.706	-	132	164.486
	10.403.982	7.803	(17.016)	-	3.096.306	1.532.296	-	568	15.023.939

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NOTE 14. GOODWILL

For the six-month period ended June 30, 2019 and 2018, movements of the goodwill during the period are as follows:

	2019	2018
At January 1	2.558.279	1.840.808
Addition through business combination (Note 3)	-	485.967
Currency translation differences	435.746	155.698
At June 30	2.994.025	2.482.473

NOTE 15. CAPITAL RESERVES AND OTHER EQUITY ITEMS

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

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

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

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

For June 30, 2019 and December 31, 2018, nominal amounts, equity restatement differences and restated value of equity are as follows:

	30 June 2019			31 December 2018		
	Nominal Amount	Inflation Adjustment on Capital	Restated Amount	Nominal Amount	Inflation Adjustment on Capital	Restated Amount
Issued capital	592.105	63.583	655.688	592.105	63.583	655.688
Legal reserves ⁽¹⁾	372.939	74.729	447.668	342.931	74.729	417.660
Extraordinary reserves ⁽¹⁾	877	25.831	26.708	877	25.831	26.708

(1) Inflation Adjustment on capital of legal reserves and extraordinary reserves are accounted under "Retained Earnings or Losses" in the consolidated statement of financial position.

**Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish
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NOTE 16. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of June 30, 2019 and December 31, 2018 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

June 30, 2019								
	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	413.756	286.706	23	258	28	51.664	2.667.000	20.264
B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾	820.373	-	43.000	75.400	-	-	1.740.887	17.885
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-
D. Other GPMs	19.457	19.457	-	-	-	-	-	-
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⁾	19.457	19.457	-	-	-	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total	1.253.586	306.163	43.023	75.658	28	51.664	4.407.887	38.149
Ratio of other GPMs over the Company's equity (%)	0,1							

December 31, 2018								
	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand RUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	371.687	240.500	181	398	27	42.879	2.667.000	18.524
B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾	842.611	-	43.000	85.121	-	-	2.222.331	18.987
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	1.228.857	255.059	43.181	85.519	27	42.879	4.889.331	37.511
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 consolidated financial statements.

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

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NOTE 16. COMMITMENTS AND CONTINGENCIES (continued)

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 and resin purchase transactions from time to time on the dates and in the amounts to be agreed between them subject to the terms of this agreement. As of 30 June 2019, CCBPL has USD 11,2 million sugar purchase commitment to the Banks until the end of December 2019 and has USD 10,8 million sugar purchase commitment to the Banks until the end of March 2020 and has USD 10,9 million resin purchase commitment to the Banks until the end of November 2019 and has USD 4,7 million sugar purchase commitment to the Banks until the end of May 2020.

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.

As per the change in governing law in Pakistan, “Capacity Tax” was started to be applied as of July 9, 2013, replacing “Sales and Excise Tax”. CCBPL fulfilled all the obligations as per the new law and change in regulations.

As of May 2014, “Capacity Tax” application was cancelled by the constitutional court and the law has been reverted to “Sales and Excise Tax”. After this withdrawal, CCBPL fulfilled all the obligations again according to “Sales and Excise Tax” system.

After the withdrawal, Federal tax office in Pakistan requested PKR 3.505 million (equivalent to USD 21.4 million) additional tax payment from CCBPL, by arguing that “Sales and Excise Tax” should be applied retrospectively by considering the period before the cancellation of “Capacity Tax” application. Company Management objected and litigated this request, since withdrawal decisions of constitutional court could not be applied retrospectively in principle. In the opinion of Management, the outcome of the litigation will be favourable (December 31, 2018 - PKR 3.505 million, equivalent to USD 25.3 million).

Litigations against the Group

As of June 2019, according to the legal opinion taken by the administration in response to the lawsuit filed against JSC AB Inbev Efes, in the event of loss the estimated compensation will be million TRL3.144. 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 June 30, 2019 with an amount of TRL10.368 (December 31, 2018 – TRL8.714). As of June 30, 2019, no court decision has been granted yet.

