

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

**ANADOLU EFES BİRACILIK VE
MALT SANAYİİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2019**

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

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

		Unaudited	Audited
	Notes	September 30, 2019	Restated (Note 2) December 31, 2018
ASSETS			
Cash and Cash Equivalents	5	5.371.758	4.770.052
Financial Investments	6	465	21.163
Trade Receivables		3.738.232	2.413.804
- Trade Receivables Due from Related Parties	25	356.894	230.018
- Trade Receivables Due from Third Parties		3.381.338	2.183.786
Other Receivables	9	184.065	102.028
- Other Receivables from Related Parties	25	93.674	28.377
- Other Receivables from Third Parties		90.391	73.651
Derivative Financial Assets	8	17.540	-
Inventories		2.309.558	1.943.100
Prepaid Expenses	17	667.742	496.865
Current Tax Assets		160.529	168.428
Other Current Assets	18	351.945	374.161
- Other Current Assets from Related Parties		32.500	-
- Other Current Assets from Third Parties		319.445	374.161
Current Assets		12.801.834	10.289.601
Financial Investments		792	792
Trade Receivables		1.407	1.437
- Trade Receivables Due from Third Parties		1.407	1.437
Other Receivables	9	83.734	52.866
- Other Receivables from Related Parties	25	31.944	-
- Other Receivables from Third Parties		51.790	52.866
Derivative Financial Assets	8	-	47.010
Investments in Subsidiaries, Joint Ventures and Associates	10	9.415	71.195
Investment Property		127.793	113.362
Property, Plant and Equipment	12	11.464.890	10.753.432
Right of Use Assets	11	385.265	-
Intangible Assets		18.444.696	16.970.220
- Goodwill	14	2.910.516	2.558.279
- Other Intangible Assets	13	15.534.180	14.411.941
Prepaid Expenses	17	399.154	407.495
Deferred Tax Asset	22	709.905	675.431
Other Non-Current Assets	18	114.997	66.091
Non-Current Assets		31.742.048	29.159.331
TOTAL ASSETS		44.543.882	39.448.932

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

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

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

		Unaudited	Audited
	Notes	September 30, 2019	Restated (Note 2) December 31, 2018
LIABILITIES			
Current Borrowings	7	632.698	830.699
- Current Borrowings from Related Parties	25	-	328.327
- Other short-term borrowings	7a	-	328.327
- Current Borrowings from Third Parties		632.698	502.372
- Banks Loans	7a	632.698	502.372
Current Portion of Non-Current Borrowings	7	2.058.019	1.524.416
- Current Portion of Non-Current Borrowings from Related Parties	25	5.869	196.784
- Lease Liabilities	7b	5.869	-
- Other Current Portion of Non-Current Borrowings	7a	-	196.784
- Current Portion of Non-Current Borrowings from Third Parties		2.052.150	1.327.632
- Banks Loans	7a	1.447.385	1.294.738
- Lease Liabilities	7b	105.980	-
- Issued Debt Instruments	7a	498.785	32.894
Trade Payables		5.802.602	3.600.610
- Trade Payables to Related Parties	25	548.144	282.578
- Trade Payables to Third Parties		5.254.458	3.318.032
Employee Benefit Obligations		92.925	77.035
Other Payables	9	1.493.861	1.472.436
- Other Payables to Third Parties		1.493.861	1.472.436
Derivative Financial Liabilities	8	23.186	29.832
Deferred Income (Deferred Income Other Than Contract Liabilities)	17	29.396	58.592
Current Tax Liabilities		98.798	17.051
Current Provisions		208.485	194.742
- Current Provisions for Employee Benefits		170.545	113.218
- Other Current Provisions		37.940	81.524
Other Current Liabilities	18	60.718	36.525
Current Liabilities		10.500.688	7.841.938
Long-Term Borrowings	7	7.280.995	6.873.565
- Long-term Borrowings from Related Parties	25	342	-
- Lease Liabilities	7b	342	-
- Long-term Borrowings from Third Parties		7.280.653	6.873.565
- Banks Loans	7a	916.775	797.835
- Lease Liabilities	7b	321.358	-
- Issued Debt Instruments	7a	6.042.520	6.075.730
Trade Payables		12.142	44.207
- Trade Payables to Third Parties		12.142	44.207
Other Payables	9	477.810	391.376
- Other Payables to Third Parties		477.810	391.376
Deferred Income (Deferred Income Other Than Contract Liabilities)	17	6.834	975
Non-Current Provision		172.794	143.175
- Non-Current Provision for Employee Benefits		172.794	143.175
Deferred Tax Liabilities	22	2.945.555	2.755.299
Other Non-Current Liabilities	18	325.165	270.308
Non-Current Liabilities		11.221.295	10.478.905
Equity Attributable to Equity Holders of the Parent		12.031.245	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		7.185	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		3.761.615	3.443.347
- Currency Translation Differences		4.748.877	4.118.213
- Gains (Losses) on Hedge		(987.262)	(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		838.260	(11.684)
Non-Controlling Interests		10.790.654	9.952.952
Total Equity		22.821.899	21.128.089
TOTAL LIABILITIES		44.543.882	39.448.932

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

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

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

		Unaudited			
				Restated (Note 2)	
	Notes	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Revenue	4	18.231.396	7.098.029	14.364.132	6.321.189
Cost of Sales (-)		(11.445.863)	(4.317.498)	(9.101.237)	(3.975.297)
GROSS PROFIT (LOSS)		6.785.533	2.780.531	5.262.895	2.345.892
General Administrative Expenses (-)		(1.286.779)	(482.111)	(1.140.904)	(448.929)
Sales, Distribution and Marketing Expenses (-)		(3.578.471)	(1.316.385)	(2.851.319)	(1.166.715)
Other Income from Operating Activities	19	385.791	152.472	309.389	142.282
Other Expenses from Operating Activities	19	(479.683)	(144.568)	(330.525)	(192.085)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		1.826.391	989.939	1.249.536	680.445
Investment Activity Income	20	577.005	283.571	24.643	10.651
Investment Activity Expenses (-)	20	(97.664)	(12.523)	(33.930)	(6.828)
Income/ (Loss) from Associates	10	(62.044)	(22.969)	(70.544)	(42.918)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		2.243.688	1.238.018	1.169.705	641.350
Finance Income	21	931.462	410.167	2.266.261	1.307.459
Finance Expenses	21	(1.526.418)	(566.038)	(3.295.327)	(1.844.040)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		1.648.732	1.082.147	140.639	104.769
Tax (Expense) Income, Continuing Operations	4	(478.850)	(192.903)	(204.155)	(159.144)
- Current Period Tax (Expense) Income		(382.375)	(151.071)	(276.746)	(127.693)
- Deferred Tax (Expense) Income		(96.475)	(41.832)	72.591	(31.451)
PROFIT/(LOSS)	4	1.169.882	889.244	(63.516)	(54.375)
Profit/(Loss) Attributable to					
- Non-Controlling Interest		331.622	303.894	65.624	11.742
- Owners of Parent		838.260	585.350	(129.140)	(66.117)
Earnings / (Loss) Per Share (Full TRL)	23	1,4157	0,9886	(0,2181)	(0,1117)

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

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

	Unaudited			
			Restated (Note 2)	
	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
PROFIT/(LOSS)	1.169.882	889.244	(63.516)	(54.375)
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-	(2.255)	(2.255)
Gains (Losses) on Remeasurements Defined Benefit Plans	-	-	(2.892)	(2.892)
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Other Profit or Loss	-	-	637	637
- <i>Deferred Tax Income (Expense)</i>	-	-	637	637
Other Comprehensive Income that will be Reclassified to Profit or Loss	974.072	(771.030)	5.454.389	3.072.301
Currency Translation Differences	1.383.733	(774.030)	6.460.002	3.814.678
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	(199.806)	(107.513)	602.400	327.266
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations (Note 25)	(326.665)	111.713	(1.891.645)	(1.280.969)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	116.810	(1.200)	283.632	211.326
- <i>Deferred Tax Income (Expense)</i>	116.810	(1.200)	283.632	211.326
OTHER COMPREHENSIVE INCOME (LOSS)	974.072	(771.030)	5.452.134	3.070.046
TOTAL COMPREHENSIVE INCOME (LOSS)	2.143.954	118.214	5.388.618	3.015.671
Total Comprehensive Income Attributable to				
- Non-Controlling Interest	987.426	244.058	2.609.138	1.426.400
- Owners of Parent	1.156.528	(125.844)	2.779.480	1.589.271

