

**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 JUNE 30, 2020
TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT**

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

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

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Anadolu Efes Biracılık ve Malt Sanayii A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”) as of 30 June 2020 and the related condensed consolidated statements of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Group management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” Standard. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review

Scope of Review

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

Conclusion

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

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



Koray Öztürk
Partner

İstanbul, 12 August 2020

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS AS OF JUNE 30, 2020**

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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

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

	Notes	Reviewed	Audited
		June 30, 2020	December 31, 2019
ASSETS			
Cash and Cash Equivalents	5	6.639.040	5.814.721
Financial Investments	6	327.621	380.280
Trade Receivables		3.947.156	2.727.201
- Trade Receivables Due from Related Parties	26	348.152	290.784
- Trade Receivables Due from Third Parties		3.599.004	2.436.417
Other Receivables	9	188.512	165.655
- Other Receivables from Related Parties	26	117.185	102.678
- Other Receivables from Third Parties		71.327	62.977
Derivative Financial Assets	8	42.144	3.492
Inventories		2.705.890	2.257.493
Prepaid Expenses	17	538.575	639.946
Current Tax Assets		196.797	229.259
Other Current Assets	18	423.342	465.909
- Other Current Assets from Related Parties		75.500	-
- Other Current Assets from Third Parties		347.842	465.909
Subtotal		15.009.077	12.683.956
Non-current Assets Classified as Held for Sale	25	48	-
Current Assets		15.009.125	12.683.956
Financial Investments		799	798
Trade Receivables		1.740	1.619
- Trade Receivables Due from Third Parties		1.740	1.619
Other Receivables	9	86.507	76.654
- Other Receivables from Related Parties	26	24.102	21.394
- Other Receivables from Third Parties		62.405	55.260
Derivative Financial Assets	8	2.920	-
Investments in Subsidiaries, Joint Ventures and Associates	10	121.193	62.013
Investment Property		145.728	145.224
Property, Plant and Equipment	12	12.553.851	12.006.521
Right of Use Assets	11	354.547	396.115
Intangible Assets		20.131.685	19.524.195
- Goodwill	14	3.236.686	3.221.352
- Other Intangible Assets	13	16.894.999	16.302.843
Prepaid Expenses	17	475.737	358.813
Deferred Tax Asset	22	859.467	694.454
Other Non-Current Assets	18	2.947	6.113
Non-Current Assets		34.737.121	33.272.519
TOTAL ASSETS		49.746.246	45.956.475

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

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

	Notes	Reviewed	Audited
		June 30, 2020	December 31, 2019
LIABILITIES			
Current Borrowings	7	1.829.790	757.458
- Current Borrowings from Third Parties		1.829.790	757.458
- Banks Loans	7a	1.829.602	757.458
- Lease Liabilities	7b	188	-
Current Portion of Non-Current Borrowings	7	589.634	1.539.089
- Current Portion of Non-Current Borrowings from Third Parties		589.634	1.539.089
- Banks Loans	7a	424.519	882.925
- Lease Liabilities	7b	117.562	130.523
- Issued Debt Instruments	7a	47.553	525.641
Trade Payables		6.371.131	5.293.722
- Trade Payables to Related Parties		795.463	486.304
- Trade Payables to Third Parties	26	5.575.668	4.807.418
Employee Benefit Obligations		93.799	81.955
Other Payables	9	2.310.622	1.423.121
- Other Payables to Third Parties		2.310.622	1.423.121
Derivative Financial Liabilities	8	72.095	13.360
Deferred Income (Deferred Income Other Than Contract Liabilities)	17	57.135	44.010
Current Tax Liabilities		136.773	29.714
Current Provisions		218.076	174.064
- Current Provisions for Employee Benefits		156.153	115.224
- Other Current Provisions		61.923	58.840
Other Current Liabilities	18	195.479	213.122
Subtotal		11.874.534	9.569.615
Liabilities Included in Disposal Classified as Held for Sale	25	491	-
Current Liabilities		11.875.025	9.569.615
Long-Term Borrowings	7	9.058.240	8.253.494
- Long-term Borrowings from Third Parties		9.058.240	8.253.494
- Banks Loans	7a	2.156.621	1.622.498
- Lease Liabilities	7b	281.653	315.528
- Issued Debt Instruments	7a	6.619.966	6.315.468
Trade Payables		63.366	71.923
- Trade Payables to Third Parties		63.366	71.923
Other Payables	9	421.611	412.438
- Other Payables to Third Parties		421.611	412.438
Deferred Income (Deferred Income Other Than Contract Liabilities)	17	4.269	2.128
Non-Current Provision		199.839	188.435
- Non-Current Provision for Employee Benefits		199.839	188.435
Deferred Tax Liabilities	22	3.163.400	3.073.271
Other Non-Current Liabilities	18	180.219	211.759
Non-Current Liabilities		13.090.944	12.213.448
Equity Attributable to Equity Holders of the Parent		13.418.724	12.970.407
Issued Capital	15	592.105	592.105
Inflation Adjustment on Capital	15	63.583	63.583
Share Premium (Discount)		2.434.374	2.434.374
Put Option Revaluation Fund Related with Non-controlling Interests		6.773	6.773
Other Accumulated Comprehensive Income (Loss) that will not be			
Reclassified in Profit or Loss		(27.978)	(27.978)
-Revaluation and Remeasurement Gain/Loss		(27.978)	(27.978)
Other Accumulated Comprehensive Income (Loss) that will be			
Reclassified in Profit or Loss		4.702.392	4.522.459
- Currency Translation Differences		6.371.155	5.712.414
- Gains (Losses) on Hedge		(1.668.763)	(1.189.955)
Restricted Reserves Appropriated from Profits	15	372.939	372.939
Prior Years' Profits or Losses		5.006.152	3.984.648
Current Period Net Profit or Losses		268.384	1.021.504
Non-Controlling Interests		11.361.553	11.203.005
Total Equity		24.780.277	24.173.412
TOTAL LIABILITIES		49.746.246	45.956.475

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

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

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

	Notes	Reviewed		Restated (Note 2) Reviewed	
		1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Revenue	4	11.583.735	7.070.215	11.026.562	7.113.283
Cost of Sales (-)		(7.513.315)	(4.348.066)	(7.032.791)	(4.332.186)
GROSS PROFIT (LOSS)		4.070.420	2.722.149	3.993.771	2.781.097
General Administrative Expenses (-)		(931.238)	(478.205)	(804.668)	(432.707)
Sales, Distribution and Marketing Expenses (-)		(2.309.647)	(1.210.717)	(2.252.996)	(1.328.443)
Other Income from Operating Activities	19	542.959	344.855	233.319	93.762
Other Expenses from Operating Activities (-)	19	(638.613)	(349.742)	(335.115)	(231.441)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		733.881	1.028.340	834.311	882.268
Investment Activity Income	20	387.215	88.474	293.434	269.639
Investment Activity Expenses (-)	20	(28.604)	(15.316)	(85.141)	(49.999)
Income/ (Loss) from Associates	10	(70.161)	(14.809)	(39.075)	(20.543)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		1.022.331	1.086.689	1.003.529	1.081.365
Finance Income	21	959.606	491.830	521.295	296.225
Finance Expenses (-)	21	(1.347.675)	(715.234)	(960.380)	(529.376)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		634.262	863.285	564.444	848.214
Tax (Expense) Income, Continuing Operations	4	(247.372)	(214.966)	(285.489)	(232.142)
- Current Period Tax (Expense) Income		(298.391)	(163.940)	(230.846)	(149.525)
- Deferred Tax (Expense) Income		51.019	(51.026)	(54.643)	(82.617)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	4	386.890	648.319	278.955	616.072
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	25	(4.623)	(2.182)	1.683	953
Profit/(Loss) Attributable to		382.267	646.137	280.638	617.025
- Non-Controlling Interest		113.883	294.252	27.728	187.364
- Owners of Parent		268.384	351.885	252.910	429.661
Earnings / (Loss) Per Share (Full TRL)	23	0,4533	0,5943	0,4271	0,7256
Earnings / (Loss) Per Share From Continuing Operations (Full TRL)	23	0,4611	0,5980	0,4243	0,7240
Earnings / (Loss) Per Share From Discontinued Operations (Full TRL)	23	(0,0078)	(0,0037)	0,0028	0,0016

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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 OTHER COMPREHENSIVE
INCOME FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

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

	Reviewed		Reviewed	
	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
PROFIT/(LOSS)	382.267	646.137	280.638	617.025
OTHER COMPREHENSIVE INCOME				
Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-	-	-
Gains (Losses) on Remeasurements Defined Benefit Plans	-	-	-	-
Taxes Relating to Components of Other Comprehensive Income that will not be Reclassified to Other Profit or Loss	-	-	-	-
- <i>Deferred Tax Income (Expense)</i>	-	-	-	-
Other Comprehensive Income that will be Reclassified to Profit or Loss	343.542	2.091.313	1.745.102	83.414
Currency Translation Differences	931.846	2.497.843	2.157.763	257.619
Other Comprehensive Income (Loss) Related with Cash Flow Hedges	35.493	(244.368)	(92.293)	(101.836)
Other Comprehensive Income (Loss) Related with Hedges of Net Investment in Foreign Operations (Note 27)	(792.134)	(292.012)	(438.378)	(122.178)
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	168.337	129.850	118.010	49.809
- <i>Deferred Tax Income (Expense)</i>	168.337	129.850	<i>118.010</i>	<i>49.809</i>
OTHER COMPREHENSIVE INCOME (LOSS)	343.542	2.091.313	1.745.102	83.414
TOTAL COMPREHENSIVE INCOME (LOSS)	725.809	2.737.450	2.025.740	700.439
Total Comprehensive Income Attributable to				
- Non-Controlling Interest	277.492	999.171	743.368	264.097
- Owners of Parent	448.317	1.738.279	1.282.372	436.342