As of June 30, 2019, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR1.478 million, equivalent to USD9,0 million (December 31, 2018 - PKR1.472 million, equivalent to USD 10,6 million).

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

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NOTE 17. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	June 30, 2019	December 31, 2018
Prepaid sales expenses	403.101	335.762
Advances given to suppliers	214.070	118.303
Prepaid rent expenses	7.627	12.574
Prepaid insurance expenses	4.281	7.054
Prepaid other expenses	34.992	23.172
	664.071	496.865

b) Long Term Prepaid Expenses

	June 30, 2019	December 31, 2018
Prepaid sales expenses	360.162	354.740
Advances given to suppliers	54.153	14.752
Prepaid insurance expenses	43.829	36.900
Prepaid other expenses	2.658	1.103
	460.802	407.495

c) Short Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	June 30, 2019	December 31, 2018
Advances taken	38.017	58.444
Deferred income	116	148
	38.133	58.592

d) Long Term Deferred Income (Deferred Income Other Than Contract Liabilities)

	June 30, 2019	December 31, 2018
Deferred income	6.801	975
	6.801	975

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NOTE 18. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	June 30, 2019	December 31, 2018
Value Added Tax (VAT) deductible or to be transferred	202.570	334.541
Other Current Assets from related parties (Anadolu Efes Spor Kulübü)	45.000	-
Other	71.495	39.620
	319.065	374.161

b) Other Non-Current Assets

	June 30, 2019	December 31, 2018
Deferred VAT and other taxes	84.147	65.338
Other	271	753
	84.418	66.091

c) Other Current Liabilities

	June 30, 2019	December 31, 2018
Put option liability	13.582	12.416
Other	81.412	24.109
	94.994	36.525

The obligation of TRL 13.582 results from the buying option carried, for the purchase of 12.5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD 2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting 13.582 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 of share purchase (December 31, 2018 - TRL 12.416).

d) Other Non-Current Liabilities

	June 30, 2019	December 31, 2018
Put option liability	216.622	198.020
Deferred VAT and other taxes	81.068	63.933
Other	2.043	8.355
	299.733	270.308

According to the put option signed with European Refreshments (ER), which became effective after the completion of Al Waha acquisition and exercisable between December 31, 2016 and 2021, ER has an option to sell (and CCI will have an obligation to buy) its remaining 19,97% participatory shares in Waha B.V.. This obligation is recorded as put option liability in the Company’s consolidated financial statements. Based on the contract, fair value of the put option liability is calculated using discounted cash flow method as TRL 216.622 and the amount is recorded under “other non-current liabilities” account (December 31, 2018 - TRL 198.020).

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NOTE 19. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Foreign exchange gains arising from operating activities	143.860	54.188	101.567	82.468
Income from scrap and other materials	16.618	8.665	13.765	5.775
Rent income	14.723	7.669	9.558	5.747
Reversal of provision for inventory obsolescence (Note 28)	7.755	3.375	7.058	5.196
Rediscount income	3.780	-	2.224	-
Reversal of provision for doubtful receivables (Note 28)	3.121	-	1.922	1.060
Insurance compensation income	1.549	1.042	944	647
Other income	41.913	18.823	30.069	17.133
	233.319	93.762	167.107	118.026

b) Other Operating Expenses

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Foreign exchange losses arising from operating activities	(154.208)	(102.324)	(85.080)	(69.513)
Depreciation and amortization expense on PPE & intangible assets	(2.868)	(1.394)	(2.320)	(1.189)
Provision for inventory obsolescence (Note 28)	(34.630)	(14.004)	(8.576)	(5.832)
Provision for doubtful receivables (Note 28)	(13.065)	(9.660)	(7.096)	(4.593)
Rediscount expense	(4.848)	(932)	(5.095)	(3.110)
Administrative fines	(69.681)	(69.681)	-	-
Other expenses	(55.815)	(33.446)	(30.273)	(21.600)
	(335.115)	(231.441)	(138.440)	(105.837)