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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 NINE-MONTH PERIOD ENDED SEPTEMBER 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 September 2018)	Beginning Balances	592.105	63.583	3.042.134	20.275	(24.467)	2.523.057	28.769	317.921	3.260.176	149.420	9.972.973	5.853.895	15.826.868
	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)	-	-	-	-	(2.255)	3.885.924	(975.049)	-	-	(129.140)	2.779.480	2.609.138	5.388.618
	<i>Profit (Loss)</i>	-	-	-	-	-	-	-	-	-	(129.140)	(129.140)	65.624	(63.516)
	<i>Other Comprehensive Income (Loss)</i>	-	-	-	-	(2.255)	3.885.924	(975.049)	-	-	-	2.908.620	2.543.514	5.452.134
	Increase (Decrease) through Changes in Ownership Interests in Subsidiaries that do not result in loss of control	3	-	-	-	-	-	-	-	586.736	-	586.736	(824.763)	(238.027)
	Dividends	24	-	(251.910)	-	-	-	-	-	-	-	(251.910)	(126.749)	(378.659)
	Acquisition or Disposal of a Subsidiary	3	-	-	-	-	-	-	-	-	-	-	4.143.067	4.143.067
	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	42.890	42.890
	Increase (Decrease) from Other Changes (*)	-	-	-	4.355	-	-	-	-	-	-	4.355	(4.355)	-
	Ending Balances	592.105	63.583	2.765.214	24.630	(26.722)	6.520.252	(946.280)	342.931	3.996.332	(129.140)	13.202.905	11.693.123	24.896.028
Current Period (1 January – 30 September 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)	-	-	-	-	-	630.664	(312.396)	-	-	838.260	1.156.528	987.426	2.143.954
	<i>Profit (Loss)</i>	-	-	-	-	-	-	-	-	-	838.260	838.260	331.622	1.169.882
	<i>Other Comprehensive Income (Loss)</i>	-	-	-	-	-	630.664	(312.396)	-	-	-	318.268	655.804	974.072
	Dividends	24	-	(300.832)	-	-	-	-	-	-	-	(300.832)	(149.312)	(450.144)
	Increase (Decrease) from Other Changes (*)	-	-	-	412	-	-	-	-	-	-	412	(412)	-
	Ending Balances	592.105	63.583	2.434.374	7.185	(23.464)	4.748.877	(987.262)	372.939	3.984.648	838.260	12.031.245	10.790.654	22.821.899

(*) 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.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019**

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

	Notes	Unaudited	
		1 January- September 30, 2019	Restated 1 January- September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		3.048.060	2.580.776
Profit/ (Loss) for the Period		1.169.882	(63.516)
Adjustments to Reconcile Profit (Loss)		2.000.423	2.465.575
Adjustments for Depreciation and Amortization Expense	4	1.289.554	1.059.036
Adjustments for Impairment Loss (Reversal)	28	115.440	34.595
Adjustments for Provisions	28	72.794	52.220
Adjustments for Interest (Income) Expenses	28	254.006	222.386
Adjustments for Foreign Exchange Losses (Gains)		127.699	820.893
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments		119.305	-
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	10	62.044	70.544
Adjustments for Tax (Income) Expenses		478.850	204.155
Other Adjustments for Non-Cash Items		105	-
Adjustments for Losses (Gains) on Disposal of Non-Current Assets	20	(5.613)	(7.501)
Transfer of currency translation differences previously accounted as other comprehensive income	20	(467.516)	-
Other Adjustments to Reconcile Profit (Loss)		(46.245)	9.247
Change in Working Capital		218.754	276.726
Adjustments for Decrease (Increase) in Accounts Receivables		(1.352.301)	(1.240.059)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		(239.189)	(267.729)
Adjustments for Decrease (Increase) in Inventories		(445.740)	(673.666)
Adjustments for increase (Decrease) in Trade Accounts Payable		2.023.892	1.845.026
Adjustments for increase (Decrease) in Other Operating Payables		232.092	613.154
Cash Flows from (used in) Operations		3.389.059	2.678.785
Payments Related with Provisions for Employee Benefits		(35.770)	(28.978)
Income Taxes (Paid) Return		(305.229)	(69.031)
CASH FLOWS USED IN INVESTING ACTIVITIES		(1.277.405)	(830.878)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	10	-	(33.606)
Proceeds from Sales of Property, Plant, Equipment		83.894	38.950
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	12,13	(1.361.299)	(1.072.727)
Other Inflows (Outflows) of Cash	28	-	236.505
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(1.271.035)	(525.827)
Proceeds from Borrowings	7	1.754.440	1.817.429
Repayments of Borrowings	7	(2.022.207)	(1.789.205)
Payments of Lease Liabilities	7	(99.917)	-
Dividends Paid	24	(450.144)	(378.659)
Interest Paid	7	(420.700)	(341.206)
Interest Received		185.193	201.547
Other Inflows (Outflows) of Cash	28	(217.700)	(35.733)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		499.620	1.224.071
Effect Of Currency Translation Differences On Cash And Cash Equivalents		104.882	2.283.158
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		604.502	3.507.229
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	5.360.861	8.906.414

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 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 that was previously located at the address “Bahçelievler Mahallesi Şehit İbrahim Koparır Caddesi No: 4 Bahçelievler – İstanbul” has been changed as “Fatih Sultan Mehmet Mahallesi, Balkan Caddesi No:58, Buyaka E Blok, Tepeüstü, Ümraniye - İstanbul” as of November 1, 2019.

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 17.330 (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 November 5, 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 September 30, 2019 and December 31, 2018, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	September 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 SEPTEMBER 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 September 30, 2019 and December 31, 2018 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights %	
				September 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 FLCC (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	Selling and distribution of beer	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	Marketing and distribution company of the Group in Turkey	Turkey Beer	100,00	100,00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	99,99	99,99
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	100,00	100,00
Coca-Cola İçecek A.Ş. (CCİ) ⁽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 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 %	
				September 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
AS AT SEPTEMBER 30, 2019

(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.

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.

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

Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the condensed consolidated financial statement disclosures (Note 16, 26).

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 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 nine months up to September 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 September, 2018, in order to conform to the presentation of financial statements for the period ended September 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 September 30, 2018, the amount of TRL116.590 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 September 30, 2018, the amount of TRL163.004 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 SEPTEMBER 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 Current Provisions” 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 September 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”.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 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)

	Reported December 31, 2018	TFRS 15 effect	TFRS 3 effect	Restated December 31, 2018
ASSETS				
Cash and Cash Equivalents	4.770.052	-	-	4.770.052
Financial Investments	21.163	-	-	21.163
Trade Receivables	2.413.804	-	-	2.413.804
- Trade Receivables Due from Related Parties	230.018	-	-	230.018
- Trade Receivables Due from Third Parties	2.183.786	-	-	2.183.786
Other Receivables	102.028	-	-	102.028
- Other Receivables from Related Parties	28.377	-	-	28.377
- Other Receivables from Third Parties	73.651	-	-	73.651
Derivative Financial Assets	-	-	-	-
Inventories	1.943.100	-	-	1.943.100
Prepaid Expenses	496.865	-	-	496.865
Current Tax Assets	168.428	-	-	168.428
Other Current Assets	374.161	-	-	374.161
- Other Current Assets from Related Parties	-	-	-	-
- Other Current Assets from Third Parties	374.161	-	-	374.161
Current Assets	10.289.601	-	-	10.289.601
Financial Investments	792	-	-	792
Trade Receivables	1.437	-	-	1.437
- Trade Receivables Due from Third Parties	1.437	-	-	1.437
Other Receivables	52.866	-	-	52.866
- Other Receivables from Related Parties	-	-	-	-
- Other Receivables from Third Parties	52.866	-	-	52.866
Derivative Financial Assets	47.010	-	-	47.010
Investments in Subsidiaries, Joint Ventures and Associates	71.195	-	-	71.195
Investment Property	113.362	-	-	113.362
Property, Plant and Equipment	10.049.742	-	703.690	10.753.432
Right of Use Assets	-	-	-	-
Intangible Assets	16.959.421	-	10.799	16.970.220
- Goodwill	5.897.466	-	(3.339.187)	2.558.279
- Other Intangible Assets	11.061.955	-	3.349.986	14.411.941
Prepaid Expenses	407.495	-	-	407.495
Deferred Tax Asset	867.100	-	(191.669)	675.431
Other Non-Current Assets	66.091	-	-	66.091
Non-Current Assets	28.636.511	-	522.820	29.159.331
TOTAL ASSETS	38.926.112	-	522.820	39.448.932