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

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

	Issued Capital	Inflation Adjustment on Capital	Share Premium/Discount	Put Option Revaluation Fund Related with Non-controlling Interests	Other Accumulated Comprehensive Income that will not be reclassified in Profit or Loss	Revaluation and Remeasurement Gain/(Loss) (**)	Currency Translation Differences	Gains (Losses) on Hedge	Restricted Reserves Appropriated from Profits	Prior Years' Profits or Losses	Retained Earnings			Total Equity
											Current Period Net Profit or Loss	Equity Attributable to Equity Holders of the Parent	Non-Controlling Interests	
Previous Period (1 January – 30 June 2019)	Beginning Balances	592.105	63.583	2.765.214	6.773	(23.464)	4.118.213	(674.866)	342.931	3.996.332	(11.684)	11.175.137	9.952.952	21.128.089
	Transfers	-	-	(30.008)	-	-	-	-	30.008	(11.684)	11.684	-	-	-
	Total Comprehensive Income (Loss)	-	-	-	-	-	1.362.464	(333.002)	-	-	252.910	1.282.372	743.368	2.025.740
	<i>Profit (Loss)</i>	-	-	-	-	-	-	-	-	-	252.910	252.910	27.728	280.638
	<i>Other Comprehensive Income (Loss)</i>	-	-	-	-	-	1.362.464	(333.002)	-	-	-	1.029.462	715.640	1.745.102
	Dividends	-	-	(300.832)	-	-	-	-	-	-	-	(300.832)	(149.312)	(450.144)
	Increase (Decrease) from Other Changes (*)	-	-	-	(572)	-	-	-	-	-	-	(572)	454	(118)
Ending Balances	592.105	63.583	2.434.374	6.201	(23.464)	5.480.677	(1.007.868)	372.939	3.984.648	252.910	12.156.105	10.547.462	22.703.567	
Current Period (January – 30 June 2020)	Beginning Balances	592.105	63.583	2.434.374	6.773	(27.978)	5.712.414	(1.189.955)	372.939	3.984.648	1.021.504	12.970.407	11.203.005	24.173.412
	Transfers	-	-	-	-	-	-	-	-	1.021.504	(1.021.504)	-	-	-
	Total Comprehensive Income (Loss)	-	-	-	-	-	658.741	(478.808)	-	-	268.384	448.317	277.492	725.809
	<i>Profit (Loss)</i>	-	-	-	-	-	-	-	-	-	268.384	268.384	113.883	382.267
	<i>Other Comprehensive Income (Loss)</i>	-	-	-	-	-	658.741	(478.808)	-	-	-	179.933	163.609	343.542
	Dividends	-	-	-	-	-	-	-	-	-	-	-	(118.944)	(118.944)
Ending Balances	592.105	63.583	2.434.374	6.773	(27.978)	6.371.155	(1.668.763)	372.939	5.006.152	268.384	13.418.724	11.361.553	24.780.277	

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

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

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

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

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**
(Currency– Unless otherwise indicated thousands of Turkish Lira (TRL))

	Notes	Reviewed	
		1 January- June 30, 2020	1 January- June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
		2.046.233	1.733.809
Profit/ (Loss) from Continuing Operation for the Period		386.890	278.955
Profit/ (Loss) from Discontinued Operation for the Period		(4.623)	1.683
Adjustments to Reconcile Profit (Loss)		1.573.361	1.451.956
Adjustments for Depreciation and Amortization Expense	4	938.061	872.396
Adjustments for Impairment Loss (Reversal)	29	59.562	94.425
Adjustments for Provisions	29	47.282	52.652
Adjustments for Interest (Income) Expenses	29	233.511	180.769
Adjustments for Foreign Exchange Losses (Gains)		225.540	198.983
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	29	51.027	(16.300)
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method	10	70.161	39.075
Adjustments for Tax (Income) Expenses		247.372	285.947
Other Adjustments for Non-Cash Items		-	(905)
Adjustments for Losses (gains) on Disposal of Non-Current Assets	20	(18.219)	(12.816)
Transfer of currency translation differences previously accounted as other comprehensive income	20	(279.931)	(190.276)
Other Adjustments to Reconcile Profit (loss)		(1.005)	(51.994)
Change in Working Capital		173.894	124.597
Adjustments for Decrease (Increase) in Trade Receivables		(1.265.927)	(2.006.679)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		48.883	(95.050)
Adjustments for Decrease (Increase) in Inventories		(470.404)	(764.342)
Adjustments for increase (decrease) in Trade Payables		895.408	2.336.116
Adjustments for increase (decrease) in Other Operating Payables		965.934	654.552
Cash Flows Generated from Operations		2.129.522	1.857.191
Payments Related with Provisions for Employee Benefits		(28.682)	(22.637)
Income Taxes (Paid) Return		(54.607)	(100.745)
CASH FLOWS (USED IN) INVESTING ACTIVITIES		(880.967)	(887.908)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures	10	(126.392)	-
Proceeds from Sales of Property, Plant, Equipment		49.059	51.593
Cash Outflows Arising from Purchase of Property, Plant, Equipment and Intangible Assets	12,13	(803.634)	(939.501)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		(558.900)	(991.679)
Proceeds from Borrowings	7a	3.793.787	783.279
Repayments of Borrowings	7a	(4.018.342)	(1.009.755)
Payments of Lease Liabilities	7b	(85.598)	(58.761)
Dividends Paid		(118.944)	(450.144)
Interest Paid	7a	(324.391)	(278.643)
Interest Received		109.661	126.203
Other inflows (outflows) of cash	29	84.927	(103.858)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES		606.366	(145.778)
Effect of Currency Translation Differences on Cash And Cash Equivalents		230.588	94.789
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		836.954	(50.989)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	5.796.125	4.756.359
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	6.633.079	4.705.370

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020

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

NOTE 1. GROUP’S ORGANIZATION AND NATURE OF ACTIVITIES

General

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

The registered office of the Company is located at the address “Fatih Sultan Mehmet Mahallesi, Balkan Caddesi No:58, Buyaka E Blok, Tepeüstü, Ümraniye - İstanbul”.

The Company, its subsidiaries and joint ventures will be referred to as the “Group”. The average number of permanent personnel employed in the Group is 16.866 (December 31, 2019 – 17.138).

The consolidated financial statements of the Group approved by the Board of Directors of the Company and signed by the Chief Financial Officer, Nusret Orhun Köstem and Finance Director, Kerem İşeri were issued on August 12, 2020. 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.

The Group owns and operates twenty one breweries; three in Turkey, eleven in Russia and seven in other countries (December 31, 2019 - 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, 2019 – 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, 2019 - ten facilities in Turkey, sixteen facilities in other countries).

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

List of Shareholders

As of June 30, 2020 and December 31, 2019, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	June 30, 2020		December 31, 2019	
	Amount	(%)	Amount	(%)
AG Anadolu Grubu Holding A.Ş.	254.892	43,05	254.892	43,05
AB Inbev Harmony Ltd.	142.105	24,00	142.105	24,00
Publicly traded and other	195.108	32,95	195.108	32,95
	592.105	100,00	592.105	100,00

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

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

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020

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

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

List of Subsidiaries and Joint Ventures

The subsidiaries included in the consolidation and their effective shareholding rates at June 30, 2020 and December 31, 2019 are as follows:

Subsidiary	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights %	
				June 30, 2020	December 31, 2019
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
Efes Trade BY FLLC (Efes Belarus)	Belarus	Marketing and distribution of beer	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 AB Inbev Efes ⁽¹⁾	Russia	Production and marketing of beer	International Beer	50,00	50,00
PJSC AB Inbev Efes Ukraine ⁽¹⁾	Ukraine	Production and marketing of beer	International Beer	49,36	49,36
LLC Vostok Solod ⁽²⁾	Russia	Production of malt	International Beer	50,00	50,00
LLC Bosteels Trade ⁽²⁾	Russia	Selling and distribution of beer	International Beer	50,00	50,00
LLC Inbev Trade ⁽²⁾	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) ⁽³⁾	Turkey	Turkey	Turkey Beer	100,00	100,00
Cypex Co. Ltd. (Cypex)	Northern Cyprus	Marketing and distribution of beer	Other	99,99	99,99
Efes Deutschland GmbH (Efes Germany)	Germany	Marketing and distribution of beer	Other	100,00	100,00
Coca-Cola İçecek A.Ş. (CCI) ⁽⁴⁾	Turkey	Production of Coca-Cola products	Soft Drinks	50,26	50,26
		Distribution and selling of Coca-Cola and Mahmudiye products			
Coca-Cola Satış ve Dağıtım A.Ş. (CCSD)	Turkey		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)	Krygyzstan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
CCI International Holland B.V. (CCI Holland)	The Netherlands	Investment company of CCI	Soft Drinks	50,26	50,26
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. (SBIL)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
Waha Beverages B.V.	The Netherlands	Investment company of CCI	Soft Drinks	40,22	40,22
Coca-Cola Beverages Tajikistan LLC (Coca Cola Tacikistan)	Tajikistan	Production, distribution and selling of Coca Cola products	Soft Drinks	50,26	50,26
Al Waha for Soft Drinks, Juices, Mineral Water, Plastics, and Plastic Caps Production LLC (Al Waha)	Iraq	Production, distribution and selling of Coca Cola products	Soft Drinks	40,22	40,22
Coca-Cola Beverages Pakistan Ltd (CCBPL)	Pakistan	Production, distribution and selling of Coca Cola products	Soft Drinks	24,96	24,96

Joint Ventures	Country	Principal Activity	Segment	Effective Shareholding And Voting Rights %	
				June 30, 2020	December 31, 2019
Anadolu Etap Penkon Gıda ve Tarım Ürünleri San ve Tic. A.Ş. (Anadolu Etap) ⁽⁵⁾	Turkey	Production and sales of fruit juice concentrates and sales of purees and fresh fruit sales	Other	76,22	71,70
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.

(2) Subsidiaries of JSC AB Inbev Efes.

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

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

(5) Capital increase was made in Anadolu Etap in March 2020. As a result of this transaction, the Group's shareholding and voting rights in Anadolu Etap increased from 71,70% to 76,22%. Anadolu Etap, which is currently being accounted to Group's financials with equity method and continued to be accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

(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.

Effect of COVID-19 Outbreak on Group Operations

Group has been implementing several contingency plans to mitigate the potential negative impacts of COVID-19 on the Group’s operations and financial statements. It has been some partial hitches in sales process due to curfews and due to closure of some sales channels in countries that Group operates in parallel with the effects on global markets in terms of macro-economic uncertainty. Meanwhile Group has taken series of actions to minimize capital expenditures, expenses and inventory and has reviewed current cash flow strategies to maintain strong balance sheet and liquidity figures. Lifting of curfews and decreasing in restrictions regarding to pandemic has positive effect on both market demand and Group’s operations.

Group management has evaluated the potential effects of COVID-19 and has reviewed the key assumptions concerning the future and other key sources of estimation uncertainty on the financial statements as of June 30, 2020. In this concept, Group has performed impairment test for financial assets, inventories, property, plant and equipment, goodwill and bottling rights and did not anticipate any material impairment loss as of June 30, 2020.