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NOTE 20. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Gain on sale of PPE	38.641	14.846	13.992	11.230
Transfer of currency translation differences previously accounted as other comprehensive income	190.276	190.276	-	-
Other	90.880	90.880	-	-
	319.797	296.002	13.992	11.230

b) Investment activity expense

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Loss on sale of PPE	(23.237)	(6.249)	(11.828)	(10.721)
Provision for impairment on intangible assets	(26.118)	(10.060)	-	-
Provision for impairment on PPE	(31.489)	(29.919)	(15.274)	(8.448)
Loss on sale of intangible assets	(2.588)	(2.588)	-	-
Other	(28.072)	(27.546)	-	-
	(111.504)	(76.362)	(27.102)	(19.169)

NOTE 21. FINANCE INCOME / EXPENSE

a) Finance Income

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Foreign exchange gain	394.437	237.322	834.539	590.785
Interest income	121.326	56.254	124.263	62.576
Gain on derivative transactions	-	-	-	(559)
Interest income from sub-lease receivables	5.532	2.649	-	-
	521.295	296.225	958.802	652.802

b) Finance Expense

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Foreign exchange loss	(546.853)	(314.006)	(1.194.379)	(806.952)
Interest and borrowing expense	(283.983)	(142.309)	(240.908)	(131.748)
Loss on derivative transactions	(61.498)	(33.496)	-	-
Interest expenses related to leases	(23.644)	(13.413)	-	-
Other financial expenses	(44.402)	(26.152)	(16.000)	(8.281)
	(960.380)	(529.376)	(1.451.287)	(946.981)

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NOTE 22. TAX ASSETS AND LIABILITIES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

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

Different corporate tax rates of subsidiaries are as follows:

	30 June 2019	31 December 2018
Turkey	22%	22%
Netherlands	25%	25%
Russia	20%	20%
Kazakhstan	20%	20%
Moldova	12%	12%
Georgia	-	-
Ukraine	18%	18%
Azerbaijan	20%	20%
Kyrgyzstan	10%	10%
Pakistan	29%	29%
Iraq	15%	15%
Jordan	16%	14%
Turkmenistan	8%	8%
Tajikistan	13%	13%

As of June 30, 2019 and December 31, 2018 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	June 30, 2019	December 31, 2018
Deferred tax asset	773.930	675.431
Deferred tax liability	(2.993.229)	(2.755.299)
	(2.219.299)	(2.079.868)

As of June 30, 2019 and December 2018 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	Asset		Liability		Net	
	June 30 2019	December 31 2018	June 30 2019	December 31 2018	June 30 2019	December 31 2018
PP&E and intangible assets and right used of assets	-	-	(3.453.621)	(3.168.429)	(3.453.621)	(3.168.429)
Inventories	-	18.413	(18.030)	-	(18.030)	18.413
Carry forward losses	884.925	781.228	-	-	884.925	781.228
Retirement pay liability and other employee benefits	60.983	42.346	-	-	60.983	42.346
Other provisions and accruals	324.210	195.549	-	-	324.210	195.549
Unused investment discounts	50.796	41.209	-	-	50.796	41.209
Derivative financial instruments	-	9.816	(68.562)	-	(68.562)	9.816
	1.320.914	1.088.561	(3.540.213)	(3.168.429)	(2.219.299)	(2.079.868)

As of June 30, 2019, total investments made for Bursa, Elazığ, Köyceğiz, Çorlu, Ankara, Mersin, İzmir and Mahmutiye production line investments under the scope of investment incentives are amounting to TL 205.441 (December 31, 2018, TL 205.441) with a total tax advantage of TL 50.795 (December 31, 2018, TL 41.209). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TL 2.392 (December 31, 2018, TL 2.119).

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NOTE 23. 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 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Profit/ (loss) for the period	252.910	429.661	(63.023)	43.167
Weighted average number of shares	592.105.263	592.105.263	592.105.263	592.105.263
Earnings/ (loss) per share (full TRL)	0,4271	0,7256	(0,1064)	0,0729

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 24. DISTRIBUTION OF EARNINGS

The Group distributed dividend in 2019, related with the year ended as of December 31, 2018, for a gross amount of full TRL0,5068 per share, amounting to a total of TRL300.832 (2018, for a gross amount of full TRL0,4224 per share, amounting to a total of TRL251.910).