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 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)

	Reported December 31, 2018	TFRS 15 effect	TFRS 3 effect	Restated December 31, 2018
LIABILITIES				
Current Borrowings	830.699	-	-	830.699
- Current Borrowings from Related Parties	328.327	-	-	328.327
- Other short-term borrowings	328.327	-	-	328.327
- Current Borrowings from Third Parties	502.372	-	-	502.372
- Banks Loans	502.372	-	-	502.372
Current Portion of Non-Current Borrowings	1.524.416	-	-	1.524.416
- Current Portion of Non-Current Borrowings from Related Parties	196.784	-	-	196.784
- Other current portion of non-current borrowings	196.784	-	-	196.784
- Lease Liabilities	-	-	-	-
- Current Portion of Non-Current Borrowings from Third Parties	1.327.632	-	-	1.327.632
- Banks Loans	1.294.738	-	-	1.294.738
- Lease Liabilities	-	-	-	-
- Issued Debt Instruments	32.894	-	-	32.894
Trade Payables	3.600.610	-	-	3.600.610
- Trade Payables to Related Parties	282.578	-	-	282.578
- Trade Payables to Third Parties	3.318.032	-	-	3.318.032
Employee Benefit Obligations	77.035	-	-	77.035
Other Payables	1.472.436	-	-	1.472.436
- Other Payables to Third Parties	1.472.436	-	-	1.472.436
Derivative Financial Liabilities	29.832	-	-	29.832
Deferred Income (Deferred Income Other Than Contract Liabilities)	58.592	-	-	58.592
Current Tax Liabilities	17.051	-	-	17.051
Current Provisions	132.469	-	62.273	194.742
- Current Provisions for Employee Benefits	113.218	-	-	113.218
- Other Current Provisions	19.251	-	62.273	81.524
Other Current Liabilities	36.525	-	-	36.525
Current Liabilities	7.779.665	-	62.273	7.841.938
Long-Term Borrowings	6.873.565	-	-	6.873.565
- Long-term Borrowings from Related Parties	-	-	-	-
- Lease Liabilities	-	-	-	-
- Long-term Borrowings from Third Parties	6.873.565	-	-	6.873.565
- Banks Loans	797.835	-	-	797.835
- Lease Liabilities	-	-	-	-
- Issued Debt Instruments	6.075.730	-	-	6.075.730
Trade Payables	44.207	-	-	44.207
- Trade Payables to Third Parties	44.207	-	-	44.207
Other Payables	391.376	-	-	391.376
- Other Payables to Third Parties	391.376	-	-	391.376
Deferred Income (Deferred Income Other Than Contract Non-Current Provision)	975	-	-	975
- Non-Current Provision for Employee Benefits	143.175	-	-	143.175
Deferred Tax Liabilities	2.088.835	-	666.464	2.755.299
Other Non-Current Liabilities	270.308	-	-	270.308
Non-Current Liabilities	9.812.441	-	666.464	10.478.905
Equity Attributable to Equity Holders of the Parent	11.278.672	-	(103.535)	11.175.137
Issued Capital	592.105	-	-	592.105
Inflation Adjustment on Capital	63.583	-	-	63.583
Share Premium (Discount)	2.765.214	-	-	2.765.214
Put Option Revaluation Fund Related with Non-controlling	6.773	-	-	6.773
Other Accumulated Comprehensive Income (Loss) that will	(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	3.438.316	-	5.031	3.443.347
- Currency Translation Differences	4.118.182	-	5.031	4.118.213
- Gains (Losses) on Hedge	(674.866)	-	-	(674.866)
Restricted Reserves Appropriated from Profits	342.931	-	-	342.931
Prior Years' Profits or Losses	3.996.332	-	-	3.996.332
Current Period Net Profit or Losses	96.882	-	(108.566)	(11.684)
Non-Controlling Interests	10.055.334	-	(102.382)	9.952.952
Total Equity	21.334.006	-	(205.917)	21.128.089
TOTAL LIABILITIES	38.926.112	-	522.820	39.448.932

**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)**

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

	Reported 30 September 2018	TFRS 15 effect	TFRS 3 effect	Restated 30 September 2018
Revenue	14.643.726	(279.594)	-	14.364.132
Cost of Sales (-)	(8.918.375)	-	(182.862)	(9.101.237)
GROSS PROFIT (LOSS)	5.725.351	(279.594)	(182.862)	5.262.895
General Administrative Expenses (-)	(1.143.683)	-	2.779	(1.140.904)
Sales, Distribution and Marketing Expenses (-)	(3.122.359)	279.594	(8.554)	(2.851.319)
Other Income from Operating Activities	309.389	-	-	309.389
Other Expenses from Operating Activities	(330.525)	-	-	(330.525)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	1.438.172	-	(188.636)	1.249.536
Investment Activity Income	24.643	-	-	24.643
Investment Activity Expenses (-)	(27.425)	-	(6.505)	(33.930)
Income/ (Loss) from Associates	(70.544)	-	-	(70.544)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	1.364.846	-	(195.141)	1.169.705
Finance Income	2.266.261	-	-	2.266.261
Finance Expenses	(3.295.327)	-	-	(3.295.327)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	335.780	-	(195.141)	140.639
Tax (Expense) Income, Continuing Operations	(242.911)	-	38.756	(204.155)
- Current Period Tax (Expense) Income	(276.746)	-	-	(276.746)
- Deferred Tax (Expense) Income	33.835	-	38.756	72.591
PROFIT/(LOSS)	92.869	-	(156.385)	(63.516)
Profit/(Loss) Attributable to				
- Non-Controlling Interest	143.928	-	(78.304)	65.624
- Owners of Parent	(51.059)	-	(78.081)	(129.140)
EBITDA	2.436.992	-	(60.860)	2.376.132

2.5 Changes in Accounting Policies

As of September 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 TFRS 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.

**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)

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

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.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 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)

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 TAS 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.

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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)

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

- The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- 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)	188.930
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

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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)

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 September 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 September 30, 2019, net book value of assets under finance leases included in property, plant and equipment is amounting to TRL797 (December 31, 2018 - TRL936).

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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)