Nature and level of risks arising from financial instruments, and risk management policies of the Group has been presented in Note 27.

NOTE 2. BASIS OF PRESENTATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of Preparation and Presentation of Consolidated Financial Statements

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

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

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

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

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, 27).

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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

2.2 Functional and Reporting Currency

Functional and reporting currency of the Company and its subsidiaries, joint ventures located in Turkey is Turkish Lira.

Functional Currency of Significant Subsidiaries Located in Foreign Countries

Subsidiary / Joint Venture	Local Currency	Functional Currency	
		2020	2019
EBI	European Currency (EURO)	USD	USD
JSC AB Inbev Efes	Russian Ruble (RUR)	RUR	RUR
PJSC AB Inbev Efes Ukraine	Ukraine Hryvnya (UAH)	UAH	UAH
AB InBev Efes B.V.	European Currency (EURO)	USD	USD
Efes Kazakhstan	Kazakh Tenge (KZT)	KZT	KZT
Efes Moldova	Moldovan Leu (MDL)	MDL	MDL
Efes Georgia	Georgian Lari (GEL)	GEL	GEL
EHTMC	EURO	USD	USD
Efes Germany	EURO	EURO	EURO
Almaty CC	Kazakh Tenge (KZT)	KZT	KZT
Tonus	Kazakh Tenge (KZT)	KZT	KZT
Azerbaijan CC	Azerbaijani Manat (AZN)	AZN	AZN
Turkmenistan CC	Turkmenistan Manat (TMT)	TMT	TMT
Bishkek CC	Kyrgyz Som (KGS)	KGS	KGS
TCCBCJ	Jordan Dinar (JOD)	JOD	JOD
SIBL	Iraqi Dinar (IQD)	IQD	IQD
SSDSD	Syrian Pound (SYP)	SYP	SYP
CCBPL	Pakistan Rupee (PKR)	PKR	PKR
CCI Holland	EURO	USD	USD
Waha B.V.	EURO	USD	USD
Al Waha	Iraqi Dinar (IQD)	IQD	IQD
Tacikistan CC	Tajikistani Somoni (TJS)	TJS	TJS

2.3 Seasonality of Operations

Due to higher beverage consumption during the summer season, the condensed consolidated interim financial results may include the effects of the seasonal variations. Therefore, the results of business operations for the first six months up to June 30, 2020 may not necessarily constitute an indicator for the results to be expected for the overall fiscal year.

2.4 Significant Accounting Estimates and Decisions

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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

2.5 Comparative Information and Restatement of Prior Period Financial Statements

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. As presented in KAP declarations dated January 21, 2020 and 1 April 2020, sales and distribution activities of the non-ready to drink tea Doğadan brand in Turkey has been terminated as of 30 April 2020. The Group has performed restatements in the consolidated income statement for the period ended 30 June, 2019, in order to conform to the presentation of financial statements for the period ended June 30, 2020.

In order to provide comparative information in the interim consolidated financial statements as of June 30, 2020, items related with Doğadan brand are reclassified as discontinued operations in accordance with TFRS 5 in the interim consolidated income statement as of June 30, 2019.

Restatements in consolidated income statement as of June 30, 2019 are summarized below;

	Reported 30 June 2019	TFRS 5- Reclassifications Related with Discontinued Operations	Restated 30 June 2019
Revenue	11.133.367	(106.805)	11.026.562
Cost of Sales (-)	(7.128.365)	95.574	(7.032.791)
Sales, Distribution and Marketing Expenses (-)	(2.262.086)	9.090	(2.252.996)
- <i>Current Period Tax Expense (-)</i>	(231.304)	458	(230.846)
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS	-	1.683	1.683

2.6 Changes in Accounting Policies

Adoption of new and revised Turkish Financial Reporting Standards

Standards, amendments and interpretations applicable as at 30 June 2020

Amendments to TAS 1 and TAS 8 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.

Amendments to TFRS 3 Definition of a Business

Effective from Annual periods beginning on or after 1 January 2020. The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in TFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

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

2.6 Changes in Accounting Policies (continued)

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

Standards, amendments and interpretations applicable as at 30 June 2020 (continued)

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.

Amendments to TFRS 16 COVID-19 Related Rent Concessions

The changes in COVID-19 Related Rent Concessions (Amendment to TFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

Standards, amendments and interpretations that are issued but not effective as at 30 June 2020

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

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

2.6 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 June 2020
(continued)**

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 First time adoption of International Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 3. BUSINESS COMBINATIONS

Transactions Related with 2020

The Company's ownership in Anadolu Etap has been increased to 76,22% from 71,70% on 6 March 2020 following the capital increase by TRL126.392. Anadolu Etap, which is currently being consolidated to Group's financials statements by using the equity method, will continue to be accounted by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate.

Transactions Related with 2019

In December 2019, below transactions have been realized related with Anadolu Etap.

- a) The Company, Burlingtoun LLP and Özgörkey Holding A.Ş. (Özgörkey Holding), have signed a share purchase agreement for the acquisition of Burlingtoun LLP's 39,7% stake in Anadolu Etap by Anadolu Efes and Özgörkey on a pro rata basis on 4 December 2019. Following the completion of the share transfer on 6 December 2019, the Company's currently held 39,70% ownership in Anadolu Etap, increased to 65,84%.
- b) The Company's ownership in Anadolu Etap has been increased to 71,70% from 65,84% on 27 December 2019 following the capital increase by TRL114.000.

Anadolu Etap, is currently being consolidated to Group financial statements by using the equity method and continued to be consolidated in the same way, as the current governance structure and agreements among the shareholders of Anadolu Etap does not allow any shareholder to fully control and consolidate.

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.

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

NOTE 4. SEGMENT REPORTING (continued)

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

	Turkey Beer	International Beer	Soft Drinks	Other ⁽¹⁾ and Eliminations	Total
January 1 – June 30, 2020					
Revenues	846.517	4.482.282	6.234.337	33.875	11.597.011
Inter-segment revenues	(12.112)	(1.017)	(147)	-	(13.276)
Total Revenues	834.405	4.481.265	6.234.190	33.875	11.583.735
EBITDA	32.915	578.865	1.213.856	(29.514)	1.796.122
Financial Income / (Expense)	53.062	(264.407)	(94.210)	(82.514)	(388.069)
Tax (Expense) Income	3.313	(882)	(213.024)	(36.779)	(247.372)
Profit / (loss) for the period	(41.781)	(193.350)	549.779	72.242	386.890
Capital expenditures	83.934	380.455	339.267	(22)	803.634
April 1 – June 30, 2020					
Revenues	534.611	2.911.185	3.612.738	18.771	7.077.305
Inter-segment revenues	(6.315)	(711)	(64)	-	(7.090)
Total Revenues	528.296	2.910.474	3.612.674	18.771	7.070.215
EBITDA	83.621	606.946	816.810	(11.699)	1.495.678
Financial Income / (Expense)	31.159	(137.382)	(74.129)	(43.052)	(223.404)
Tax (Expense) Income	(5.928)	(65.920)	(153.558)	10.440	(214.966)
Profit / (loss) for the period	43.357	193.546	452.938	(41.522)	648.319
Capital expenditures	51.346	220.097	184.012	37	455.492
January 1 – June 30, 2019					
Revenues	918.643	4.074.150	6.010.442	39.973	11.043.208
Inter-segment revenues	(16.022)	(514)	(110)	-	(16.646)
Total Revenues	902.621	4.073.636	6.010.332	39.973	11.026.562
EBITDA	78.968	562.052	1.138.931	(13.162)	1.766.789
Financial Income / (Expense)	(55.963)	(55.699)	(277.913)	(49.510)	(439.085)
Tax (Expense) Income	21.325	(156.999)	(123.480)	(26.335)	(285.489)
Profit / (loss) for the period	(61.541)	(60.065)	347.285	53.276	278.955
Capital expenditures	139.997	338.465	459.755	1.284	939.501
April 1 – June 30, 2019					
Revenues	545.052	2.717.343	3.836.846	26.019	7.125.260
Inter-segment revenues	(11.442)	(476)	(59)	-	(11.977)
Total Revenues	533.610	2.716.867	3.836.787	26.019	7.113.283
EBITDA	55.792	506.049	818.553	(5.611)	1.374.783
Financial Income / (Expense)	(27.258)	(22.782)	(161.005)	(22.106)	(233.151)
Tax (Expense) Income	14.662	(157.951)	(56.233)	(32.620)	(232.142)
Profit / (loss) for the period	(20.343)	141.148	391.256	104.011	616.072
Capital expenditures	86.127	236.202	280.804	1.217	604.350

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

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2020**

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

NOTE 4. SEGMENT REPORTING (continued)

	Turkey Beer	International Beer	Soft Drinks	Other ⁽¹⁾and Eliminations	Total
June 30, 2020					
Segment assets	10.589.894	18.360.878	18.124.319	2.671.155	49.746.246
Segment liabilities	2.744.956	7.166.230	10.076.618	4.979.377	24.965.969
Investment in associates	-	-	-	121.193	121.193
December 31, 2019					
Segment assets	9.503.327	18.185.044	15.959.755	2.308.349	45.956.475
Segment liabilities	2.020.516	6.715.143	8.590.406	4.456.998	21.783.063
Investment in associates	-	-	-	62.013	62.013

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

For the six-month periods ended June 30, 2020 and 2019, reconciliation of EBITDA to the consolidated Profit/Loss from Continuing Operations and its components are as follows:

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
EBITDA	1.796.122	1.495.678	1.766.789	1.374.783
Depreciation and amortization expenses	(938.061)	(475.700)	(872.396)	(422.135)
Provision for retirement pay liability	(21.637)	(10.142)	(25.731)	(17.243)
Provision for vacation pay liability	(17.724)	(2.546)	(20.517)	(3.078)
Foreign exchange gain/(loss) from operating activities	(82.102)	21.713	(10.348)	(48.136)
Rediscount interest income/(expense) from operating activities	1.690	1.491	(1.068)	(932)
Other	(4.407)	(2.154)	(2.418)	(991)
PROFIT (LOSS) FROM OPERATING ACTIVITIES	733.881	1.028.340	834.311	882.268
Investment Activity Income	387.215	88.474	293.434	269.639
Investment Activity Expenses (-)	(28.604)	(15.316)	(85.141)	(49.999)
Income/(Loss) from Associates	(70.161)	(14.809)	(39.075)	(20.543)
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)	1.022.331	1.086.689	1.003.529	1.081.365
Finance Income	959.606	491.830	521.295	296.225
Finance Expenses (-)	(1.347.675)	(715.234)	(960.380)	(529.376)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	634.262	863.285	564.444	848.214

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NOTE 5. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019
Cash on hand	8.702	3.433
Bank accounts		
- Time deposits	5.445.642	5.064.833
- Demand deposits	1.100.532	654.320
Other	78.203	73.539
Cash and cash equivalents in cash flow statement	6.633.079	5.796.125
Expected credit loss (-)	(1.067)	-
Interest income accrual	7.028	18.596
	6.639.040	5.814.721

As of June 30, 2020, annual interest rates of the TRL denominated time deposits vary between 8,23% and 9,00% and have maturity between 1 - 27 days (December 31, 2019 - 7,60% - 14,10%; maturity between 2-76 days). Annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency denominated time deposits vary between 0,25% and 7,50% and have maturity between 1-122 days (December 31, 2019– annual interest rates of the US Dollars (USD) and, Euro (EURO), and other currency time deposits vary between 0,5% - 18,00%; maturity between 2-304 days).