In 2019, dividend payment amounting to TRL149.312 (December 31, 2018 – TRL111.400) has been made to non-controlling interests.

NOTE 25. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Borrowings from Related Parties

The Group has a loan amounting of USD9.905 and RUR4.334.611, total of TRL452.500 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 2018- USD37.405 and RUR4.335.581 total of TRL525.111 from Brandbev SARL has a floating interest rate of Libor + 3,20% and RUR borrowings has interest rate of Mosprime+2,56%).

The Group has lease liability amounting total of TRL22.341; TRL15.075 as current portion and TRL7.266 as non current portion from Çelik Motor, which is a related party of AG Anadolu Grubu Holding A.Ş.(shareholder).

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NOTE 25. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

a) Balances with Related Parties (continued)

Due from Related Parties

	June 30, 2019	December 31, 2018
Migros Group Companies ⁽²⁾	264.981	177.459
AB InBev Group Companies ⁽³⁾	125.621	69.440
AG Anadolu Grubu Holding A.Ş. ^{(1)(*)}	54.511	-
Other	8.669	11.496
	453.782	258.395

The Group has TRL116 short term deferred revenue TRL6.484 long term deferred revenue related to AG Anadolu Grubu Holding A.Ş. ⁽¹⁾. (December 31, 2018 – short term deferred revenue TRL147, long term deferred revenue TRL376).

(*) According to TFRS 16, there are TL 17.669 short term and TL 36.842 long term sub-lease receivables totaling TL 54.611.

Due to Related Parties

	June 30, 2019	December 31, 2018
AB InBev Group Companies ⁽³⁾	459.772	259.479
Oyex Handels GmbH ⁽²⁾	7.230	14.496
Anadolu Efes Spor Kulübü	30.730	-
Other	5.171	8.603
	502.903	282.578

b) Transactions with Related Parties

Purchases of Goods, Services and Others

		1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
	Nature of transaction				
Anadolu Efes Spor Kulübü	Service	45.750	22.500	25.020	12.510
AB InBev Group Companies ⁽³⁾	Service and purchase of trade goods	94.186	60.535	94.206	65.315
Oyex Handels GmbH ⁽²⁾	Purchase of materials and fixed assets	30.115	11.665	24.022	5.420
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	Consultancy service	21.590	11.416	18.766	9.381
Çelik Motor Ticaret A.Ş. ⁽²⁾	Vehicle leasing	7.928	2.267	16.209	8.335
Efestur Turizm İşletmeleri A.Ş. ⁽²⁾	Travel and accommodation	7.888	3.812	5.471	2.889
Other		1.731	241	2.232	1.169
		209.188	112.436	185.926	105.019

(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)

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NOTE 25. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Transactions with Related Parties (continued)

Financial Income and Expense

		1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
	Nature of transaction				
Brandbev SARL ⁽³⁾	Interest Expense	(24.520)	(12.214)	(9.844)	(9.844)
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	Interest Income from Subleases	5.532	2.650	-	-
Çelik Motor Ticaret A.Ş.	Interest Expense from Leases	(475)	(226)	-	-
		(19.463)	(9.790)	(9.844)	(9.844)

Revenue and Other Income

		1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
	Nature of transaction				
Migros Group Companies ⁽²⁾	Sales income	377.169	205.763	321.099	193.549
AB InBev Group Companies ⁽³⁾	Other income	25.182	16.802	61	61
Other	Other income	931	870	1.615	1.129
		403.282	223.435	322.775	194.739

Director's remuneration

As of June 30, 2019 and 2018, total benefits to Anadolu Efes Board of Directors are TRL232 and TRL225, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of June 30, 2019 and 2018 are as follows:

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Short-term employee benefits	19.127	8.214	14.915	5.419
Post-employment benefits	-	-	74	-
Other long term benefits	782	-	693	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	19.909	8.214	15.682	5.419

(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)

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NOTE 26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Interest Rate Risk

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 Group manages interest rate risk arising from the interest rate fluctuations on international markets, by using interest rate swap (IRS) agreement. Total outstanding amount of IRS agreements was USD43 million as of June 30, 2019 (December 31, 2018 – USD43 million).