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

	September 30, 2019		
	Without TFRS 16 effects	TFRS 16 effects	With TFRS 16 effects
Current Assets	12.786.304	15.530	12.801.834
Trade receivables	3.738.232	-	3.738.232
Sublease receivables from related parties	-	18.408	18.408
Prepaid expenses	670.620	(2.878)	667.742
Other components of current assets	8.377.452	-	8.377.452
Non-current Assets	31.343.551	398.497	31.742.048
Sublease receivables from related parties	-	31.944	31.944
Right of use assets	-	385.265	385.265
Prepaid expenses	417.637	(18.483)	399.154
Investments in Subsidiaries, Joint	11.625	(2.210)	9.415
Deferred tax asset	707.923	1.982	709.905
Other components of non-current assets	30.206.365	-	30.206.365
TOTAL ASSETS	44.129.855	414.027	44.543.882
Current Liabilities	10.390.603	110.085	10.500.688
Current Borrowings	632.698	-	632.698
- <i>Current Borrowings from Third Parties</i>	<i>632.698</i>	<i>-</i>	<i>632.698</i>
- <i>Banks Loans</i>	<i>632.698</i>	<i>-</i>	<i>632.698</i>
Current Portion of Non-Current	1.947.932	110.087	2.058.019
- <i>Current Portion of Non-Current Borrowings from Related Parties</i>	<i>-</i>	<i>5.869</i>	<i>5.869</i>
- <i>Lease Liabilities</i>	<i>-</i>	<i>5.869</i>	<i>5.869</i>
- <i>Other current portion of non-current borrowings</i>	<i>-</i>	<i>-</i>	<i>-</i>
- <i>Current Portion of Non-Current Borrowings from Third Parties</i>	<i>1.947.932</i>	<i>104.218</i>	<i>2.052.150</i>
- <i>Banks Loans</i>	<i>1.449.147</i>	<i>(1.762)</i>	<i>1.447.385</i>
- <i>Lease Liabilities</i>	<i>-</i>	<i>105.980</i>	<i>105.980</i>
- <i>Issued Debt Instruments</i>	<i>498.785</i>	<i>-</i>	<i>498.785</i>
Other components of current liabilities	7.809.971	-	7.809.971
Non-current Liabilities	10.908.685	312.610	11.221.295
Long-Term Borrowings	6.960.904	320.091	7.280.995
- <i>Long-term Borrowings from Related Parties</i>	<i>-</i>	<i>342</i>	<i>342</i>
- <i>Lease Liabilities</i>	<i>-</i>	<i>342</i>	<i>342</i>
- <i>Long-term Borrowings from Third Parties</i>	<i>6.960.904</i>	<i>319.749</i>	<i>7.280.653</i>
- <i>Banks Loans</i>	<i>918.384</i>	<i>(1.609)</i>	<i>916.775</i>
- <i>Lease Liabilities</i>	<i>-</i>	<i>321.358</i>	<i>321.358</i>
- <i>Issued Debt Instruments</i>	<i>6.042.520</i>	<i>-</i>	<i>6.042.520</i>
Deferred income	16.814	(9.980)	6.834
Deferred tax liabilities	2.943.055	2.500	2.945.555
Other components of non-current liabilities	987.911	-	987.911
Total Equity	22.830.560	(8.661)	22.821.899
Equity Attributable to Equity Holders of	12.039.427	(8.182)	12.031.245
Prior Years' Profits or Losses	3.984.648	-	3.984.648
Current Period Net Profit or Losses	846.069	(7.809)	838.260
Currency Translation Differences	4.749.250	(373)	4.748.877
Other components of equity	2.459.460	-	2.459.460
Non-Controlling Interests	10.791.133	(479)	10.790.654
TOTAL LIABILITIES	44.129.848	414.034	44.543.882

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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)

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

	1 January – 30 September 2019		
	Without TFRS 16 effects	TFRS 16 effects	With TFRS 16 effects
Revenue	18.231.396	-	18.231.396
Cost of Sales (-)	(11.446.156)	293	(11.445.863)
GROSS PROFIT (LOSS)	6.785.240	293	6.785.533
General Administrative Expenses (-)	(1.301.615)	14.836	(1.286.779)
Sales, Distribution and Marketing Expenses (-)	(3.586.053)	7.582	(3.578.471)
Other Income from Operating Activities	385.791	-	385.791
Other Expenses from Operating Activities	(479.683)	-	(479.683)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	1.803.680	22.711	1.826.391
Investment Activity Income	577.005	-	577.005
Investment Activity Expenses (-)	(97.664)	-	(97.664)
Income/ (Loss) from Associates	(59.834)	(2.210)	(62.044)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	2.223.187	20.501	2.243.688
Finance Income	922.102	9.360	931.462
Finance Expenses (-)	(1.487.773)	(38.645)	(1.526.418)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	1.657.516	(8.784)	1.648.732
Tax (Expense) Income, Continuing Operations	(478.229)	(621)	(478.850)
- <i>Current Period Tax (Expense) Income</i>	<i>(382.375)</i>	<i>-</i>	<i>(382.375)</i>
- <i>Deferred Tax (Expense) Income</i>	<i>(95.854)</i>	<i>(621)</i>	<i>(96.475)</i>
PROFIT/(LOSS)	1.179.287	(9.405)	1.169.882
Profit/(Loss) Attributable to			
- <i>Non-Controlling Interest</i>	<i>333.219</i>	<i>(1.597)</i>	<i>331.622</i>
- <i>Owners of Parent</i>	<i>846.069</i>	<i>(7.809)</i>	<i>838.260</i>
EBITDA	3.090.870	88.245	3.179.115

**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)

Amendment to TFRS 9 Financial instruments

Effective from annual periods beginning on or after 1 January 2019. This amendment confirmed two points: that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from TAS 39.

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

This amendment clarifies that an entity applies TFRS 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.

TFRS 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 TAS 12.

Annual Improvements to TFRS Standards 2015–2017 Cycle

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

Amendments to TAS 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).

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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)

Standards, amendments and interpretations that are issued but not effective as at 30 September 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 TAS 1 and TAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to TAS 1, ‘Presentation of financial statements’ and TAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other TFRSs:

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

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.

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

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
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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 September 2018, AB Inbev made a cash payment of USD39,4 million to EBI regarding to the commitments determined within the scope of this business combination (equivalent 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 TRL460.414 (Consolidated Net Revenue would be TRL14.824.546 for the nine months period ended September 30, 2018).

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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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 March 31, 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 Bevmarm GmbH derived from the financial statements as of the acquisition date are as follows:

	Fair value			
	Consolidated (JSC Sun InBev, PJSC Sun InBev Ukraine, Bevermarm GmbH)	JSC Sun InBev	PJSC Sun InBev Ukraine	Bevermarm 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	125.315	276.639
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
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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 – September 30, 2019					
Revenues	1.660.611	6.506.414	10.025.207	68.050	18.260.282
Inter-segment revenues	(27.840)	(876)	(170)	-	(28.886)
Total revenues	1.632.771	6.505.538	10.025.037	68.050	18.231.396
EBITDA	272.928	913.597	2.013.100	(20.510)	3.179.115
Financial income / (expense)	(84.632)	(184.244)	(249.627)	(76.453)	(594.956)
Tax (expense) income	1.110	(171.451)	(233.009)	(75.500)	(478.850)
Profit / (loss) for the period	33.075	(23.194)	953.403	206.598	1.169.882
Capital expenditures	201.528	504.942	653.509	1.320	1.361.299
July 1 – September 30, 2019					
Revenues	741.968	2.432.264	3.907.957	28.079	7.110.268
Inter-segment revenues	(11.818)	(362)	(59)	-	(12.239)
Total revenues	730.150	2.431.902	3.907.898	28.079	7.098.029
EBITDA	193.964	351.546	871.920	(7.353)	1.410.077
Financial income / (expense)	(31.208)	(128.545)	28.286	(24.404)	(155.871)
Tax (expense) income	(19.481)	(14.452)	(109.071)	(49.899)	(192.903)
Profit / (loss) for the period	89.455	36.871	604.432	158.486	889.244
Capital expenditures	61.531	166.477	193.754	36	421.798
January 1 – September 30, 2018					
Revenues	1.343.035	4.369.642	8.622.010	49.493	14.384.180
Inter-segment revenues	(19.017)	(836)	(195)	-	(20.048)
Total revenues	1.324.018	4.368.806	8.621.815	49.493	14.364.132
EBITDA	289.192	381.151	1.723.453	(17.664)	2.376.132
Financial income / (expense)	(43.808)	(69.145)	(827.622)	(88.491)	(1.029.066)
Tax (expense) income	(81.873)	23.505	(172.151)	26.364	(204.155)
Profit / (loss) for the period	23.564	(183.980)	262.021	(165.121)	(63.516)
Capital expenditures	191.191	267.654	617.818	(947)	1.075.716
July 1 – September 30, 2018					
Revenues	608.112	2.028.200	3.671.569	21.950	6.329.831
Inter-segment revenues	(8.158)	(403)	(81)	-	(8.642)
Total revenues	599.954	2.027.797	3.671.488	21.950	6.321.189
EBITDA	173.656	199.932	799.103	(1.803)	1.170.888
Financial income / (expense)	(35.988)	(40.846)	(434.239)	(25.508)	(536.581)
Tax (expense) income	(71.597)	1.192	(95.634)	6.895	(159.144)
Profit / (loss) for the period	15.409	(85.959)	81.145	(64.970)	(54.375)
Capital expenditures	55.273	111.664	178.490	1.113	346.540