As of June 30, 2020, there is no cash deposit pledged as collateral by the Group (December 31, 2019 – None).

As of June 30, 2020, other item contains credit card receivables amounting to TRL74.592 (December 31, 2019 – TRL61.208).

As of June 30, 2020, the Group has designated its bank deposits amounting to TRL289.440, equivalent of thousand USD27.041 and thousand EURO13.547 for the future raw material purchases, operational and interest expense related payments in the scope of hedge accounting (December 31, 2019 – TRL125.789, equivalent of thousand USD18.992, thousand EURO1.950).

NOTE 6. FINANCIAL INVESTMENTS

	June 30, 2020	December 31, 2019
Time deposits with maturity more than three months	327.621	382.542
Expected credit loss (-)	-	(2.262)
	327.621	380.280

As of June 30, 2020, time deposits with maturities over 3 months are composed of USD,KZT and TRL with 2 and 358 days' maturity and have 0,70% - 2,50% interest rates for USD, and 9,50% - 10,00% for KZT, 8,50%, 8,65% and 8,85% for TRL (As of December 31, 2019 time deposits with maturities over 3 months made for 148 days is denominated in TRL interest rate is 11,40%, 32 and 91 days period are denominated in USD and KZT and interest rates are for USD 0,80%- 3,00% and for KZT 10,00% respectively).

NOTE 7. SHORT AND LONG TERM BORROWINGS

a) Bank Loans, issued debt instruments and other borrowings

	June 30, 2020	December 31, 2019
Short-term Bank Loans (Third Parties)	1.829.602	757.458
Current Portion of Bank Loans (Third Parties)	424.519	882.925
Current Portion of Issued Debt Instruments (Third Parties)	47.553	525.641
Long-term Bank Loans (Third Parties)	2.156.621	1.622.498
Long-term Issued Debt Instruments (Third Parties)	6.619.966	6.315.468
	11.078.261	10.103.990

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NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

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

As of June 30, 2020, total borrowings consist of principal (finance lease obligations included) amounting to TRL10.983.406 (December 31, 2019– TRL10.020.683) and interest expense accrual amounting to TRL94.855 (December 31, 2019 – TRL83.307). As of June 30, 2020 and December 31, 2019, total amount of borrowings and the effective interest rates are as follows:

	June 30, 2020			December 31, 2019		
	Amount	Weighted average fixed rate	Weighted average floating rate	Amount	Weighted average fixed rate	Weighted average floating rate
Short-term Borrowings						
TRL denominated borrowings	1.052.996	8,24%	-	5.415	-	-
Foreign currency denominated borrowings (USD)	125.258	0,81%	Libor + 1,75%	108.771	-	Libor + 1,75%
Foreign currency denominated borrowings (EURO)	363.467	1,54%	-	146.326	1,75%	-
Foreign currency denominated borrowings (Other)	287.881	8,40%	Kibor + 0,43%	496.946	12,32%	Kibor + 0,32%
	1.829.602			757.458		
Short-term portion of long term borrowings						
TRL denominated borrowings	13.262	11,70%	-	9.448	11,79%	-
Foreign currency denominated borrowings (USD)	53.349	4,13%	Libor + 2,50%	925.150	3,79%	Libor + 1,52%
Foreign currency denominated borrowings (EURO)	146.636	1,50%	Euribor + 1,98%	330.591	1,40%	Euribor + 1,75%
Foreign currency denominated borrowings (Other)	258.825	7,75%	-	143.377	7,53%	-
	472.072			1.408.566		
Total	2.301.674			2.166.024		
Long-term Borrowings						
TRL denominated borrowings	889.000	11,71%	-	889.000	11,92%	-
Foreign currency denominated borrowings (USD)	6.635.020	3,82%	Libor + 2,50%	5.760.913	3,82%	Libor + 2,50%
Foreign currency denominated borrowings (EURO)	858.423	1,50%	Euribor + 2,26%	789.084	1,50%	Euribor + 2,24%
Foreign currency denominated borrowings (Other)	394.144	7,60%	-	498.969	7,85%	-
	8.776.587			7.937.966		
Grand Total	11.078.261			10.103.990		

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NOTE 7. SHORT AND LONG TERM BORROWINGS (continued)

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

Repayments of long-term borrowings are scheduled as follows:

	June 30, 2020	December 31, 2019
Between 1 -2 years	696.335	678.945
Between 2-3 years	4.001.528	3.642.786
Between 3-4 years	964.635	837.624
Between 4-5 years	3.114.089	2.778.611
	8.776.587	7.937.966

The movement of borrowings as of June 30, 2020 and 2019 is as follows:

	2020	2019
Balance at January 1	10.103.990	9.228.680
Proceeds from Borrowings	3.793.787	783.279
Repayments of Borrowings	(4.018.342)	(1.009.755)
Interest and Borrowing Expense	317.047	283.983
Interest Paid	(324.391)	(278.643)
Foreign Exchange (Gain)/Loss	1.217.705	629.881
Finance Lease Obligations Classified under TFRS 16	-	(4.134)
Currency Translation Differences	(11.535)	159.315
Balance at June 30	11.078.261	9.792.606

For the six-month periods ended June 30, 2020 and 2019, net interest on cross currency swap contracts of CCI is TRL20.400 (June 30, 2019 – TRL25.100).

b) Lease Liabilities

	June 30, 2020	December 31, 2019
Short term Lease Liabilities (Third Parties)	188	-
Current Portion of Lease Liabilities (Third Parties)	117.562	130.523
Long term Lease Liabilities (Third Parties)	281.653	315.528
	399.403	446.051

The movement of lease liabilities as of June 30, 2020 and 2019 is as follows:

	2020	2019
Balance at January 1	446.051	315.762
Additions	22.601	120.105
Repayments (-)	(85.598)	(58.761)
Disposals (-)	(20.982)	-
Interest expense	26.652	10.940
Finance lease obligations classified under TFRS 16	-	3.930
Foreign exchange gain/loss	2.592	232
Currency translation differences	8.087	8.543
Balance at June 30	399.403	400.751

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NOTE 8. DERIVATIVE INSTRUMENTS

a) Cross currency swaps

As of June 30, 2020, CCI has a cross currency swap contract with a total amount of USD150 million signed on January 16, 2018 and due on September 19, 2024, for the probability of exchange rate exposure in the long term. Spot intrinsic total value of the options under this transaction is TRL456.330 (December 31,2019- TRL321.030).

b) Currency option contracts

As of June 30, 2020, the Company does not have currency option contracts (31 December 2019 – TRL273.249).

As of June 30, 2020, CCI holds a derivate financial instrument of option contracts signed on November 29, 2019 and with a total nominal amount of USD24 million, due December 1, 2020, signed March 3, 2020, with a total nominal amount USD23 million, due December 1, 2020 for protection against cash flow risk. Total nominal value is TRL121.107 (December 31, 2019 - TRL142.565).

c) Interest rate swaps

As of June 30 2020, Efes Breweries International N.V. has no interest rate swap agreement (31 December 2019 – TRL255.429).

d) Commodity swap contracts

As of June 30, 2020, CCI has 24 sugar swap transactions with a total nominal amount of TRL8.221 for 3.877 tones. The total of these sugar 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 2020 and 2021 as of September 30, 2019, October 3, 2019, February 26, 2020, March 12, 2020, March 16, 2020, April 2, 2020, April 21, 2020, April 27 2020 and June 10, 2020 (December 31, 2019 – TRL4.545).

As of June 30, 2020, CCI has 6 aluminium swap transactions with a total nominal amount of TRL230.029 for 20.919 tones. The total of these aluminium swap contracts is designated as hedging instruments as of February 4, 2020, March 24, 2020, March 26, 2020, April 1, 2020, April 24, 2020, April 27, 2020, May 1, 2020, 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 2020,2021 and 2022 (31 December 2019 – None).

As of June 30, 2020, the Company has 69 commodity swap and 6 commodity option contracts with a total nominal amount of TRL82.028 for 6.668 tonnes of aluminium and 663 tonnes of plastic. The total of these contracts are 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 (December 31, 2019– TRL34.856).

As of June 30, 2020, EBI N.V. has 51 commodity swap contracts with a total nominal amount of TRL34.440 for 2.991 tonnes of aluminium (December 31, 2019– TRL9.969).

As of June 30, 2020, AB Inbev Efes B.V. has commodity swap contracts with a total nominal amount of TRL218.923, for swap contracts amounting to USD32 million for 29.804 tonnes of aluminium and plastic.

e) Currency forwards

As of June 30, 2020, CCBPL has FX forward transactions with a total nominal amount of TRL30.996, for a forward purchase contract amounting to CNY 31,9 million for 5.016 tonnes. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of resin, exposed to foreign currency risk (December 31, 2019 – TRL27.443).

As of June 30, 2020, CCBPL has FX forward transactions, dated October 9, 2019 with a total nominal amount of TRL123.162, for a forward purchase contract amounting USD18 million. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, because of the foreign exchange value of loan repayments exposed to foreign currency risk (December 31, 2019 – TRL108.028).