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.

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 Group’s foreign currency liability consists of mainly long term liabilities. The Group also conducts foreign exchange forward transactions and cross currency swap transactions in order to hedge its foreign currency risk as stated in Note 8. Accordingly, in the short term foreign currency risk that may arise from fluctuation of foreign currencies are relatively limited.

Convenience Translation into English of Consolidated Financial Statements Originally Issued in Turkish
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NOTE 26. 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 June 30, 2019 and December 2018 are presented below:

Foreign Currency Position Table						
June 30, 2019						
	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	139.913	13.356	76.865	8.958	58.681	4.367
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.745.421	265.218	1.526.358	21.571	141.305	77.758
2b. Non- monetary Financial Assets	411.423	186	1.070	2.268	14.857	395.496
3. Other Current Assets and Receivables	30.954	(68)	(392)	4.785	31.346	-
4. Current Assets (1+2+3)	2.327.712	278.692	1.603.901	37.582	246.189	477.622
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	5.810	-	-	887	5.810	-
8. Non-Current Assets (5+6+7)	5.810	-	-	887	5.810	-
9. Total Assets (4+8)	2.333.522	278.692	1.603.901	38.469	251.999	477.622
10. Trade Payables and Due to Related Parties	(1.214.260)	(140.877)	(810.762)	(52.285)	(342.503)	(60.995)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(1.861.610)	(123.308)	(709.650)	(175.853)	(1.151.960)	-
12a. Monetary Other Liabilities	(16.999)	(1.354)	(7.791)	(351)	(2.299)	(6.909)
12b. Non-monetary Other Liabilities	(13.582)	(2.360)	(13.582)	-	-	-
13. Current Liabilities (10+11+12)	(3.106.451)	(267.899)	(1.541.785)	(228.489)	(1.496.762)	(67.904)
14. Trade Payables and Due to Related Parties	(7.721)	-	-	(1.178)	(7.717)	(4)
15. Long-Term Borrowings	(6.119.437)	(969.953)	(5.582.175)	(82.016)	(537.262)	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(216.624)	(37.640)	(216.624)	-	-	-
17. Non-Current Liabilities (14+15+16)	(6.343.782)	(1.007.593)	(5.798.799)	(83.194)	(544.979)	(4)
18. Total Liabilities (13+17)	(9.450.233)	(1.275.492)	(7.340.584)	(311.683)	(2.041.741)	(67.908)
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	5.151.409	781.279	4.496.339	100.000	655.070	-
19a. Total Hedged Assets (*)	5.151.409	781.279	4.496.339	100.000	655.070	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	(1.965.301)	(215.521)	(1.240.344)	(173.213)	(1.134.671)	409.714
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	(7.334.692)	(956.918)	(5.507.155)	(281.154)	(1.841.755)	14.218
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	-	-	-	-	-	-
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-