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

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NOTE 4. SEGMENT REPORTING (continued)

	Turkey Beer	International Beer	Soft Drinks	Other ⁽¹⁾ and Eliminations	Total
September 30, 2019					
Segment assets	9.408.198	16.944.713	16.029.056	2.161.915	44.543.882
Segment liabilities	1.867.961	6.422.454	8.883.730	4.547.838	21.721.983
Investment in associates	-	-	-	9.415	9.415
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 September 30, 2019 and 2018 are as follows:

	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
EBITDA	3.179.115	1.410.077	2.376.132	1.170.888
Depreciation and amortization expenses	(1.289.554)	(417.158)	(1.059.036)	(441.201)
Provision for retirement pay liability	(45.590)	(19.825)	(23.012)	(8.682)
Provision for vacation pay liability	(17.320)	3.271	(11.651)	2.953
Foreign exchange gain/(loss) from operating activities	1.545	11.893	(25.754)	(42.241)
Rediscount interest income/(expense) from operating activities	2.066	3.134	(2.732)	139
Other	(3.871)	(1.453)	(4.411)	(1.411)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	1.826.391	989.939	1.249.536	680.445
Investment Activity Income	577.005	283.571	24.643	10.651
Investment Activity Expenses (-)	(97.664)	(12.523)	(33.930)	(6.828)
Income/(Loss) from Associates	(62.044)	(22.969)	(70.544)	(42.918)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	2.243.688	1.238.018	1.169.705	641.350
Finance Income	931.462	410.167	2.266.261	1.307.459
Finance Expenses (-)	(1.526.418)	(566.038)	(3.295.327)	(1.844.040)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	1.648.732	1.082.147	140.639	104.769

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NOTE 5. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018
Cash on hand	6.803	2.428
Bank accounts		
- Time deposits	4.271.357	3.922.273
- Demand deposits	1.033.219	659.532
Other	49.482	172.126
Cash and cash equivalents in cash flow statement	5.360.861	4.756.359
Interest income accrual	10.897	13.693
	5.371.758	4.770.052

As of September 30, 2019, annual interest rates of the TRL denominated time deposits vary between 14,10% and 18,40% and have maturity between 1- 74 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 0,05% and 18,00% and have maturity between 1-87 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 September 30, 2019, there is no cash deposit pledged as collateral by the Group (December 31, 2018 – None).

As of September 30, 2019, other item contains credit card receivables amounting to TRL45.368 (December 31, 2018 – TRL163.539).

As of September 30, 2019, the Group has designated its bank deposits amounting to TRL479.687, equivalent of thousand USD74.398 and thousand EURO9.486 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

	September 30, 2019	December 31, 2018
Time deposits with maturity more than three months	465	21.163

As of September 30, 2019 time deposits with maturities over 3 months made for 88 days period, are denominated in KZT and interest rate is 11,00% (December 31,2018 – USD 1,00%- 4,50% and KZT 11,00%; remaining maturities between 31-361 days).

NOTE 7. SHORT AND LONG TERM BORROWINGS

a) Bank Loans, issued debt instruments and other borrowings

	September 30, 2019	December 31, 2018
Other Short-term Borrowings (Related Parties)	-	328.327
Short-term Bank Loans (Third Parties)	632.698	502.372
Other Current Portion of Non-current Borrowings (Related Parties)	-	196.784
Current Portion of Bank Loans (Third Parties)	1.447.385	1.294.738
Current Portion of Issued Debt Instruments (Third Parties)	498.785	32.894
Long-term Bank Loans (Third Parties)	916.775	797.835
Long-term Issued Debt Instruments (Third Parties)	6.042.520	6.075.730
	9.538.163	9.228.680

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NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

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

As of September 30, 2019, total borrowings consist of principal (finance lease obligations included) amounting to TRL9.473.068 (December 31, 2018– TRL9.157.004) and interest expense accrual amounting to TRL65.096 (December 31, 2018 – TRL71.676). As of September 30, 2019 and December 31, 2018, total amount of borrowings and the effective interest rates are as follows:

	September 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	124.388	-	-	169.367	26,27%	-
Foreign currency denominated borrowings (USD)	273	3,00%	-	288	3,00%	-
Foreign currency denominated borrowings (EURO)	136.046	1,75%	-	4.278	3,55%	-
Foreign currency denominated borrowings (Other)	371.991	15,78%	Kibor + 0,42%	656.766	20,71%	Kibor + 0,46% - Mosprime 2,56%
	632.698			830.699		
Short-term portion of long term borrowings						
TRL denominated borrowings	954	11,74%	-	16.285	11,74%	-
Foreign currency denominated borrowings (USD)	886.723	3,75%	Libor + 1,50%	438.168	4,42%	Libor + 2,33%
Foreign currency denominated borrowings (EURO)	934.662	1,67%	Euribor + 1,50%	1.054.095	1,56%	Euribor + 1,37%
Foreign currency denominated borrowings (Other)	123.831	7,71%	-	14.058	6,00%	-
	1.946.170			1.522.606		
Financial leasing borrowings (Other Foreign Currency) (*)	-			1.810		
Total	2.578.868			2.355.115		
Long-term Borrowings						
TRL denominated borrowings	570.000	11,74%	-	570.000	11,74%	-
Foreign currency denominated borrowings (USD)	5.483.837	3,80%	Libor + 2,50%	5.731.948	3,82%	-
Foreign currency denominated borrowings (EURO)	448.623	-	Euribor + 2,21%	564.261	-	Euribor + 2,21%
Foreign currency denominated borrowings (Other)	456.835	7,85%	-	5.032	6,00%	-
	6.959.295			6.871.241		
Financial leasing borrowings (Other Foreign Currency) (*)	-			2.324		
Total	6.959.295			6.873.565		
Grand Total	9.538.163			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:

	September 30, 2019	December 31, 2018
Between 1 -2 years	251.779	800.442
Between 2-3 years	318.632	85.475
Between 3-4 years	2.925.577	2.722.912
Between 4-5 years	2.778.890	740.095
5 years and more	684.417	2.524.641
	6.959.295	6.873.565

The movement of borrowings as of September 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	1.754.440	1.817.429
Repayments of Borrowings	(2.022.207)	(1.789.205)
Interest and Borrowing Expense	407.544	431.226
Interest Paid	(420.700)	(341.206)
Foreign exchange gain/loss	374.919	4.082.321
Classification of financial leasing item under TFRS 16	(4.134)	-
Currency Translation Differences	219.621	565.687
Balance at September 30	9.538.163	13.857.845

As of September 30, 2019, net interest on cross currency swap contracts is TRL33.614 (September 30, 2018 – TRL36.004).

b) Lease Liabilities

	September 30, 2019	December 31, 2018
Current Portion of Lease Liabilities (Related Parties)	5.869	-
Current Portion of Lease Liabilities (Third Parties)	105.980	-
Long-term Lease Liabilities (Related Parties)	342	-
Long term Lease Liabilities (Third Parties)	321.358	-
	433.549	-

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

	2019	2018
Balance at January 1	315.762	-
Additions	172.635	-
Repayments (-)	(99.917)	-
Disposals	(4.240)	-
Interest expense	37.017	-
Gain arising from the termination of lease agreements	(165)	-
Financial lease obligations classified under TFRS 16	3.371	-
Foreign exchange gain/loss	(877)	-
Currency translation differences	9.963	-
Balance at September 30	433.549	-

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NOTE 8. DERIVATIVE INSTRUMENTS

a) Cross currency swaps

As of September 30, 2019, CCI has a cross currency swap contract with a total amount of USD 150 million signed on January 16, 2018 and due on September 19, 2024, for the probability of arising exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TL 278.865 (December 31, 2018- TRL219.135).