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NOTE 8. DERIVATIVE INSTRUMENTS (continued)

e) Currency forwards (continued)

As of June 30, 2020, AB Inbev Efes B.V. has FX forward transactions with a total nominal amount of TRL2.057.804, for forward contracts amounting to USD135 million and EURO147 million. The total of these FX forward contracts is designated as cash flow hedges related to forecasted cash flow, for the high probability purchases of raw material, trade goods and operational expenses, exposed to foreign currency risk.

f) Swap contracts

As of June 30, 2020, CCİ holds a derivate financial instrument of option contracts signed on February 11,2020 and for protection against cash flow risk, with a total nominal amount of EURO25,03 million, due January 13, 2021. Total nominal value is TRL192.936.

The effective portion of change is in fair value of derivative instruments designated as hedging instruments in cash flow hedges is recognized in the consolidated statement of comprehensive income. The Group calculates the fair values of financial instruments that do not have an active market by using market data, using similar transactions, reference to fair value of similar instruments and discounted cash flow analysis.

	June 30, 2020		December 31, 2019	
	Nominal Value	Fair Value Asset / (Liability)	Nominal Value	Fair Value Asset/ (Liability)
Currency option contracts	121.107	11.110	415.814	(7.099)
Interest rate swaps	-	-	255.429	4
Commodity swap contracts	573.641	(23.624)	49.370	931
Currency forwards	2.211.962	11.160	138.028	(3.704)
Swap contracts	192.936	(25.677)	-	-
	3.099.646	(27.031)	858.641	(9.868)

NOTE 9. OTHER RECEIVABLES AND PAYABLES

a) Other Current Receivables

	June 30, 2020	December 31, 2019
Receivables from related party (Not 26)	102.236	75.375
Sublease receivables from related party (Not 26) ⁽¹⁾	14.949	27.303
Due from personnel	19.493	16.789
Receivables from tax office	15.403	14.675
Deposits and guarantees given	3.555	2.114
Other	32.876	29.399
	188.512	165.655

b) Other Non-Current Receivables

	June 30, 2020	December 31, 2019
Deposits and guarantees given	58.770	51.850
Sublease receivables from related party (Not 26) ⁽¹⁾	24.102	21.394
Other	3.635	3.410
	86.507	76.654

c) Other Current Payables

	June 30, 2020	December 31, 2019
Taxes other than income taxes	1.919.051	1.095.671
Deposits and guarantees taken	364.227	310.606
Other	27.344	16.844
	2.310.622	1.423.121

(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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NOTE 9. OTHER RECEIVABLES AND PAYABLES (continued)

d) Other Non-Current Payables

	June 30, 2020	December 31, 2019
Deposits and guarantees taken	421.611	410.573
Other non-current payables	-	1.865
	421.611	412.438

NOTE 10. INVESTMENTS IN ASSOCIATES

	June 30, 2020		December 31, 2019	
	Ownership	Amount	Ownership	Amount
Anadolu Etap ⁽²⁾	76,22%	121.193	71,70%	62.013
SSDSD ⁽¹⁾	25,13%	-	25,13%	-
		121.193		62.013

Relating to investment in associates, Total assets and liabilities as of June 30, 2020 and December 31, 2019 and profit/(loss) for the period of as of June 30, 2020 and June 30, 2019 are as follows:

	Anadolu Etap		SSDSD	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Total Assets	1.931.410	1.642.386	499	1.380
Total Liabilities	1.772.416	1.555.897	9.905	9.317
Net Assets	158.994	86.489	(9.406)	(7.937)
Group's Share (%)	76,22%	71,70%	25,13%	25,13%
Group's Share of Net Assets	121.193	62.013	(4.727)	(3.989)
	Anadolu Etap		SSDSD	
	1 January- 30 June 2020	1 January – 30 June 2019	1 January – 30 June 2020	1 January – 30 June 2019
Group's Share of Profit/(Loss) for the period	(67.212)	(38.929)	(2.949)	(146)

The movement of investments in associates as of June 30, 2020 and 2019 are as follows:

	2020	2019
Balance at January 1	62.013	71.195
Income / Loss from associates	(70.161)	(39.075)
Capital increases ⁽²⁾	126.392	-
Other	2.949	146
Balance at June 30	121.193	32.266

- (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) The Company's ownership in Anadolu Etap has been increased to 76,22% from 71,70% on 6 March 2020 following the capital increase by TRL126.392. Anadolu Etap, which is currently being consolidated to Group's financial statements by using with equity method, will continue to be consolidated by using equity method, as the current governance structure and agreements among the shareholders of the Anadolu Etap does not allow any shareholder to fully control and consolidate.

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NOTE11. RIGHT USE OF ASSET

For the six-month periods ended June 30, 2020 and 2019, movement on right use of asset are as follows:

Current year	Net Book Value January 1, 2020	Additions	Leasing Modification	Amortization	Disposals, net	Currency translation differences, net	Net Book Value June 30, 2020
Land	34.403	269	364	(1.121)	(6.616)	385	27.684
Buildings	213.563	8.973	1.726	(24.976)	(6.298)	6.724	199.712
Machinery and equipment	22.598	13.245	-	(4.994)	(13.658)	(38)	17.153
Vehicles	120.080	11.163	-	(27.504)	(1.093)	1.693	104.339
Other	5.471	2.160	-	(2.155)	(1)	184	5.659
	396.115	35.810	2.090	(60.750)	(27.666)	8.948	354.547

Previous year	Net Book Value January 1, 2019	Additions	Leasing Modification	Amortization	Disposals, net	Currency translation differences, net	Net Book Value June 30, 2019
Land	26.964	289	-	(1.083)	-	4.891	31.061
Buildings	181.073	36.736	-	(18.851)	(2.294)	1.213	197.877
Machinery and equipment	12.649	7.336	-	(3.071)	-	760	17.674
Vehicles	27.655	76.510	-	(16.246)	(495)	492	87.916
Other	6.536	2.321	-	(1.881)	-	(163)	6.813
	254.877	123.192	-	(41.132)	(2.789)	7.193	341.341

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NOTE 12. PROPERTY, PLANT AND EQUIPMENT

For the six-month periods ended June 30, 2020 and 2019, movement on property, plant and equipment are as follows:

Current year	Net Book Value January 1, 2020	Additions	Depreciation	Disposals, net	Currency translation differences, net	Impairment / (Impairment reversal), net	Transfers, net	Net Book Value June 30, 2020
Land and land improvements	650.317	85	(6.287)	(1.543)	28.313	-	2.157	673.042
Buildings	3.011.706	578	(70.395)	(138)	169.855	-	58.900	3.170.506
Machinery and equipment	5.408.625	75.269	(346.589)	(11.956)	304.801	6.782	215.247	5.652.179
Vehicles	113.680	3.091	(15.339)	(149)	8.145	-	9.192	118.620
Other tangibles	2.312.680	261.154	(385.143)	(16.943)	87.292	(6.405)	135.461	2.388.096
Leasehold improvements	4.528	280	(632)	-	(667)	-	2.224	5.733
Construction in progress	504.985	414.260	-	(75)	49.674	-	(423.169)	545.675
	12.006.521	754.717	(824.385)	(30.804)	647.413	377	12	12.553.851
Previous year	Net Book Value January 1, 2019	Additions	Depreciation	Disposals, net	Currency translation differences, net	Impairment / (Impairment reversal), net	Transfers, net	Net Book Value June 30, 2019
Land and land improvements	628.693	240	(4.072)	(4.342)	22.593	-	9.471	652.583
Buildings	2.613.124	2.045	(56.680)	(1.009)	250.875	-	62.811	2.871.166
Machinery and equipment	5.033.682	58.476	(376.271)	(18.375)	412.168	438	170.730	5.280.848
Vehicles	91.853	6.262	(9.966)	(2.622)	5.822	-	-	91.349
Other tangibles	1.879.001	310.175	(354.282)	(9.725)	71.686	(3.603)	206.321	2.099.573
Leasehold improvements	5.537	110	(1.155)	-	-	-	271	4.763
Construction in progress	501.542	490.259	-	(647)	60.276	(28.323)	(423.841)	599.266
	10.753.432	867.567	(802.426)	(36.720)	823.420	(31.488)	25.763	11.599.548

As of June 30, 2020, there is a pledge on property, plant and equipment of TRL132.231 (December 31, 2019 – TRL123.211) for loans of CCİ. This amount is disclosed in Commitments and Contingencies note under guarantees, pledges and mortgages (GPMs) table (Note 16).

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NOTE 13. OTHER INTANGIBLE ASSETS

For the six-month periods ended June 30, 2020 and 2019, movement on other intangible assets are as follows:

Current year	Net Book Value January 1, 2020	Additions	Amortization	Disposals, net	Currency translation differences, net	Impairment / (Impairment reversal),net	Transfers, net	Net Book Value June 30, 2020
Bottling contracts	9.803.808	-	-	-	468.154	-	-	10.271.962
Licence agreements	5.455.560	-	-	-	101.614	-	-	5.557.174
Brands	743.706	-	-	-	20.319	-	-	764.025
Rights	99.249	125	(36.393)	(36)	307	-	9.797	73.049
Other intangible assets	200.520	48.792	(13.849)	-	4.198	-	(10.872)	228.789
	16.302.843	48.917	(50.242)	(36)	594.592	-	(1.075)	16.894.999

Previous year	Net Book Value January 1, 2019	Additions	Amortization	Disposals, net	Currency translation differences, net	Impairment / (Impairment reversal),net	Transfers, net	Net Book Value June 30, 2019
Bottling contracts	9.226.672	-	-	-	402.133	-	-	9.628.805
Licence agreements	4.358.568	-	-	-	832.786	(16.825)	-	5.174.529
Brands	602.119	-	-	-	114.431	-	-	716.550
Rights	10.483	1.458	(7.641)	-	1.832	(9.292)	37.645	34.485
Other intangible assets	145.701	70.476	(14.027)	(2.055)	17.030	-	(34.264)	182.861
	14.343.543	71.934	(21.668)	(2.055)	1.368.212	(26.117)	3.381	15.737.230

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NOTE 14. GOODWILL

For the six-month period ended June 30, 2020 and 2019, movements of the goodwill during the period are as follows:

	2020	2019
At January 1	3.221.352	2.612.996
Currency translation differences	15.334	446.955
At June 30	3.236.686	3.059.951

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 resolution 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 and 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.