Foreign Currency Position Table						
December 31, 2018						
	Total TRL Equivalent	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL
1. Trade Receivables and Due from Related Parties	115.657	12.148	63.912	8.079	48.701	3.044
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.720.097	289.529	1.523.181	19.394	116.907	80.009
2b. Non- monetary Financial Assets	10.362	-	-	1.719	10.362	-
3. Other Current Assets and Receivables	22.265	365	1.918	3.375	20.343	4
4. Current Assets (1+2+3)	1.868.381	302.042	1.589.011	32.567	196.313	83.057
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.438	6	31	564	3.400	8
8. Non-Current Assets (5+6+7)	3.438	6	31	564	3.400	8
9. Total Assets (4+8)	1.871.820	302.048	1.589.042	33.131	199.713	83.065
10. Trade Payables and Due to Related Parties	(908.912)	(110.335)	(580.464)	(50.453)	(304.131)	(24.317)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(1.498.428)	(84.459)	(444.330)	(174.867)	(1.054.098)	-
12a. Monetary Other Liabilities	(4.794)	(199)	(1.045)	(622)	(3.749)	-
12b. Non-monetary Other Liabilities	(12.416)	(2.360)	(12.416)	-	-	-
13. Current Liabilities (10+11+12)	(2.424.550)	(197.353)	(1.038.255)	(225.942)	(1.361.978)	(24.317)
14. Trade Payables and Due to Related Parties	(5.338)	-	-	(885)	(5.335)	(3)
15. Long-Term Borrowings	(6.398.523)	(1.108.985)	(5.834.260)	(93.607)	(564.263)	-
16 a. Monetary Other Liabilities	(2)	-	(2)	-	-	-
16 b. Non-monetary Other Liabilities	(198.022)	(37.640)	(198.022)	-	-	-
17. Non-Current Liabilities (14+15+16)	(6.601.885)	(1.146.625)	(6.032.284)	(94.492)	(569.598)	(3)
18. Total Liabilities (13+17)	(9.026.435)	(1.343.978)	(7.070.539)	(320.434)	(1.931.576)	(24.320)
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	4.713.031	781.279	4.110.231	100.000	602.800	-
19a. Total Hedged Assets (*)	4.713.031	781.279	4.110.231	100.000	602.800	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	(2.441.584)	(260.651)	(1.371.266)	(187.302)	(1.129.063)	58.745
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	(6.980.243)	(1.002.301)	(5.273.008)	(292.961)	(1.765.968)	58.733
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

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

NOTE 26. 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 June 30, 2019 and 2018 is as follows:

	1 January - 30 June 2019	1 April – 30 June 2019	1 January - 30 June 2018	1 April – 30 June 2018
Total Export	247.923	143.807	182.927	114.307
Total Import	2.215.954	1.384.528	1.362.973	766.221

The following table demonstrates the sensitivity analysis of foreign currency as of June 30, 2019 and 2018:

	Foreign Currency Position Sensitivity Analysis			
	June 30, 2019 ^(*)		June 30, 2018 ^(*)	
	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)	(550.716)	550.716	(498.230)	498.230
USD denominated hedging instruments (-)	449.634	(449.634)	424.728	(424.728)
Net effect in USD	(101.082)	101.082	(73.502)	73.502
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	(184.175)	184.175	(174.078)	174.078
EURO denominated hedging instruments (-)	65.507	(65.507)	53.092	(53.092)
Net effect in EURO	(118.668)	118.668	(120.986)	120.986
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	1.422	(1.422)	(4.252)	4.252
Other foreign currency hedging instruments (-)	-	-	-	-
Net effect in other foreign currency	1.422	(1.422)	(4.252)	4.252
TOTAL	(218.328)	218.328	(198.740)	198.740

^(*) 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, CCI 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 TRL438.378 (TRL341.935 - 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 2018 - TRL1.229.608 (TRL959.094 - including deferred tax effect)).

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NOTE 26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

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.

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). The Group also obtains guarantees from the customers when appropriate and 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 borrowing.

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NOTE 27. 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 26.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 28. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	January 1 – June 30, 2019	January 1 – June 30, 2018
Adjustments for impairment loss (reversal of impairment) of inventories	26.875	1.518
Adjustments for impairment loss (reversal of impairment) of intangible assets (Note 13, 20)	26.119	-
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 12, 20)	31.488	15.274
Adjustments for impairment loss (reversal of impairment) of receivables (Note 19)	9.944	5.174
	94.426	21.966

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

	January 1 – June 30, 2019	January 1 – June 30, 2018
Provision for vacation pay liability (Note 4)	20.591	14.604
Provision for retirement pay liability (Note 4)	25.765	14.330
Provision for seniority bonus	6.296	11.783
	52.652	40.717

c) Adjustments for Interest (Income) Expenses

	January 1 – June 30, 2019	January 1 – June 30, 2018
Adjustments for interest expenses (Note 21)	307.627	240.578
Adjustments for interest income (Note 21)	(126.858)	(124.263)
	180.769	116.315

d) Cash Flows from (used in) Investing Activities

	January 1 – June 30, 2019	January 1 – June 30, 2018
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 (Note 3)	-	987
	-	194.602

NOTE 29. EVENTS AFTER REPORTING PERIOD

None.

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