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 TRL388.863 as of 12 April 2018 (31 December 2018 – 361.501 TL).

b) Currency option contracts

As of September 30, 2019, Turkey Beer has 15 currency option contracts with a total nominal amount of TRL 260.319 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 (31 December 2018 – None).

c) Interest rate swaps

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 TRL243.341 (equivalent of 43 million USD) with maturity of 6 January of 2020 and variable interest rate (31 December 2018 – 226.219 TL).

d) Commodity swap contracts

As of September 30, 2019, CCI has 4 aluminum swap transactions with a total nominal amount of TRL34.831 for 3.000 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 September 30, 2019, the CCI has 7 sugar swap transactions with a total nominal amount of TRL 2.514 for 1.260 tones. The total of these aluminium swap contracts is designated as hedging instruments as of September 30, 2019 in cash flow hedges related to forecasted cash flow for the high probability purchases of production material exposed to commodity price risk for the year 2020.

As of September 30, 2019, the company has 3 commodity swap and 15 commodity option contracts with a total nominal amount of TRL40.144 (December 31, 2018– 18.656) for 3.750 tonnes of aluminium. The total of these aluminium contracts is designated as hedging instruments in cash flow hedges related to forecasted cash flow, for the highly probable purchases of production materials exposed to commodity price risk.

e) Currency forwards

As of September 30, 2019, Turkey Beer has no foreign currency forward transactions (December 31, 2018 – nominal amount of TRL100.942 for currency forwar transaction amounting to USD 2 million and EUR 15 million).

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.

	September 30, 2019		December 31, 2018	
	Nominal Value	Fair Value Asset / (Liability)	Nominal Value	Fair Value Asset / (Liability)
Cross currency swaps	388.863	17.148	361.501	44.263
Currency option contracts	260.319	(16.264)	-	-
Interest rate swaps	243.341	392	226.219	2.747
Commodity swap contracts	77.489	(6.922)	172.295	(13.485)
Currency forwards	-	-	100.942	(16.347)
	970.012	(5.646)	860.957	17.178

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NOTE 9. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	September 30, 2019	December 31, 2018
Other receivables from related parties	75.266	28.377
Receivables from related party subleases ⁽¹⁾	18.408	-
Due from personnel	17.652	13.977
Receivables from tax office	14.073	14.174
Deposits and guarantees given	5.769	5.347
Other	52.897	40.153
	184.065	102.028

b) Other Non-Current Receivables

	September 30, 2019	December 31, 2018
Deposits and guarantees given	47.800	47.381
Receivables from related party subleases ⁽¹⁾	31.944	-
Other	3.990	5.485
	83.734	52.866

c) Other Current Payables

	September 30, 2019	December 31, 2018
Taxes other than income taxes	1.169.283	1.116.980
Deposits and guarantees taken	312.629	260.668
Other	11.949	94.788
	1.493.861	1.472.436

d) Other Non-Current Payables

	September 30, 2019	December 31, 2018
Deposits and guarantees taken	475.945	381.478
Other non-current payables	1.865	9.898
	477.810	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

	September 30, 2019		December 31, 2018	
	Ownership	Amount	Ownership	Amount
Anadolu Etap	39,70%	9.415	39,70%	71.195
SSDSD ⁽¹⁾	25,13%	-	25,13%	-
		9.415		71.195

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

	Anadolu Etap		SSDSD	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Total Assets	521.795	492.543	637	614
Total Liabilities	512.380	421.348	4.323	3.794
Net Assets	9.415	71.195	(3.686)	(3.180)

	Anadolu Etap		SSDSD	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Group's Share of Loss for the period	(61.780)	(70.238)	(264)	(306)

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

	2019	2018
Balance at January 1	71.195	46.309
Income / Loss from associates	(62.044)	(70.544)
Other	264	306
Capital Increase ⁽²⁾	-	33.606
Balance at September 30	9.415	9.677

- (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 nine-month period ended September 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 September 30, 2019
Land	26.964	5.443	(1.490)	-	5.074	35.991
Buildings	181.073	40.092	(28.263)	(2.152)	3.328	194.078
Machinery and equipment	12.649	11.001	(5.260)	-	1.067	19.457
Vehicles	27.655	135.905	(28.154)	(6.013)	331	129.724
Furniture and fixtures	5.922	-	(2.090)	-	35	3.867
Other	614	2.249	(637)	-	(78)	2.148
	254.877	194.690	(65.894)	(8.165)	9.757	385.265

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NOTE 12. PROPERTY, PLANT AND EQUIPMENT

For the nine-month periods ended September 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
Current period	January 1, 2019	Additions	Depreciation	net	subsidiary	translation	(Impairment	net	September 30,
					acquired	differences, net	reversal), net		2019
Land and land improvements	628.693	5.814	(5.687)	(12.171)	-	17.274	-	10.209	644.132
Buildings	2.613.124	26.411	(89.704)	(13.843)	-	202.430	-	101.029	2.839.447
Machinery and equipment	5.033.682	154.185	(530.436)	(19.609)	-	350.136	379	224.729	5.213.066
Vehicles	91.853	8.320	(14.278)	(2.860)	-	4.165	-	-	87.200
Other tangibles	1.879.001	408.525	(537.826)	(26.846)	-	84.453	(2.910)	354.155	2.158.552
Leasehold improvements	5.537	112	(699)	-	-	(667)	-	271	4.554
Construction in progress	501.542	655.085	-	(2.952)	-	54.657	(28.507)	(661.886)	517.939
	10.753.432	1.258.452	(1.178.630)	(78.281)	-	712.448	(31.038)	28.507	11.464.890
Previous period	Net Book Value			Disposals,	Addition through	Currency	Impairment /	Transfers,	Net Book Value
	January 1, 2018	Additions	Depreciation	net	subsidiary	translation	(Impairment	net	September 30,
					acquired	differences, net	reversal), net		2018
Land and land improvements	569.999	577	(7.642)	(767)	495	126.506	-	605	689.773
Buildings	1.965.782	4.448	(81.177)	(168)	246.338	812.174	-	86.154	3.033.551
Machinery and equipment	3.374.126	79.374	(494.067)	(12.636)	1.196.685	1.653.740	(4.306)	227.135	6.020.051
Vehicles	82.624	16.885	(18.672)	(5.245)	-	35.680	-	2.308	113.580
Other tangibles	1.333.827	391.982	(424.997)	(12.443)	210.101	392.840	(11.931)	181.465	2.060.844
Leasehold improvements	6.638	200	(2.171)	-	379	32	-	40	5.118
Construction in progress	152.239	560.786	-	-	82.922	173.600	-	(501.661)	467.886
	7.485.235	1.054.252	(1.028.726)	(31.259)	1.736.920	3.194.572	(16.237)	(3.954)	12.390.803

As of September 30, 2019, there is a pledge on property, plant and equipment of TRL116.671 (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 nine-month periods ended September 30, 2019 and 2018, movement on other intangible assets are as follows:

Current period	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 September 30, 2019
Bottling contracts	9.226.672	-	-	-	-	264.749	-	-	9.491.421
Licence agreements	4.177.493	-	-	-	-	679.781	(16.868)	-	4.840.406
Brands	851.638	-	-	-	-	120.194	-	-	971.832
Rights	10.483	2.215	(15.590)	-	-	2.924	(9.353)	63.247	53.926
Construction in progress	41.110	93.513	-	-	-	-	-	(74.726)	59.897
Other intangible assets	104.545	7.119	(23.601)	-	-	13.790	-	14.845	116.698
	14.411.941	102.847	(39.191)	-	-	1.081.438	(26.221)	3.366	15.534.180

Previous period	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 September 30, 2018
Bottling contracts	8.378.797	-	-	-	-	1.774.077	-	-	10.152.874
Licence agreements	1.332.713	-	-	-	2.665.530	1.320.101	(275.572)	-	5.042.772
Brands	426.148	-	-	-	416.806	314.277	-	-	1.157.231
Rights	8.057	1.932	(6.151)	-	4.638	1.474	-	1.259	11.209
Other intangible assets	96.343	19.532	(20.684)	-	9.332	30.990	-	2.695	138.208
	10.242.058	21.464	(26.835)	-	3.096.306	3.440.919	(275.572)	3.954	16.502.294

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NOTE 14. GOODWILL

For the nine-month period ended September 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	352.237	808.294
At September 30	2.910.516	3.135.069

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

	30 September 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.

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NOTE 16. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of September 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:

September 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	353.804	221.964	182	256	27	53.425	2.667.000	19.926
B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾	808.962	-	43.000	70.140	-	-	2.814.482	29.808
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	1.182.223	241.421	43.182	70.396	27	53.425	5.481.482	49.734
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	371.686	240.500	181	398	27	42.879	2.667.000	18.524
B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾	842.610	-	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	1.228.855	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 September 2019, CCBPL has USD3,7 million sugar purchase commitment to the Banks until the end of Dec 2019 and has USD3,1 million sugar purchase commitment to the Banks until the end of March 2020 and has USD2,1 million sugar purchase commitment to the Banks until the end of June 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 USD22,5 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 30 September 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 TRL3.027. 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.