Dividend distribution of companies has been regulated until 30 September 2020 with the provisional Article 12 of Law on Mitigating of Effects of Coronavirus (Covid-19) Outbreak on Economic and Social Life and the Law on Amendment of Certain Laws (the Law) dated April 17, 2020, and numbered 7244. According to this regulation, only up to twenty-five percent of the net profit of fiscal year 2019 can be distributed, previous years' profits and free reserve funds cannot be subjected to the distribution of dividend and the board of directors cannot be authorized to distribute advance dividends by general assembly.

For June 30, 2020 and December 31, 2019, nominal amounts, equity restatement differences and restated value of equity are as follows:

	30 June 2020			31 December 2019		
	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	372.939	74.729	447.668	372.939	74.729	447.668
Extraordinary reserves	877	25.831	26.708	877	25.831	26.708

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NOTE 16. COMMITMENTS AND CONTINGENCIES ASSET and LIABILITIES

Parent Company (Anadolu Efes) and Subsidiaries Included in Consolidation

As of June 30, 2020 and December 31, 2019 guarantees, pledges and mortgages (GPMs) given in favor of the parent company and subsidiaries included in full consolidation are as follows:

30 June 2020							
Current year	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	346.856	200.888	301	288	36.905	2.667.012	24.092
B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾	723.898	-	12.000	60.973	560.703	580.760	4.547
C. GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-
D. Other GPMs	629.206	24.649	-	78.435	-	-	-
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⁾	629.206	24.649	-	78.435	-	-	-
iii. GPMs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-
Total	1.699.960	225.537	12.301	139.696	597.608	3.247.772	28.639
Ratio of other GPMs over the Company's equity (%)	2,5						
31 December 2019							
Previous year	Total TRL Equivalent	Original Currency TRL	Original Currency Thousand USD	Original Currency Thousand EUR	Original Currency Thousand UAH	Original Currency Thousand PKR	Other Foreign Currency TRL Equivalent
A. GPMs given on behalf of the Company's legal personality	277.182	138.104	181	255	52.216	2.667.000	20.916
B. GPMs given in favor of subsidiaries included in full consolidation ⁽¹⁾	719.515	-	54.998	48.182	-	1.376.939	19.563
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	1.016.154	157.561	55.179	48.437	52.216	4.043.939	40.479
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. The Company has given a Project Completion Guarantee (Guarantee) for Anadolu Etap's payment obligations according to the loan agreement signed by Anadolu Etap with European Bank For Reconstruction and Development (EBRD) amounting to EURO102,9 million. The guarantee that has been given by Anadolu Efes is limited with Anadolu Efes' share in Anadolu Etap as determined by Article 12 of the Corporate Governance Communiqué.

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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 June 30, 2020, CCBPL has USD12,3 million sugar purchase commitment to the Banks until the end of March 2021 and has USD16,6 million sugar purchase commitment to the Banks until the end of June 2021 (December 31, 2019 - CCBPL has USD84 million sugar purchase commitment to the Banks until the end of March 2020 and has USD3,2 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 PKR3.505 million (equivalent to USD20,8 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, 2019 - PKR3.505 million, equivalent to USD22,6 million).

Litigations against the Group

As of June 30, 2020, according to the legal opinion taken by the administration in response to 15 lawsuits filed against JSC AB Inbev Efes, in the event of loss the estimated compensation will be million TRL7.200. In the opinion given by the legal counsel of the Group, it is stated that there is low probability of losing the cases and so no provision has been made in the financial statements.

CCI and subsidiaries in Turkey are involved on an ongoing basis in 228 litigations arising in the ordinary course of business as of June 30, 2020 with an amount of TRL14.698 (December 31, 2019 – 214 litigations - TRL11.532). As of June 30, 2020, no court decision has been granted yet.

As of June 30, 2020, CCBPL has tax litigations. If the claims are resulted against CCBPL, the tax liability would be PKR2.215 million, equivalent to USD13,1 million (December 31, 2019 - PKR1.478 million, equivalent to USD9,5 million).

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

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NOTE 17. PREPAID EXPENSES AND DEFERRED INCOME

a) Short Term Prepaid Expenses

	June 30, 2020	December 31, 2019
Prepaid sales expenses	313.485	417.635
Advances given to suppliers	172.962	181.900
Prepaid insurance expenses	16.699	13.021
Prepaid rent expenses	7.367	6.797
Prepaid other expenses	28.062	20.593
	538.575	639.946

b) Long Term Prepaid Expenses

	June 30, 2020	December 31, 2019
Prepaid sales expenses	444.125	320.448
Prepaid rent expenses	21.289	23.329
Advances given to suppliers	5.886	10.469
Prepaid other expenses	4.437	4.567
	475.737	358.813

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

	June 30, 2020	December 31, 2019
Advances taken	56.911	44.010
Deferred income	224	-
	57.135	44.010

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

	June 30, 2020	December 31, 2019
Deferred income	4.269	2.128
	4.269	2.128

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NOTE 18. OTHER ASSETS AND LIABILITIES

a) Other Current Assets

	June 30, 2020	December 31, 2019
Value Added Tax (VAT) deductible or to be transferred	211.693	281.269
Deferred VAT and other taxes	97.479	146.974
Other Current Assets from related parties (Anadolu Efes Spor Kulübü)	75.500	-
Other	38.670	37.666
	423.342	465.909

b) Other Non-Current Assets

	June 30, 2020	December 31, 2019
Deferred VAT and other taxes	75	739
Other	2.872	5.374
	2.947	6.113

c) Other Current Liabilities

	June 30, 2020	December 31, 2019
Deferred VAT and other taxes	99.443	148.153
Put option liability	16.148	14.019
Other	79.888	50.950
	195.479	213.122

As of June 30, 2020, the obligation of TRL16.148 results from the buying option carried, for the purchase of 12,5% of Turkmenistan CC shares from Day Investment Ltd., with a consideration of USD2.360 thousand. USD amount is converted with the official USD purchase rate announced by Central Bank of Republic of Turkey and resulting TRL amount is reflected under other current liabilities (December 31, 2019 - TRL14.019).

d) Other Non-Current Liabilities

	June 30, 2020	December 31, 2019
Put option liability	177.838	209.204
Deferred VAT and other taxes	-	500
Other	2.381	2.055
	180.219	211.759

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 TRL177.838 and the amount is recorded under “other non-current liabilities” account (December 31, 2019 – TRL209.204).

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NOTE 19. OTHER OPERATING INCOME / EXPENSES

a) Other Operating Income

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Foreign exchange gains arising from operating activities	417.237	290.223	143.860	54.188
Rent income	18.152	8.427	14.723	7.669
Income from scrap and other materials	16.240	7.975	16.618	8.665
Reversal of provision for inventory Obsolescence (Note 29)	11.712	(3.985)	7.755	3.375
Insurance compensation income	5.784	5.200	1.549	1.042
Reversal of provision for expected credit loss (Note 29)	5.093	(1.591)	3.121	-
Rediscount income	2.926	1.944	3.780	-
Other income	65.815	36.662	41.913	18.823
	542.959	344.855	233.319	93.762

b) Other Operating Expenses

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Foreign exchange losses arising from operating activities	(499.339)	(268.510)	(154.208)	(102.324)
Provision for expected credit loss (Note 29)	(45.621)	(37.807)	(13.065)	(9.660)
Provision for inventory obsolescence (Note 29)	(31.123)	(11.163)	(34.630)	(14.004)
Donations	(5.577)	(4.306)	(65)	-
Depreciation and amortization	(2.789)	(1.417)	(2.868)	(1.394)
Rediscount expense	(1.236)	(453)	(4.848)	(932)
Administrative fines	(935)	(222)	(69.681)	(69.681)
Other expenses	(51.993)	(25.864)	(55.750)	(33.446)
	(638.613)	(349.742)	(335.115)	(231.441)

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NOTE 20. INVESTMENT ACTIVITY INCOME / EXPENSE

a) Investment activity income

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Transfer of currency translation differences previously accounted as other comprehensive income	279.931	-	190.276	190.276
Gain on put option valuation	63.134	63.134	-	-
Gain on sale of fixed assets	36.206	17.396	38.641	14.846
Reversal of provision for fixed assets	7.944	7.944	-	-
Other	-	-	64.517	64.517
	387.215	88.474	293.434	269.639

b) Investment activity expense

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Loss on sale of fixed assets	(17.987)	(12.841)	(23.237)	(6.249)
Provision for impairment on tangible assets	(7.567)	(2.265)	(31.488)	(29.918)
Cost of relocating property, plant and equipment	(126)	(20)	(1.432)	(1.091)
Provision for impairment on intangible assets	-	-	(26.117)	(10.059)
Loss on sale of intangible assets	-	-	(2.588)	(2.588)
Other	(2.924)	(190)	(279)	(94)
	(28.604)	(15.316)	(85.141)	(49.999)

NOTE 21. FINANCE INCOME / EXPENSE

a) Finance Income

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Foreign exchange gain	791.404	405.751	394.437	237.322
Interest income	106.090	47.826	121.326	56.254
Gain on derivative transactions	54.988	35.328	-	-
Interest income from subleases	4.098	1.938	5.532	2.649
Gain arising from the termination of lease agreements	764	116	-	-
Other	2.262	871	-	-
	959.606	491.830	521.295	296.225

b) Finance Expense

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Foreign exchange loss	(734.164)	(384.286)	(546.853)	(314.006)
Interest and borrowing expense	(317.047)	(161.592)	(283.983)	(142.309)
Loss on derivative transactions	(241.714)	(139.167)	(61.498)	(33.496)
Interest expense from leases	(26.652)	(13.034)	(23.644)	(13.413)
Other financial expenses	(28.098)	(17.155)	(44.402)	(26.152)
	(1.347.675)	(715.234)	(960.380)	(529.376)

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NOTE 22. 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:

	June 30, 2020	December 31, 2019
Turkey	22%	22%
The 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	14%	14%
Turkmenistan	8%	8%
Tajikistan	13%	13%

As of June 30, 2020 and December 31, 2019 consolidated deferred tax assets and liabilities calculated by using effective tax rates are summarized as below:

	June 30, 2020	December 31, 2019
Deferred tax asset	859.467	694.454
Deferred tax liability	(3.163.400)	(3.073.271)
	(2.303.933)	(2.378.817)

	Asset		Liability		Net	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
PP&E and intangible assets and right of use assets	-	-	(3.617.518)	(3.554.745)	(3.617.518)	(3.554.745)
Inventories	20.312	18.738	-	-	20.312	18.738
Carry forward losses	864.285	856.743	-	-	864.285	856.743
Retirement pay liability and other employee benefits	52.703	48.089	-	-	52.703	48.089
Other provisions and accruals	303.859	194.674	-	-	303.859	194.674
Unused investment discounts	74.772	72.855	-	-	74.772	72.855
Derivative financial instruments	-	-	(2.346)	(15.171)	(2.346)	(15.171)
	1.315.931	1.191.099	(3.619.864)	(3.569.916)	(2.303.933)	(2.378.817)

As of June 30, 2020, 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 TRL261.384 (December 31, 2019, TRL259.308) with a total tax advantage of TRL74.772 (December 31, 2019, TRL72.855) and tax advantage calculated from the beginning date of the incentives by considering the future advantages is amounting to TRL3.149 (December 31, 2019 - TRL3.149).