CCİ and subsidiaries in Turkey are involved on an ongoing basis in litigation arising in the ordinary course of business as of September 30, 2019 with an amount of TRL10.544 (December 31, 2018 – TRL8.714). As of September 30, 2019, no court decision has been granted yet.

As of September 30, 2019, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR1.476 million, equivalent to USD9,5 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

	September 30, 2019	December 31, 2018
Prepaid sales expenses	423.577	335.762
Advances given to suppliers	196.725	118.303
Prepaid rent expenses	7.115	7.054
Prepaid insurance expenses	18.262	12.574
Prepaid other expenses	22.063	23.172
	667.742	496.865

b) Long Term Prepaid Expenses

	September 30, 2019	December 31, 2018
Prepaid sales expenses	344.734	354.740
Advances given to suppliers	19.735	14.752
Prepaid rent expenses	29.786	36.900
Prepaid other expenses	4.899	1.103
	399.154	407.495

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

	September 30, 2019	December 31, 2018
Advances taken	29.332	58.444
Deferred income	64	148
	29.396	58.592

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

	September 30, 2019	December 31, 2018
Deferred income	6.834	975
	6.834	975

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NOTE 18. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	September 30, 2019	December 31, 2018
Value Added Tax (VAT) deductible or to be transferred	240.211	334.541
Other Current Assets from related parties (Anadolu Efes Spor Kulübü)	32.500	-
Other	79.234	39.620
	351.945	374.161

b) Other Non-Current Assets

	September 30, 2019	December 31, 2018
Deferred VAT and other taxes	113.826	65.338
Other	1.171	753
	114.997	66.091

c) Other Current Liabilities

	September 30, 2019	December 31, 2018
Put option liability	13.355	12.416
Other	47.363	24.109
	60.718	36.525

The obligation of TL 13.355 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 TL amount is reflected under other current liabilities (December 31, 2018 - TRL 12.416).

d) Other Non-Current Liabilities

	September 30, 2019	December 31, 2018
Put option liability	213.008	198.020
Deferred VAT and other taxes	110.246	63.933
Other	1.911	8.355
	325.165	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 Group's consolidated financial statements. Based on the contract, fair value of the put option liability is calculated using discounted cash flow method as TRL213.008 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 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Foreign exchange gains arising from operating activities	251.958	108.098	199.686	98.119
Income from scrap and other materials	26.706	10.088	30.639	16.874
Rent income	23.871	9.148	16.034	6.476
Reversal of provision for inventory obsolescence (Note 28)	8.426	671	17.087	10.029
Rediscount income	6.930	3.150	2.371	147
Reversal of provision for doubtful receivables (Note 28)	9.240	6.119	3.320	1.398
Insurance and compensation income	5.049	3.500	1.703	759
Other income	53.611	11.698	38.549	8.480
	385.791	152.472	309.389	142.282

b) Other Operating Expenses

	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Foreign exchange losses arising from operating activities	(250.413)	(96.205)	(225.440)	(140.360)
Depreciation and amortization expense on PPE & intangible assets	(4.203)	(1.335)	(4.524)	(2.204)
Provision for inventory obsolescence (Note 28)	(45.328)	(10.698)	(25.506)	(16.930)
Provision for doubtful receivables (Note 28)	(30.519)	(17.454)	(13.259)	(6.163)
Rediscount expense	(4.864)	(16)	(5.103)	(8)
Administrative fines	(69.997)	(316)	-	-
Donations	-	-	(1.436)	(1.233)
Other expenses	(74.359)	(18.544)	(55.257)	(25.187)
	(479.683)	(144.568)	(330.525)	(192.085)

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NOTE 20. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Gain on sale of PPE	43.111	4.470	24.643	10.651
Transfer of currency translation differences previously accounted as other comprehensive income	467.516	277.240	-	-
Other	66.378	1.861	-	-
	577.005	283.571	24.643	10.651

b) Investment activity expense

	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Loss on sale of PPE	(34.910)	(11.673)	(17.142)	(5.467)
Provision for impairment on intangible assets	(26.221)	(103)	-	-
Provision for impairment on PPE	(31.038)	-	(16.237)	(963)
Loss on sale of intangible assets	(2.588)	-	-	-
Other	(2.907)	(747)	(551)	(398)
	(97.664)	(12.523)	(33.930)	(6.828)

NOTE 21. FINANCE INCOME / EXPENSE

a) Finance Income

	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Foreign exchange gain	740.742	346.305	2.041.039	1.206.500
Interest income	182.539	61.213	208.840	84.577
Gain on derivative transactions	-	-	16.382	16.382
Interest income from sub-lease receivables	8.016	2.649	-	-
Gain arising from the termination of lease agreements	165	-	-	-
	931.462	410.167	2.266.261	1.307.459

b) Finance Expense

	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Foreign exchange loss	(845.756)	(298.903)	(2.830.274)	(1.635.895)
Interest and borrowing expense	(407.544)	(123.561)	(431.226)	(190.318)
Loss on derivative transactions	(161.380)	(99.882)	(120)	(120)
Interest expenses related to leases	(37.017)	(13.373)	-	-
Other financial expenses	(74.721)	(30.319)	(33.707)	(17.707)
	(1.526.418)	(566.038)	(3.295.327)	(1.844.040)

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

	September 30, 2019	December 31, 2018
Deferred tax asset	709.905	675.431
Deferred tax liability	(2.945.555)	(2.755.299)
	(2.235.650)	(2.079.868)

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

	Asset		Liability		Net	
	September 30 2019	December 31 2018	September 30 2019	December 31 2018	September 30 2019	December 31 2018
PP&E and intangible assets and right used of assets	-	-	(3.403.492)	(3.174.995)	(3.403.492)	(3.174.995)
Inventories	49.096	12.151	-	-	49.096	12.151
Carry forward losses	777.741	781.228	-	-	777.741	781.228
Retirement pay liability and other employee benefits	55.224	71.583	-	-	55.224	71.583
Other provisions and accruals	234.985	163.215	-	-	234.985	163.215
Unused investment discounts	50.796	41.209	-	-	50.796	41.209
Derivative Financial instruments	-	25.741	-	-	-	25.741
	1.167.842	1.095.127	(3.403.492)	(3.174.995)	(2.235.650)	(2.079.868)

As of September 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 TRL205.441 (December 31, 2018, TL 205.441) with a total tax advantage of TRL50.796 (December 31, 2018, TRL41.209). Tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL2.392 (December 31, 2018, TRL 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 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Profit/ (loss) for the period	838.260	585.350	(129.140)	(66.117)
Weighted average number of shares	592.105.263	592.105.263	592.105.263	592.105.263
Earnings/ (loss) per share (full TRL)	1,4157	0,9886	(0,2181)	(0,1117)

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 (2018 – TRL126.749) 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 no loans from related party (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 TRL6.211; TRL5.869 as current portion and TRL342 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

	September 30, 2019	December 31, 2018
Migros Group Companies ⁽²⁾	303.988	177.459
AB InBev Group Companies ⁽³⁾	119.578	69.440
AG Anadolu Grubu Holding A.Ş. ^{(1) (*)}	50.352	-
Other	8.594	11.496
	482.512	258.395

The Group has TRL50 short term deferred revenue TRL6.437 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) (Note 17).

(*) According to TFRS 16, there are TRL 18.408 short term and TRL 31.944 long term sub-lease receivables totaling TRL 50.352.