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.

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NOTE 23. EARNINGS PER SHARE (continued)

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

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Weighted average number of shares (full value)	592.105.263	592.105.263	592.105.263	592.105.263
Net income/ (loss) for the owners of parent	268.384	351.885	252.910	429.661
Earnings/ (losses) per share (full TRL)	0,4533	0,5943	0,4271	0,7256
Net income/ (loss) for the owners of parent	268.384	351.885	252.910	429.661
Net income/ (loss) from discontinued operations	(4.623)	(2.182)	1.683	953
Net income/ (loss) from continuing operations	273.007	354.067	251.227	428.708
Earning/ (losses) from continuing operations (full TRL)	0,4611	0,5980	0,4243	0,7240
Net income/ (loss) from discontinued operations	(4.623)	(2.182)	1.683	953
Earning/ (losses) from discontinued operations (full TRL)	(0,0078)	(0,0037)	0,0028	0,0016

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

Dividend distribution of companies has been regulated until 30 September 2020 with the provisional Article 12 of Law on Mitigating of Effects of Coronavirus (Covid-19) Outbreak on Economic and Social Life and the Law on Amendment of Certain Laws (the Law) dated April 17, 2020, and numbered 7244 (Note 15). Within the framework of the limitations on dividend distribution and other relevant legislation, Board of Directors' proposal for dividend distribution dated February 27, 2020 was rejected at the 2019 Ordinary General Assembly and it was decided not to distribute any profit by our shareholders.

As a result of decision, Anadolu Efes has not distributed dividend in the first six months period of 2020, related with the year ended as of December 31, 2019 (2019, for a gross amount of full TRL0,5068 per share, amounting to a total of TRL300.832).

Within the framework of the Communiqué published on the Official Gazette dated 17 May 2020 and numbered 31130 by the Ministry of Trade and in accordance with the conformity opinion received from the Ministry of Trade; Extraordinary General Assembly meeting held on July 9, 2020, approval of the General Assembly a cash dividend proposal of gross TRL1,7740 (net TRL1,5079) per each share with 1 TL nominal value amounting to a total of TRL1.050.395 to be distributed from the released legal reserves, realizing a 177,40% gross dividend distribution for the period January-December 2019. Details of the dividend distribution has been presented in Note 30.

In 2020, dividend payment amounting to TRL118.944 (December 31, 2019 – TRL149.312) has been made to non-controlling interests.

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NOTE 25. NON-CURRENT ASSETS CLASSIFIED as HELD for SALE and DISCONTINUED OPERATIONS

Agreement has been reached between The Coca-Cola Company and CCI on the preliminary discussions to revisit the sales and distribution model of Doğadan brand, the non-ready to drink tea in CCI's portfolio. According to the agreement, CCI sales and distribution activities of Doğadan brand terminated as of 30 April 2020.

In the interim consolidated financial statements as of June 30, 2020 and in order to be consistent to be with current year's presentation interim consolidated income statement as of June 30, 2019, Doğadan is classified as non-current assets held for sale in accordance with TFRS 5.

Summary income statements and balance sheets of assets held for sale are as below:

	1 January- 30 June 2020	1 April- 30 June 2020	1 January- 30 June 2019	1 April- 30 June 2019
Revenue	59.854	4	106.805	51.435
Cost of Sales	(62.985)	(5.292)	(95.574)	(45.647)
Sales, Distribution and Marketing Expenses	(1.299)	3.244	(9.090)	(4.571)
Profit (Loss) from Discontinued Operations Before Tax	(4.430)	(2.044)	2.141	1.217
Tax (Expense) / Income from Discontinued Operations	(193)	(138)	(458)	(264)
Profit / (Loss) from Discontinued Operations	(4.623)	(2.182)	1.683	953

Non-current Assets Classified as Held for Sale and Liabilities Classified as Held for Sale	30 June 2020
Inventories	48
Other Liabilities	491

NOTE 26. RELATED PARTY BALANCES AND TRANSACTIONS

a) Balances with Related Parties

Due from Related Parties

	June 30, 2020	December 31, 2019
Migros Group Companies ⁽²⁾	279.443	230.936
AB InBev Group Companies ⁽³⁾	160.327	125.960
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	41.829	48.697
Other	7.840	9.263
	489.439	414.856

Due to Related Parties

	June 30, 2020	December 31, 2019
AB InBev Group Companies ⁽³⁾	709.743	473.482
Anadolu Efes Spor Kulübü	75.500	-
Oyex Handels GmbH ⁽²⁾	9.727	8.277
Other	493	4.545
	795.463	486.304

- (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. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

b) Transactions with Related Parties

Purchases of Goods, Services and Donations

		1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
	Nature of transaction				
AB InBev Group Companies ⁽³⁾	Service and purchase of trade goods	79.717	51.313	94.186	60.535
Anadolu Efes Spor Kulübü	Service	44.500	16.970	45.750	22.500
Oyex Handels GmbH ⁽²⁾	Purchase of materials and fixed assets	27.024	13.745	30.155	11.665
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	Consultancy service	25.849	12.905	21.590	11.416
Efestur Turizm İşletmeleri A.Ş. ⁽²⁾	Travel and accommodation	2.897	712	7.888	3.812
Çelik Motor Ticaret A.Ş. ⁽²⁾	Vehicle leasing	900	545	7.928	2.267
Other		448	331	1.731	241
		181.335	96.521	209.188	112.436

Financial Income and Expense

		1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
	Nature of transaction				
AG Anadolu Grubu Holding A.Ş. ⁽¹⁾	Interest Income from Subleases	4.098	1.938	5.532	2.650
Brandbev SARL ⁽³⁾	Interest Expense	-	-	(24.520)	(12.214)
Çelik Motor Ticaret A.Ş.	Interest Expense from Leases	(84)	-	(475)	(226)
		4.014	1.938	(19.463)	(9.790)

Revenue and Other Income / (Expenses), Net

		1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
	Nature of transaction				
Migros Group Companies ⁽²⁾	Sales income	362.274	173.010	377.169	205.763
AB InBev Group Companies ⁽³⁾	Other income	18.132	4.278	25.182	16.802
Other	Other income	79	3	931	870
		380.485	177.291	403.282	223.435

(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. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Director’s remuneration

As of June 30, 2020 and 2019, total benefits to Anadolu Efes Board of Directors are TRL267 and TRL232, respectively. Remuneration and similar benefits received by total executive members of the Board of Directors and executive directors are as follows:

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Short-term employee benefits	27.612	8.988	19.127	8.214
Post-employment benefits	-	-	-	-
Other long term benefits	1.452	-	782	-
Termination benefits	-	-	-	-
Share-based payments	-	-	-	-
	29.064	8.988	19.909	8.214

NOTE 27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Interest Rate Risk

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

The 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.

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NOTE 27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Currency Risk (continued)

Net foreign currency exposure for the consolidated Group companies as of June 30, 2020 and December 31, 2019 are presented below:

Foreign Currency Position Table						
June 30, 2020						
	Total TRL Equivalent (Functional Currency)	Thousand USD	Total TRL Equivalent	Thousand EURO	Total TRL Equivalent	Other Foreign Currency TRL Equivalent
1. Trade Receivables and Due from Related Parties	168.451	13.527	92.552	9.117	70.277	5.622
2a. Monetary Financial Assets (Cash and cash equivalents included)	2.744.190	339.729	2.324.497	47.300	364.598	55.095
2b. Non- monetary Financial Assets	317.182	42.648	291.807	3.292	25.375	-
3. Other Current Assets and Receivables	36.047	-	-	4.671	36.006	41
4. Current Assets (1+2+3)	3.265.871	395.904	2.708.856	64.380	496.256	60.758
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	3.174	427	2.920	33	254	-
8. Non-Current Assets (5+6+7)	3.174	427	2.920	33	254	-
9. Total Assets (4+8)	3.269.045	396.331	2.711.776	64.413	496.511	60.758
10. Trade Payables and Due to Related Parties	(1.622.809)	(151.477)	(1.036.439)	(68.173)	(525.490)	(60.880)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(697.323)	(27.261)	(186.523)	(66.266)	(510.792)	(8)
12a. Monetary Other Liabilities	(20.635)	(2.357)	(16.127)	(451)	(3.476)	(1.032)
12b. Non-monetary Other Liabilities	(16.148)	(2.360)	(16.148)	-	-	-
13. Current Liabilities (10+11+12)	(2.356.915)	(183.455)	(1.255.237)	(134.890)	(1.039.758)	(61.920)
14. Trade Payables and Due to Related Parties	(2.872)	-	-	(372)	(2.867)	(4)
15. Long-Term Borrowings	(7.528.227)	(972.578)	(6.654.576)	(113.335)	(873.609)	(42)
16 a. Monetary Other Liabilities	(63.134)	(9.227)	(63.134)	-	-	-
16 b. Non-monetary Other Liabilities	(177.840)	(25.991)	(177.840)	-	-	-
17. Non-Current Liabilities (14+15+16)	(7.772.073)	(1.007.797)	(6.895.550)	(113.707)	(876.476)	(46)
18. Total Liabilities (13+17)	(10.128.988)	(1.191.252)	(8.150.787)	(248.597)	(1.916.234)	(61.966)
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	5.991.368	819.324	5.605.979	50.000	385.389	-
19a. Total Hedged Assets (*)	5.991.368	819.324	5.605.979	50.000	385.389	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	(868.574)	24.403	166.968	(134.184)	(1.034.334)	(1.208)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	(7.022.358)	(809.644)	(5.539.750)	(192.180)	(1.481.359)	(1.249)
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	10.644	(157)	(1.072)	1.454	11.210	506
23. Total value of Hedged Foreign Currency Assets	-	-	-	-	-	-

Foreign Currency Position Table						
December 31, 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	171.337	19.874	118.057	7.358	48.938	4.342
2a. Monetary Financial Assets (Cash and cash equivalents included)	1.921.549	307.788	1.828.324	10.004	66.533	26.692
2b. Non- monetary Financial Assets	160.168	24.429	145.111	2.264	15.057	-
3. Other Current Assets and Receivables	25.500	-	-	3.834	25.500	-
4. Current Assets (1+2+3)	2.278.554	352.091	2.091.492	23.460	156.028	31.034
5. Trade Receivables and Due from Related Parties	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	2.278.554	352.091	2.091.492	23.460	156.028	31.034
10. Trade Payables and Due to Related Parties	(1.038.947)	(102.564)	(609.249)	(57.671)	(383.549)	(46.149)
11. Short- term Borrowings and Current Portion of Long- term Borrowings	(1.263.835)	(132.434)	(786.686)	(71.744)	(477.141)	(8)
12a. Monetary Other Liabilities	(8.013)	(974)	(5.785)	(335)	(2.228)	-
12b. Non-monetary Other Liabilities	(14.019)	(2.360)	(14.019)	-	-	-
13. Current Liabilities (10+11+12)	(2.324.814)	(238.332)	(1.415.739)	(129.750)	(862.918)	(46.157)
14. Trade Payables and Due to Related Parties	(9.973)	-	-	(1.499)	(9.969)	(4)
15. Long-Term Borrowings	(6.574.241)	(971.939)	(5.773.513)	(120.393)	(800.686)	(42)
16 a. Monetary Other Liabilities	-	-	-	-	-	-
16 b. Non-monetary Other Liabilities	(209.204)	(35.218)	(209.204)	-	-	-
17. Non-Current Liabilities (14+15+16)	(6.793.420)	(1.007.157)	(5.982.719)	(121.892)	(810.655)	(46)
18. Total Liabilities (13+17)	(9.118.234)	(1.245.489)	(7.398.458)	(251.642)	(1.673.573)	(46.203)
19. Off Statement of Financial Position Derivative Items' Net Asset/(Liability) Position (19a+19b)	4.973.484	781.279	4.640.954	50.000	332.530	-
19a. Total Hedged Assets (*)	4.973.484	781.279	4.640.954	50.000	332.530	-
19b. Total Hedged Liabilities	-	-	-	-	-	-
20. Net Foreign Currency Asset / (Liability) Position (9+18+19)	(1.866.196)	(112.119)	(666.012)	(178.181)	(1.185.015)	(15.169)
21. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a+10+11+12a+14+15+16a)	(6.802.123)	(880.249)	(5.228.852)	(234.280)	(1.558.102)	(15.169)
22. Total Fair Value of Financial Instruments Used to Manage the Foreign Currency Position	(3.708)	(573)	(3.403)	-	-	(305)
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 27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

b) Foreign Currency Risk (continued)

The information regarding the export and import figures realized as of June 30, 2020 and 2019 is as follows:

	1 January - 30 June 2020	1 April – 30 June 2020	1 January - 30 June 2019	1 April – 30 June 2019
Total Export	299.239	199.265	247.923	143.807
Total Import	2.533.516	1.354.900	2.215.954	1.384.528

The following table demonstrates the sensitivity analysis of foreign currency as of June 30, 2020 and 2019:

	Foreign Currency Position Sensitivity Analysis			
	June 30, 2020^(*)		June 30, 2019^(*)	
	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)	(553.975)	553.975	(550.716)	550.716
USD denominated hedging instruments (-)	560.598	(560.598)	449.634	(449.634)
Net effect in USD	6.623	(6.623)	(101.082)	101.082
Increase / decrease in EURO by 10%:				
EURO denominated net asset / (liability)	(148.136)	148.136	(184.175)	184.175
EURO denominated hedging instruments (-)	38.539	(38.539)	65.507	(65.507)
Net effect in EURO	(109.597)	109.597	(118.668)	118.668
Increase / decrease in other foreign currencies by 10%:				
Other foreign currency denominated net asset / (liability)	(125)	125	1.417	(1.417)
Other foreign currency hedging instruments (-)	-	-	-	-
Net effect in other foreign currency	(125)	125	1.417	(1.417)
TOTAL	(103.099)	103.099	(218.333)	218.333

^(*) 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 bond issued amounting to USD500 million and EURO50 million as a hedging instrument in order to hedge its foreign currency risk arising from the translation of net assets of its subsidiary located in Netherlands, Efes Breweries International (whose main activity is facilitating foreign investments in breweries).

CCI designated USD319 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 TRL792.134 (TRL617.865 - 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 2019 – TRL572.837 (TRL426.815 - including deferred tax effect)).

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.

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NOTE 27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

f) Credit Risk

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

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

The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group keeps guarantees for a part of its receivables by means of DDS (Direct Debit System). The Group also obtains guarantees from the customers when appropriate and keep considerable portion of the receivables secured with guarantees or receivable insurance.

Maximum exposure to credit risk and aging of financial assets past due but not impaired as of June 30, 2020 and 31 December 2019 are disclosed as below:

	Receivables				Deposits	Derivative Instruments
	Trade Receivables		Other Receivables			
	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
Current Year						
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	348.152	3.600.744	141.287	133.732	6.871.661	45.064
- Maximum credit risk secured by guarantees	209.187	2.101.773	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	341.193	3.477.921	141.287	133.732	6.871.661	45.064
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	6.959	128.451	-	-	-	-
- Under guarantee, securities and credit insurance	-	111.287	-	-	-	-
D. Net carrying amount of financial assets impaired	-	(5.628)	-	-	-	-
- past due (gross carrying value)	-	152.905	-	-	-	-
- impaired (-)	-	(158.533)	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	(5.628)	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-
	Current Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments	
Past due between 1-30 days		71.130	-	-	-	
Past due between 1-3 months		32.077	-	-	-	
Past due between 3-12 months		9.973	-	-	-	
Past due for more than 1 year		15.271	-	-	-	

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NOTE 27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Previous Year	Receivables				Deposits	Derivative Instruments
	Trade Receivables		Other Receivables			
	Due from related parties	Due from third parties	Due from related parties	Due from third parties		
Maximum exposure to credit risk at the end of reporting period (A+B+C+D+E)	290.784	2.438.036	102.678	118.237	6.101.695	3.492
- Maximum credit risk secured by guarantees	184.614	1.160.129	-	-	-	-
A. Net carrying amount of financial assets that are neither past due nor impaired	284.757	2.329.579	102.678	102.342	6.101.695	3.492
B. Carrying amount of financial assets whose term has been renegotiated, otherwise past due or impaired	-	-	-	-	-	-
C. Net carrying amount of financial assets past due but not impaired	6.027	110.208	-	15.895	-	-
- Under guarantee, securities and credit insurance	-	47.494	-	-	-	-
D. Net carrying amount of financial assets impaired	-	(1.751)	-	-	-	-
- past due (gross carrying value)	-	114.132	-	-	-	-
- impaired (-)	-	(115.883)	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	(1.751)	-	-	-	-
- not past due (gross carrying value)	-	-	-	-	-	-
- impaired (-)	-	-	-	-	-	-
- Net carrying amount of financial assets under guarantee, securities and credit insurance	-	-	-	-	-	-
E. Off- balance sheet items which include credit risk	-	-	-	-	-	-

Previous Year	Trade Receivables	Other Receivables	Deposits	Derivative Instruments
Past due between 1-30 days	76.896	-	-	-
Past due between 1-3 months	14.272	-	-	-
Past due between 3-12 months	3.726	-	-	-
Past due for more than 1 year	15.314	-	-	-

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 and deposits over three months from total borrowing.

NOTE 28. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES and DISCLOSURES of HEDGE ACCOUNTING)

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.

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NOTE 28. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES and DISCLOSURES of HEDGE ACCOUNTING) (continued)

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 27.

NOTE 29. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS

a) Adjustments for Impairment Loss (Reversal)

	January 1 – June 30, 2020	January 1 – June 30, 2019
Adjustments for impairment loss (reversal of impairment) of inventories (Note 19)	19.411	26.875
Adjustments for impairment loss (reversal of impairment) of intangible assets, (Note 20, Note 13)	-	26.117
Adjustments for impairment loss (reversal of impairment) of property, plant and equipment (Note 20, Note 12)	(377)	31.488
Adjustments for impairment loss (reversal of impairment) of receivables (Note 19)	40.528	9.944
	59.562	94.424

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

	January 1 – June 30, 2020	January 1 – June 30, 2019
Provision for vacation pay liability	17.724	20.517
Provision for retirement pay liability	21.637	25.731
Provision for seniority bonus	7.921	6.404
	47.282	52.652

c) Adjustments for Interest (Income) Expenses

	January 1 – June 30, 2020	January 1 – June 30, 2019
Adjustments for interest expenses (Note 21)	343.699	307.627
Adjustments for interest income (Note 21)	(110.188)	(126.858)
	233.511	180.769

d) Cash Flows from (used in) Financing Activities

	January 1 – June 30, 2020	January 1 – June 30, 2019
Income / (loss) from cash flow hedge	30.008	(61.970)
Change in time deposits with maturity more than three months	54.919	(41.888)
	84.927	(103.858)

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NOTE 29. EXPLANATORY INFORMATION ON STATEMENT OF CASH FLOWS (continued)

e) Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments

	January 1 – June 30, 2020	January 1 – June 30, 2019
Adjustments for fair value		
(gains) losses on derivative financial instruments	114.161	(16.300)
Put option revaluation	(63.134)	-
	51.027	(16.300)

NOTE 30. EVENTS AFTER REPORTING PERIOD

As presented in Note 24 “Distribution of Earnings”, Extraordinary General Assembly meeting held on July 9, 2020, approval of the General Assembly a cash dividend proposal of gross TRL1,7740 (net TRL1,5079) per each share with 1 TL nominal value amounting to a total of TRL1.050.395 to be distributed from the released legal reserves, realizing a 177,40% gross dividend distribution for the period January-December 2019, pursuant to the Ministry of Trade Communiqué published on the Official Gazette dated on May 17, 2020 and numbered 31130 and subject to Ministry of Trade's approval.

Following the approval of General Assembly on 9 July, 2020, the dividend has distributed in cash and paid to shareholders who fulfill the conditions stipulated in the relevant Communiqué starting from July 14, 2020 and if there is no extension in the legal periods, it will be paid to other shareholders in cash starting from October 1, 2020.

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