Due to Related Parties

	September 30, 2019	December 31, 2018
AB InBev Group Companies ⁽³⁾	506.862	259.479
Oyex Handels GmbH ⁽²⁾	11.220	14.496
Anadolu Efes Spor Kulübü	26.730	-
Other	3.332	8.603
	548.144	282.578

b) Transactions with Related Parties

Purchases of Goods, Services and Others

		1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
	Nature of transaction				
Anadolu Efes Spor Kulübü	Service	78.250	32.500	43.620	18.600
AB InBev Group Companies ⁽³⁾	Service and purchase of trade goods	145.325	51.139	138.696	44.490
Oyex Handels GmbH ⁽²⁾	Purchase of materials and fixed assets	39.743	9.628	37.321	13.299
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	Consultancy service	33.865	12.275	28.189	9.423
Çelik Motor Ticaret A.Ş. ⁽²⁾	Vehicle leasing	12.498	4.442	26.828	10.619
Efestur Turizm İşletmeleri A.Ş. ⁽²⁾	Travel and accommodation	11.966	4.078	7.734	2.263
Other		2.478	747	4.632	2.400
		324.125	114.809	287.020	101.094

(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 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
	Nature of transaction				
Brandbev SARL ⁽³⁾	Interest expense	(35.205)	(10.685)	(13.705)	(3.861)
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	Interest income from subleases	8.016	2.484	-	-
Çelik Motor Ticaret A.Ş.	Interest expense from leases	(666)	(191)	-	-
Çelik Motor Ticaret A.Ş.	Gain arising from the termination of lease agreements	165	-	-	-
		(27.690)	(8.392)	(13.705)	(3.861)

Revenue and Other Income

		1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
	Nature of transaction				
Migros Group Companies ⁽²⁾	Sales income	624.629	247.460	448.290	127.191
AB InBev Group Companies ⁽³⁾	Other income	31.916	6.734	66	5
Other	Other income	2.317	1.386	1.668	53
		658.862	255.580	450.024	127.249

Director's remuneration

As of September 30, 2019 and 2018, total benefits to Anadolu Efes Board of Directors are TRL359 and TRL314, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors as of September 30, 2019 and 2018 are as follows:

	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Short-term employee benefits	27.102	7.975	22.558	7.643
Post-employment benefits	-	-	187	113
Other long term benefits	782	-	693	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	27.884	7.975	23.438	7.756

(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.

As of 30 September 2019 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 September 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
Anadolu Efes Biracılık ve Malt Sanayii Anonim Şirketi

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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 September 30, 2019 and December 2018 are presented below:

Foreign Currency Position Table						
September 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	172.274	22.699	128.455	6.366	39.367	4.452
2a. Monetary Financial Assets (Cash and cash equivalents included)	2.432.955	326.333	1.846.753	19.504	120.605	465.597
2b. Non- monetary Financial Assets	13.660	-	-	2.209	13.660	-
3. Other Current Assets and Receivables	25.902	11	65	4.178	25.837	-
4. Current Assets (1+2+3)	2.644.791	349.043	1.975.273	32.257	199.469	470.049
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.481	-	-	563	3.481	-
8. Non-Current Assets (5+6+7)	3.481	-	-	563	3.481	-
9. Total Assets (4+8)	2.648.272	349.043	1.975.273	32.820	202.950	470.049
10. Trade Payables and Due to Related Parties	(1.109.617)	(133.299)	(754.350)	(51.315)	(317.311)	(37.956)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(1.719.218)	(114.528)	(648.126)	(173.215)	(1.071.092)	-
12a. Monetary Other Liabilities	(19.513)	(1.796)	(10.162)	(431)	(2.665)	(6.686)
12b. Non-monetary Other Liabilities	(13.355)	(2.360)	(13.355)	-	-	-
13. Current Liabilities (10+11+12)	(2.861.703)	(251.983)	(1.425.993)	(224.961)	(1.391.068)	(44.642)
14. Trade Payables and Due to Related Parties	(11.301)	-	-	(1.827)	(11.297)	(4)
15. Long-Term Borrowings	(5.958.696)	(971.482)	(5.497.715)	(74.549)	(460.981)	-
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(213.010)	(37.640)	(213.010)	-	-	-
17. Non-Current Liabilities (14+15+16)	(6.183.007)	(1.009.122)	(5.710.725)	(76.376)	(472.278)	(4)
18. Total Liabilities (13+17)	(9.044.710)	(1.261.105)	(7.136.718)	(301.337)	(1.863.346)	(44.646)
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	5.039.696	781.279	4.421.336	100.000	618.360	-
19a. Total Hedged Assets (*)	5.039.696	781.279	4.421.336	100.000	618.360	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	(1.356.742)	(130.783)	(740.109)	(168.517)	(1.042.036)	425.403
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	(6.213.116)	(872.073)	(4.935.145)	(275.467)	(1.703.374)	425.403
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)	1.871.819	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)	(2.441.585)	(260.651)	(1.371.266)	(187.303)	(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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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 September 30, 2019 and 2018 is as follows:

	1 January - 30 September 2019	1 July – 30 September 2019	1 January - 30 September 2018	1 July – 30 September 2018
Total Export	430.049	182.126	301.907	118.980
Total Import	3.323.119	1.107.165	2.383.753	1.020.780

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

Foreign Currency Position Sensitivity Analysis				
	September 30, 2019^(*)		September 30, 2018^(*)	
	Income / (Loss)			
	Increase of the foreign currency	Decrease of the foreign currency	Increase of the foreign currency	Decrease of the foreign currency
Increase / decrease in USD by 10%:				
USD denominated net asset / (liability)	(493.515)	493.515	(646.344)	646.344
USD denominated hedging instruments (-)	442.134	(442.134)	557.855	(557.855)
Net effect in USD	(51.381)	51.381	(88.489)	88.489
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	(170.337)	170.337	(212.805)	212.805
EURO denominated hedging instruments (-)	61.836	(61.836)	69.505	(69.505)
Net effect in EURO	(108.501)	108.501	(143.300)	143.300
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	42.540	(42.540)	1.667	(1.667)
Other foreign currency hedging instruments (-)	-	-	-	-
Net effect in other foreign currency	42.540	(42.540)	1.667	(1.667)
TOTAL	(117.342)	117.342	(230.122)	230.122

(*) 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 TRL326.665 (TRL254.799 - 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) and virtual pos usage. 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.

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NOTE 28. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	January 1 – September 30, 2019	January 1 – September 30, 2018
Adjustments for impairment loss (reversal of impairment) of inventories (Not 19)	36.902	8.419
Adjustments for impairment loss (reversal of impairment) of intangible assets (Note 20)	26.221	-
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 12, 20)	31.038	16.237
Adjustments for impairment loss (reversal of impairment) of receivables (Note 19)	21.279	9.939
	115.440	34.595

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

	January 1 – September 30, 2019	January 1 – September 30, 2018
Provision for vacation pay liability (Note 4)	17.320	11.651
Provision for retirement pay liability (Note 4)	45.590	23.012
Provision for seniority bonus	9.884	17.557
	72.794	52.220

c) Adjustments for Interest (Income) Expenses

	January 1 – September 30, 2019	January 1 – September 30, 2018
Adjustments for interest expenses (Note 21)	407.544	431.226
Adjustments for interest expenses related to leases (Note 21)	37.017	-
Adjustments for interest income (Note 21)	(182.539)	(208.840)
Adjustments for interest income from sub-lease receivables (Note 21)	(8.016)	-
	254.006	222.386

d) Other Cash Flows from (used in) Investing Activities

	January 1 – September 30, 2019	January 1 – September 30, 2018
Cash and cash equivalents in acquired companies (Note 3)	-	13.758
Cash inflows due to commitments determined within the scope of the business combination (Note 3)	-	179.856
Capital increases made by non-controlling shareholders	-	42.891
	-	236.505

e) Other Cash Flows from (used in) Financing Activities

	January 1 – September 30, 2019	January 1 – September 30, 2018
Cash flow hedge gains / (losses)	(238.398)	(120.886)
Change in deposits with maturities over three months	20.698	85.153
	(217.700)	(35.733)

NOTE 29. EVENTS AFTER REPORTING PERIOD

None.

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